

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION

2019 MAR 29 P 4: 12

OF THE STATE OF HAWAII

PUBLIC UTILITIES
COMMISSION

In the Matter of the Application of)	
)	
MAUI ELECTRIC COMPANY, LIMITED)	Transmittal No. 19-03 (Decoupling)
)	
For approval to modify the RBA Rate Adjustment)	Effective
in its Revenue Balancing Account Provision Tariff)	Date: June 1, 2019
and approval of the Measured Performance and)	
Calculation of the PIM Financial Incentives and)	
Performance Incentive Adjustment)	
)	
)	

I

In accordance with the Final Decision and Order in Docket No. 2008-0274, Maui Electric Company, Limited ("Maui Electric" or "Company") files its annual transmittal to revise paragraph E (Tariff Sheet Nos. 97E, 108E and 152E for Maui, Lānaʻi and Molokaʻi Divisions) of its Revenue Balancing Account ("RBA") Provision tariffs ("RBA Tariffs") to increase the RBA Rate Adjustment by \$0.006163 from the current rate of \$0.003183 per kilowatt-hour ("kWh") to the new rate of \$0.009346 per kWh for all divisions, effective June 1, 2019 through May 31, 2020. The RBA Rate Adjustment is based on the Company's RBA balance at the end of 2018 and the Company's Rate Adjustment Mechanism ("RAM") Revenue Adjustment for calendar year 2019.

II

Maui Electric, whose principal place of business and administrative offices are located at 210 West Kamehameha Avenue, Kahului, Hawai‘i, is a corporation duly organized under the laws of the Territory of Hawai‘i on or about April 28, 1921, and now exists under and by virtue of the laws of the State of Hawai‘i. Maui Electric is an operating public utility engaged in the production, purchase, transmission, distribution and sale of electricity on the islands of Maui, Lāna‘i and Moloka‘i.

III

Correspondence and communications in regard to this Transmittal No. 19-03 are to be addressed to:

Dean K. Matsuura
Manager, Regulatory Rate Proceedings
Hawaiian Electric Company, Inc.
P. O. Box 2750
Honolulu, Hawai‘i 96840

IV

Maui Electric seeks Commission authorization of this tariff transmittal pursuant to Sections 16-601-111, 16-601-74, 16-601-75, and 16-601-86 of the *Rules of Practice and Procedure before the Public Utilities Commission*, Hawaii Administrative Rules (“HAR”), Title 16, Chapter 601. The proposed tariff revisions are in accordance with the Final Decision and Order in Docket No. 2008-0274, Order Nos. 32735 and 34514 in Docket No. 2013-0141 and other orders as explained herein.

V

Pursuant to HAR §16-601-76, Maui Electric incorporates by reference its latest available balance sheet and income statement for the twelve months ending December 31, 2018, filed with the Commission on February 28, 2019.

VI

On August 31, 2010, the Commission issued its Final Decision and Order in Docket No. 2008-0274, approving the decoupling mechanism for the Hawaiian Electric Companies.¹ Beginning in 2013, Maui Electric filed tariff transmittals to annually establish an RBA Rate Adjustment, which the Commission subsequently approved.²

On February 7, 2014, the Commission issued Decision and Order No. 31908 on the Schedule A issues in Docket No. 2013-014, which directed the modification of certain provisions of the decoupling mechanisms. These modifications included use of the short-term debt rate, as established in deriving the consolidated cost of capital in each of the Companies' last full rate case, to compute interest on the outstanding RBA balance.

On March 31, 2015, the Commission issued Order No. 32735 in Docket No. 2013-0141, which directed the Companies to make certain modifications to their decoupling mechanisms to be applied beginning with the Companies' 2015 decoupling filings. Among the modifications to

¹ The "Hawaiian Electric Companies" or "Companies" are Hawaiian Electric Company Inc. ("Hawaiian Electric"), Hawai'i Electric Light Company, Inc., ("Hawai'i Electric Light") and Maui Electric.

² Refer to Transmittal Nos. 13-01, 13-04, 14-05, 15-05, 16-03, 17-04, and 18-03 filed March 28, 2013, May 1, 2013, March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, and March 29, 2018, respectively and approved in *Order No. 31287 Consolidating Proceedings and Approving Multiple Tariff Transmittals*, *Order No. 32112 Consolidating Proceedings and Approving Tariff Transmittals*, and *Order No. 32883 Consolidating Proceedings and Approving Amended Tariff Transmittals*, *Order No. 33724 Consolidating Proceedings, Providing Clarifications, and Approving Tariff Transmittals As Amended*, *Order No. 34581 Providing Clarifications and Approving Tariff Transmittals as Amended*, and *Order No. 35493 Approving Tariff Transmittals as Amended*, respectively. Prior to the first decoupling transmittal in 2013, the Company filed schedules and workpapers in support of the 2012 RBA Rate Adjustment for informational purposes only. For information on past years' filings as well as additional background information on decoupling, refer to the transmittals cited here.

the RAM, the Commission amended the RAM Revenue Adjustment to be the lesser of (a) the RAM Revenue Adjustment determined according to tariffs and procedures “existing” at the time of issuance of Order No. 32735 (“Original RAM Methodology”) or (b) a RAM Revenue Adjustment Cap (“RAM Cap”). The RAM Cap shall be based on the target revenues³ determined in accordance with the RBA and RAM tariffs times the cumulative annually compounded increase(s) in GDPPI for intervening years, adjusted to include applicable revenue taxes.⁴

On April 27, 2017, the Commission issued Order No. 34514 in Docket No. 2013-0141, which, among other things, established initial Performance Incentive Mechanisms (“PIMs”) to ensure that costs savings between general rate cases are not attained by measures that result in reduced reliability or customer service quality. Regarding reliability PIMs, the Commission found that a System Average Interruption Duration Index (“SAIDI”) PIM and a System Average Interruption Frequency Index (“SAIFI”) PIM would be reasonable and beneficial mechanisms for each of the Hawaiian Electric Companies.^{5 6} Regarding a customer service quality PIM, the Commission found that a service level/call center performance PIM is reasonable and beneficial for each of the Hawaiian Electric Companies to implement.⁷ The Commission ordered the financial incentives for the PIMs to be in terms of basis points on earnings and the initial maximum financial incentives for SAIDI and SAIFI reliability PIMs should be based on twenty

³ Order No. 32735 at 95-96.

⁴ Order No. 32735 at 94.

⁵ Order No. 34514 at 32.

⁶ The Commission implemented the SAIDI and SAIFI reliability PIMs with asymmetrical incentives as proposed by the Consumer Advocate. See Order No. 34514 at 55.

⁷ Order No. 34514 at 38.

(20) basis points, and maximum incentives for the customer service PIM should be eight (8) basis points.⁸

In addition, Order No. 34514 established a Major Project Interim Recovery (“MPIR”) adjustment mechanism. The MPIR adjustment mechanism is a reconciled cost recovery mechanism to provide opportunity for reasonable recovery of specifically allowed revenues for the net costs of approved eligible projects placed in service between general rate cases under circumstances wherein cost recovery is limited by a revenue cap and is not provided for by other effective recovery mechanisms. Projects and costs that may be eligible for recovery through the MPIR adjustment mechanism are Major Projects subject to review and approval in accordance with the applicable provisions of General Order No. 7.⁹

On December 29, 2017, the Commission issued Order No. 35165 in Docket No. 2013-0141, which ordered the Hawaiian Electric Companies to file revised PIM and RBA tariff sheets to become effective January 1, 2018, consistent with the amended tariff language provided by the Commission in Order No. 35075. The amended PIM tariff language ordered the Hawaiian Electric Companies to file, on or before March 31 of the year following an evaluation period, a transmittal documenting the Measured Performance and calculation of the PIM Financial Incentives and Performance Incentive Adjustment for the Evaluation Period¹⁰. The review of the annual PIM Provision transmittal will be conducted concurrent with and in conjunction with the annual RBA review transmittal (also referred to as the “annual decoupling transmittal” or “annual decoupling filing”).¹¹

⁸ Order No. 34514 at 51-52.

⁹ Order No. 34514, Attachment A at 3.

¹⁰ 2018 is the first year that the PIMs are in effect. The evaluation period is calendar year 2018.

¹¹ See Order No. 35075 filed on December 1, 2017, in Docket No. 2013-0141.

On April 6, 2018, the Commission issued Order No. 35405 in Docket No. 2017-0352, which established a PIM for procurement of qualified variable renewable dispatchable generation in phase 1 of the Companies' Final Variable Request for Proposals ("Phase 1 Renewable Energy RFP PIM"). In its Order, the Commission stated that for the Purchase Power Agreements ("PPAs") submitted by the end of 2018, the Companies shall receive a performance incentive equivalent to 20% of the estimated first year savings compared to the applicable benchmark, up to a cap of \$3,500,000. This performance design does not include a penalty for failure to successfully execute the procurement process. The Commission determined that a reasonable benchmark for renewable energy projects paired with storage is 11.5 cents per kWh, and 9.5 cents per kWh for renewable energy-only projects.¹²

Order No. 35405 further noted that the allocation of the total amount of the PIM to the Companies will occur over two periods. The first allocation of 50% of the total PIM will occur shortly after the approval of the PPAs and that the performance incentive would be awarded to the Companies through their respective RBA tariffs. The second 50% allocation would occur following the first year of commercial operations of each project and the Companies submitting a report of the actual energy utilized by the Companies for each of the PPAs approved by the Commission. If the Companies do not utilize the full amount of energy forecasted, the second incentive award will be prorated in proportion to the actual amount of energy utilized by the Companies.¹³

On March 11, 2019, the Commission issued Decision and Order No. 36212 ("D&O 36212") in Docket No. 2017-0102 (Recovery of Implementation Costs Related to the On-Bill Financing Program), which ordered the Companies to recover On-Bill Financing

¹² Order No. 35405 at 11-12.

¹³ Order No. 35405 at 14-15.

Program (“OBF”) implementation costs over a period of two years, starting with the 2019 RBA Rate Adjustment.¹⁴ In addition, D&O 36212 ordered that the Companies may propose allocating the total OBF implementation costs for each utility proportionally based on the number of customers for each utility. One half of the allocated OBF implementation costs, with appropriate adjustment for revenue taxes, will be allowed as an upward adjustment to target revenues used in the determination of each Company's RBA Rate Adjustment for each of the twelve-month periods commencing with June 1, 2019, and June 1, 2020. The OBF costs and appropriately associated revenue taxes shall not be subject to limitation by the RAM Cap and shall not be included in the basis for determining the RAM Cap. The Companies may recover the outstanding monthly OBF costs through the RBA Rate Adjustment in accordance with the normal interest rate and operation of the RBA Provision, but shall not otherwise collect a return on OBF implementation costs.¹⁵

VII

By this Transmittal, Maui Electric proposes to revise its decoupling RBA Rate Adjustment from the current rate of \$0.003183 per kWh to the new rate of \$0.009346 per kWh, effective June 1, 2019 through May 31, 2020.

The Company calculated its RBA Rate Adjustment according to its RBA and RAM tariff provisions¹⁶ and the provisions of Order Nos. 32735, 32866¹⁷, 34514, 35690, 36212, 35405 and

¹⁴ D&O 36212 at 18.

¹⁵ D&O 36212 at 19.

¹⁶ Maui, Lāna‘i and Moloka‘i Divisions have similar RBA and RAM tariff provisions. Refer to: Revised Sheet Nos. 96, 96A – 96 H, 97 and 97A – 97D for Maui Division; Revised Sheet Nos. 107, 107A – 107H, 108 and 108A – 108D for Lāna‘i Division; and Revised Sheet Nos. 151, 151A – 151H, 152 and 152A – 152D for Moloka‘i Division.

¹⁷ See Order No. 32866 in Transmittal Nos. 15-03, 15-04, and 15-05 (consolidated).

Decision and Order No. 36219¹⁸. The 2019 RBA Rate Adjustment includes the recovery of the RBA balance at year end 2018, the calculated RAM revenue adjustment for calendar year 2019, recovery of the OBF implementation costs for year one of two, the calculated PIM revenue adjustment at year end 2018, and a 2018 major capital project credit.

In total, Maui Electric's 2019 RBA Revenue Adjustment is \$9.8 million, consisting of \$6.9 million for the RBA balance for year-end 2018, \$0.2 million for the OBF implementation costs, \$3.4 million in RAM revenue adjustment for 2019, (\$0.4) million for the net PIM revenue adjustment, and (\$0.01) million for the major capital project credit.

Approximately 70% of the RBA Rate Adjustment includes the recovery of the RBA balance at year end 2018 including recovery of one-half of the OBF Program Implementation Cost Recovery, 34% corresponds to the 2019 RAM Revenue Adjustment, (4%) for the PIM revenue adjustment, (0.1%) for the 2018 major capital project credit. There are no adjustments to the RBA Rate Adjustment for earnings sharing revenue credits triggered for 2018. (Refer to Schedule A of Attachment 2 described in Section VIII of this tariff transmittal.) Based on the revised rate, a monthly bill for a Maui Electric residential customer using 500 kWh of electricity in Maui would increase by \$3.08 and for a household using 400 kWh of electricity in Lānaʻi and Molokaʻi would increase by \$2.47.¹⁹

The 2019 RBA Rate Adjustment will replace the 2018 RBA Rate Adjustment in the Company's Revenue Balancing Account Provision tariff and, as more fully discussed below,

¹⁸ The Commission issued Decision and Order No. 36219 in Maui Electric's 2018 test year rate case in Docket No. 2017-0150, on March 18, 2019 ("Maui Electric 2018 D&O"). The Company performed a preliminary revenue requirement calculation in order to incorporate the adjustments required in the decision and order. See Attachment 4 to this transmittal for the preliminary calculation.

¹⁹ The monthly bill impact for a household using 500 kWh with the revised rate would be \$4.67 in Maui as compared to \$1.59, based on the current rate. The monthly bill for a household using 400 kWh with the revised rate would be \$3.74 on Lānaʻi and Molokaʻi as compared to \$1.27, based on the current rate. See Schedule A, lines 11 and 12 of this transmittal.

reflects the RBA balance as of the end of 2019, and the RAM Revenue Adjustment based on the Original RAM Methodology. The following sections explain the amounts that make up the 2019 RBA Revenue Adjustment.

1. RBA Balance

The RBA revenue balance results from the sales decoupling component of the Commission-approved decoupling mechanism, which breaks the linkage between the Company's sales and total electric revenue.²⁰ The approved RBA tariff allows Maui Electric to record revenues only at target revenue levels (i.e., those authorized in the Maui Electric 2018 D&O, plus the effective RAM Revenue Adjustments, less any applicable earnings sharing and/or major or baseline capital project credits), independent of the level of sales experienced. The approved RBA tariff also requires interest to be recorded monthly to the RBA at the short-term interest rate²¹ applied to the net-of deferred income tax balance²².

In 2018, the Company revised its interest calculation based on the statutory language of Internal Revenue Code §451(b) retroactive to January 2018, when an accumulated deferred income tax ("ADIT") adjustment as a result of the 2017 Tax Cuts & Jobs Act began. The interest rate applied to net of ADIT RBA balances continued to be the approved short-term interest rate according to each respective Company's final rate orders.

The cumulative RBA balance at the end of 2018 was \$6.1 million, and consisted of revenues recorded in the RBA as a result of decoupling, net of the amounts recovered through

²⁰ Refer to page 101 of Decision and Order No. 30365, issued May 2, 2012, in Docket No. 2009-0163.

²¹ In accordance with Order No. 32001, dated March 28, 2014, in Docket No. 2013-0141, the annual rate used to calculate interest on the RBA balance is the short term debt rate as established in computing the consolidated cost of capital in the Company's last full rate case.

²² Additionally, based on Decision and Order No. 31908 in Docket No. 2013-0141 and pursuant to IRS approval to change the tax treatment of its RBA revenues, effective January 1, 2014, the Company changed its basis for computing interest from a gross to a net-of-deferred income tax RBA balance.

the RBA Rate Adjustment, since the inception of decoupling at Maui Electric in 2012. This is an increase of \$0.6 million from the RBA balance at the end of 2017 of \$5.5 million, and was the result of Maui Electric recovering \$4.6 million of the RBA balance through the RBA Rate Adjustment and recording \$5.2 million in revenues,²³ adjustments, and interest for 2018. Therefore, the 2018 year-end balance of \$6.1 million represents the unrecovered cumulative RBA balance and additional amounts due to a shortfall in revenues²⁴ resulting from lower sales in 2018. Because the revenues associated with the RBA balance have already been recorded, they have already been reflected in the Company's net income and will not contribute to the Company's earnings in 2019.

The total RBA balance (including the OBF Program Implementation Cost Recovery for year 1 of 2) of \$6.3 million is grossed-up to \$6.9 million to include revenue taxes.

New items in the 2019 RBA Revenue Adjustment are: 1) PIM adjustments and 2) OBF cost recovery. These items are discussed in the sections below.

1.1. Performance Incentive Mechanism Provision

In accordance with Order No. 35165, 35405, and its Performance Incentive Mechanism Provision tariff,²⁵ Maui Electric has included in this transmittal the 2018 measured PIM performance and calculation of the PIM financial incentives and performance incentive adjustment for the 2018 evaluation period. The table below provides a summary of the Company's 2018 PIM performance and the calculated 2018 financial incentives:

²³ This represents the difference between target revenues and recorded adjusted revenues, plus any adjustments for 2017.

²⁴ That is, "recorded adjusted revenue" as defined in the RBA Tariff.

²⁵ See Maui Electric, Performance Incentive Mechanism Provision tariff, Sheet Nos. 101, 112, and 156, effective January 1, 2018.

2018 ²⁶	2018 Performance Score	2018 Performance Target	2018 Standard Deviation	Maximum \$ reward and (penalty)	2018 Calculated reward (penalty)
SAIFI	1.890	1.431	0.235	(\$514,259)	(\$490,675)
SAIDI	208.19	114.75	22.97	(\$514,259)	(\$514,259)
Call Center Performance	89.04%	89.86%	3.00%	\$205,706	
Phase 1 Renewable Energy RFP					\$610,017
Total					(\$394,917)

The 2018 total net penalty of \$394,917 has been incorporated into Schedule A of the Company's decoupling template, as shown in Attachment 2. For more details regarding the calculation of the 2018 performance and financial incentive, see Schedule M in Attachment 2.

1.1.1. Reliability PIMs

Maui Electric's 2018 SAIDI and SAIFI year-end results were significantly higher than their respective PIM targets. This was due to the amounts of SAIDI and SAIFI attributable to equipment failures, vegetation, public, and weather being significantly higher than the 10-year historical averages on which the PIM targets are based. SAIDI was from 45% to 260% higher and SAIFI was from 25% to 75% higher than the 10-year historical average for those interruption cause categories.

Service interruptions on Molokai were particularly impactful on Maui Electric's 2018 SAIDI and SAIFI. Service interruptions on Molokai accounted for nearly 40% of Maui Electric's

²⁶ The 2018 PIMs target, deadband, and maximum penalty amount were determined using a weighted average calculation based on the effective dates of interim and final orders issued in the Company's 2018 test year rate case (Docket No. 2017-0150). See Company's Tariff Sheet Nos. 101A, 112A, and 156A which states, "the Performance Targets, Deadbands and the amount of Maximum Financial Incentives used to determine the PIM Financial Incentive levels for each of the PIMs shall be re-determined upon issuance of an interim or final order in a general rate case for each Company and shall remain constant in interim periods, unless otherwise amended, as necessary, by order of the Commission."

SAIDI and 12% of Maui Electric's SAIFI for 2018 despite Molokai's customers comprising only about 5% of Maui Electric's total customer count. Molokai was hit hard by Hurricane Lane and Tropical Storm Olivia in 2018. Additionally, Molokai experienced an island-wide blackout after a piece of roofing blew into one of the power lines. Despite these and other significant events on Molokai, there were no Major Event Days (i.e., exclusions) in 2018 for the island by following IEEE Standard 1366 2.5 Beta methodology.²⁷

1.1.2. Phase 1 Renewable Energy RFP PIM

On March 25, 2019, the Commission approved a PPA related to the Company's purchase of renewable dispatchable generation. The awarded project was the AES Kuihelani Solar, which was approved in Decision and Order No. 36235 in Docket No. 2018-0436.

As shown in MECO-WP-M-004 to this transmittal, the Company calculated its shared savings incentive for this PPA to total \$6.1 million. In accordance with Order No. 35405, the Company's Phase 1 Renewable Energy RFP PIM incentive in this transmittal is equal to one-half of 20% of the savings from the PPA, for a total of \$0.6 million²⁸.

In total, the Companies are requesting to recover \$1.7 million in the 2019 annual decoupling filings for the Phase 1 Renewable Energy RFP PIMs, which is below the total \$3.5 million cap approved by the Commission in Order No. 35405. Please see the table below for a breakdown.

²⁷ The Companies will be providing a more detailed explanation regarding 2018 reliability PIM results at the upcoming 2019 decoupling meeting on April 5, 2019. The Companies also intend to file, as soon as next month (April 2019), a proposal for modifications to the existing SAIDI and SAIFI PIMs.

²⁸ AES Kuihelani Solar $-\$6,100,170 \times 20\% / 2 = \$610,017$. See MECO-WP-M-004 for more details.

Phase 1 Renewable Energy RFP PIM	PIM Reward	Reference
Hawaiian Electric	\$591,854	Transmittal No. 19-01, HECO-WP-M-005
Hawai'i Electric Light	\$530,582	Transmittal No. 19-02, HELCO-WP-M-004
Maui Electric	\$610,017	Transmittal No. 19-03, MECO-WP-M-004
Total	\$1,732,453	

1.2. On Bill Financing (“OBF”)

In accordance with D&O 36212, the Company has added recovery of OBF implementation costs of \$180,849 to the RBA prior calendar year-end balance, as shown on Schedule A in Attachment 2 to this filing. The amount of \$180,849 represents year one of Maui Electric’s portion of the OBF implementation costs (net of revenue taxes) that were approved in D&O 36212. The detailed support and calculations can be found in Schedule N in Attachment 2 to this filing.

1.3. Sales

Maui Electric’s 2018 recorded sales totaled 1,099.0 gigawatt-hours (“GWh”), which was 25.8 GWh, or 2.4% higher than the 1,073.2 GWh test year amount adopted in the Maui Electric 2018 test year rate case.

The residential and commercial sectors both experienced higher sales in 2018 compared with 2018 test year levels, with the larger surplus of 4.8% in the residential sector where customers’ average monthly usage was also 4.8% higher than the test year (see Table 1 below).

Table 1
Comparison of TY2018 to actuals

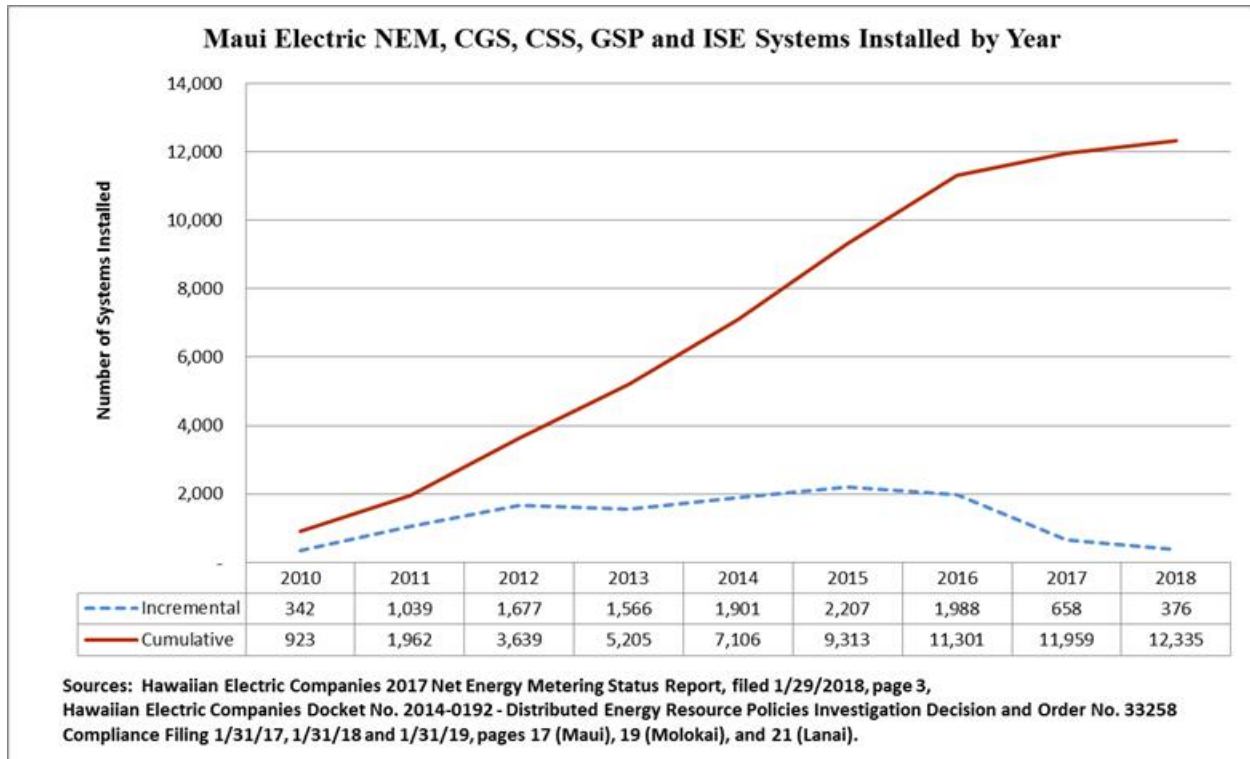
	TY2018	2018	Diff Btw 2018 and TY2018	% Diff
<u>Residential Sector</u>				
Sales (GWh)	365.5	383.0	17.5	4.8%
Customers	61,214	61,201	(13.0)	0.0%
Average Monthly Use (kWh/Customer)	498	522	24.0	4.8%
Distributed Renewable Generation GWh Impacts ¹	120.3	118.2	(2.1)	-1.7%
Energy Efficiency Impacts (GWh) ²	72.7	73.8	1.2	1.6%
Electricity Nominal Price ¢/kWh ³	30.37	33.85	3.5	11.5%
<u>Commercial Sector</u>				
Sales (GWh)	707.7	716.0	8.3	1.2%
Customers	10,462	10,449	(13.0)	-0.1%
Renewable Generation GWh Impacts ¹	69.1	65.4	(3.6)	-5.3%
Energy Efficiency Impacts (GWh) ²	106.9	107.2	0.3	0.3%
Electricity Nominal Price ¢/kWh ³	28.76	32.30	3.5	12.3%
Total Sales (GWh)	1,073.2	1,099.0	25.8	2.4%

¹ Cumulative impacts are from systems installed under the NEM, SLA, FIT, CGS, and CSS tariffs.

² Actuals include impacts provided by Hawaii Energy and are subject to change.

³ Maui Only - excludes Schedule F

Several factors likely contributed to the higher than forecasted sales in 2018, including warmer than normal summer weather, as well as the continued strength of the visitor industry and the economy in general. Another driver for the higher than forecasted sales, is the year-over-year decrease in the adoption of customer-sited renewable generation systems as shown in the graph below. In 2018 there were only 17% of the number of installations compared to 2015, when the annual installations peaked for Maui Electric.



Second, the actual impact to sales from the installation of energy efficient technologies was also greater than the 2012 test year rate case forecast. Forecasted impacts were consistent with those filed in the Integrated Resource Planning (“IRP”) proceeding, Docket No. 04-0077, as a more updated demand side management (“DSM”) forecast was not available at that time. From 2012 through 2017, the Public Benefits Fund Administrator achieved greater kWh reduction impacts than what was assumed in the test year.

Overall, the RBA balance increased to \$6.1 million at the end of 2018.

2. RAM Revenue Adjustment

In accordance with Order No. 32735, the RAM Revenue Adjustment is the lesser of

(a) the RAM Revenue Adjustment calculated according to the Original RAM Methodology or

(b) the RAM Cap. For the 2019 decoupling annual filing, the Company calculated the RAM Revenue Adjustment to be lower using the Original RAM Methodology. Therefore, the RAM Cap is not applied for the 2019 RAM Revenue Adjustment. See Schedule A1 and the summary table below.

	<u>RAM Cap²⁹</u>	<u>Original RAM Methodology³⁰</u>
2019 RAM Revenue Adjustment ³¹	\$4.2 million	\$3.4 million

The sections below further explain the calculations of both RAM Revenue Adjustment methodologies.

2.1. RAM Revenue Adjustment Cap

In calculating the 2019 RAM Cap, the basis, as shown in Schedule J in Attachment 2, is Maui Electric 2018 D&O Target Annual Revenues of \$147.6 million (See Schedule B1 in Attachment 2). This amount is then multiplied by the 2018 GDPPI of 2.10% to calculate a 2019 RAM Cap increase (excluding Exceptional & Other Matters) of \$3.1 million. The 2019 RAM

²⁹ 2019 RAM Cap \$4,176,766 is calculated as 2019 RAM Cap (\$3,401,245) + Exceptional and Other Matters (\$775,520). See Schedule A1.

³⁰ 2019 RAM Under Existing Tariffs \$3,351,888 calculated as: O&M RAM (\$1,512,028) + Rate Base RAM-Return on Investment (\$2,202,723) + Depreciation and Amortization Expense (\$288,000) – Joint Pole Revenues (\$650,862)

³¹ In Maui Electric’s 2018 test year rate case (Docket No. 2017-0150), the Company included Customer Information System (“CIS”) deferred project costs as Unamortized System Development Costs. Therefore, CIS costs as Exceptional & Other Matters are not applicable for the Company’s 2019 decoupling filing as these costs are reflected in approved rates for the 2018 test year rate case. In addition, the Company is proposing to remove a provision in the RAM tariff on sheet 96I, 107I, and 151I, as shown in Attachment 1, which explains how CIS costs are recovered through the Rate Base RAM calculation. This tariff change would not impact any of the previous years’ decoupling filings.

Cap increase of \$3.1 million is then multiplied by the revenue tax factor of 1.0975 to calculate an adjusted 2019 RAM Cap of \$3.4 million.

In addition, the Company is proposing to delete a provision in the RAM tariff that describes an exception to the calculation of the RAM Cap. This provision describes how the 2015 RAM Cap and each subsequent year's RAM Cap would be calculated until the issuance of a decision and order in the next rate case. Because the Company is proposing to use the results of the Maui Electric 2018 D&O as the basis for the 2018 RAM Cap calculation, this RAM Cap calculation exception provision is no longer relevant and can be deleted on Tariff Sheet Nos. 96G-H, 107G-H, and 151G-H, as shown in Attachment 1 and Attachment 1A. These tariff changes would not impact any of the previous years' decoupling filings and would be consistent with the tariff revisions incorporated in Hawaiian Electric's and Hawai'i Electric Light's respective 2018 annual decoupling filings, which were subsequently approved by the Commission in Order No. 35493, filed on May 31, 2018.

2.2. RAM Revenue Adjustment- Original RAM Methodology

The RAM Revenue Adjustment determined under the Original RAM Methodology totaled \$3.4 million. Maui Electric's 2018 D&O is the basis for its 2019 Original RAM Methodology calculation. Below is a description of the four components: 1) O&M RAM, 2) Rate Base RAM, 3) Depreciation and Amortization RAM Expense, and 4) joint pole revenue reduction. In 2018, the Rate Base RAM and Depreciation and Amortization Expense were adjusted to reflect contributions in aid of construction ("CIAC") net in plant in service.

Because the total of the four components is lower than the 2019 RAM Cap shown above, the RAM Revenue Adjustment calculated under the Original RAM Methodology is applied for the 2019 RAM Revenue Adjustment.

2.2.1. O&M RAM Adjustment

Based on the Maui Electric 2018 D&O, the 2019 O&M RAM adjustment is \$1.5 million, as calculated under the Original RAM Methodology. The 2019 O&M RAM adjustment of \$1.5 million includes the 2019 bargaining unit wage increases as provided for in the current Collective Bargaining Agreement³² with labor productivity offsets, plus applicable payroll taxes, and the GDPPI to escalate certain non-labor base expenses. (Refer to Attachment 2, Schedule C of this tariff transmittal.)

Non-bargaining unit labor is not subject to escalation in the RAM. Further, the non-labor cost escalation rate does not apply to any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits (“OPEB”), Clean Energy/ Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms. The 2019 O&M RAM adjustment amount covers one year of inflation and wage increases since the 2018 test year.

2.2.2. Rate Base RAM and Depreciation and Amortization RAM

The rate base RAM return on investment adjustment (“Rate Base RAM Adjustment”) totals \$2.2 million, the depreciation and amortization RAM expense is \$0.3 million, and the joint pole revenue reduction is \$(.7) million, as calculated under the Original RAM Methodology. The rate base RAM adjustment calculation of approximately \$2.2 million is the result of the Company’s investments in plant to support reliability of the Company’s electrical infrastructure and preventively replace aging plant.³³ Based on the Maui Electric 2018 D&O rate base for

³² The current Collective Bargaining Agreement was ratified by the IBEW, Local 1260, on July 31, 2018 and reflects a 3.00% increase effective January 1, 2019, January 1, 2020, January 1, 2021, based on January 1, 2018 rates.

³³ For more details, please see the *Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2018* (“2018 G.O. 7 Report”) in Docket No. 03-0257, dated March 27, 2019.

December 31, 2018, the Company updated the components of plant in service, ADIT”), accumulated depreciation, and CIAC for 2018 test year balances.

The 2019 rate base RAM incorporates \$36.2 million of 2019 baseline plant additions (net of CIAC) based on an historical five-year average and major plant additions (net of CIAC) of \$18.3 million totaling \$54.5 million (Refer to Attachment 2, Schedule D1, lines 26 plus 27, Schedule D2, line 28 and Schedule D3 line 8). Since the 2019 RAM Projected Amount includes CIAC activity related to plant in service, CWIP and Developer Advances, recorded balances of Unamortized CIAC and Developer Advances as of December 31, 2018 are not adjusted (refer to Attachment 3 and Attachment 2, MECO-WP-D2-005 of this transmittal for further discussion).

The Depreciation and Amortization calculated RAM adjustment of approximately \$0.3 million reflects a corresponding increase to depreciation and amortization expense above amounts in current revenue due to the net plant additions in 2018. (Refer to Attachment 2, Schedule E, line 199 of this transmittal).

2.2.3. Joint Pole Agreement Adjustments

In accordance with Decision and Order No. 35768 in Docket No. 2018-0075, the transfer of all assets agreed to between Hawaiian Telcom and the Hawaiian Electric Companies was approved on October 16, 2018. Therefore, the assets transferred to the Hawaiian Electric Companies were added to each Company’s respective rate base as of October 16, 2018 and is included in the 2018 end of year net cost of plant in service.³⁴ As described in its Application, Exhibit E³⁵, in Docket No. 2018-0075, the Companies’ annual attachment fees received from

³⁴ See HELCO-2222 in Docket No. 2018-0368 for a summary of the joint pole agreement impact on revenue requirements in the Hawai‘i Electric Light 2019 test year rate case.

³⁵ Upon the Effective Date of the proposed asset transfer, the Hawaiian Electric Companies will receive attachment revenues from Hawaiian Telcom for use of the poles. Such attachment revenues are \$2,371,930 per year for Hawaiian Electric, \$1,377,208 per year for Hawai‘i Electric Light, and \$650,862 per year for Maui Electric (for a

Hawaiian Telecom are recorded as other operating revenue and costs to maintain the poles will be included as normal maintenance expenses of the utility, and incremental pole maintenance costs will be off set with attachment revenues. Therefore, to avoid cost recovery of joint pole assets from both the attachment revenues received from Hawaiian Telecom as well as a return on the assets in the Company's rate base, Maui Electric's allocation of \$0.7 million in attachment revenue reduces the Company's Original RAM Methodology calculation. The RAM Cap is based on net revenues from the last rate case which did not include the Joint Pole transaction, therefore no adjustment for attachment fee revenues is needed for the RAM Cap. See Attachment 2, Schedule A1 for more details.

2.2.4. CIAC Adjustments

Attachment 3 of this transmittal describes the treatment of CIAC for book purposes and proposed modifications to Schedules D1, D2, D3, E, and the G series as a result of the approval from the Commission to change to the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USOA") beginning with the implementation of the Companies' new ERP/EAM, in Decision and Order No. 31757, issued December 19, 2013 in Docket No. 2013-0007. The 2019 annual decoupling filing incorporates CIAC within Plant in Service, Construction Work in Progress ("CWIP") or Developer Advances consistent with FERC guidelines and 2018 test year treatment. In this filing, there is no impact to the calculation of rate base as a result of adoption of the FERC guidelines. However, as explained in Attachment 3 of this transmittal, and as documented in Mr. Paul Franklin's T-12 direct testimony in Hawai'i Electric Light's 2019 test year rate case, the Companies propose to exclude the CIAC associated with CWIP in its calculation of rate base in the rate base filings. Should the commission approve

total of \$4,400,000 per year for the Hawaiian Electric Companies) over a ten-year period. See Decision and Order No. 35768, at 19-20, in Docket No. 2018-0075, filed on October 16, 2018.

Hawai‘i Electric Light’s proposal, Maui Electric will implement this change in the annual decoupling filing consistent with Hawai‘i Electric Light.

2.2.5. Major Capital Project Credit

In accordance with Revised Tariff Sheet Nos. 96B-C (Maui), 107B-C (Lana‘i) and 151B-C (Moloka‘i)³⁶, the Company is incorporating a major capital project credit in this transmittal related to Kuihelani Substation Land project. In Transmittal No. 18-03, the Company included Project M0001977- Kuihelani Substation Land (\$895,563) as a Major Capital Project Addition on Schedule D3, with an estimated in-service date of September 2018. As stated in the Company’s response to PUC-MECO-IR-6³⁷, Project M0001977- Kuihelani Substation Land was not placed into service in 2018. The subdivision application, supporting the acquisition of the property and the subject project’s completion, is pending approval from the County of Maui. The Company is currently working with the Department of Fire and Public Safety to reach an agreement on requirements to be satisfied to obtain its approval for the application.

Therefore, because the Kuihelani Substation Land project was not placed into service within the first nine months of the preceding RAM Period (2018) as expected, the Company is incorporating an adjustment totaling approximately \$10,000 for the Kuihelani Substation Land amount plus interest as a credit back to customers. This credit was calculated based on the number of days (83) the 2018 RBA rate adjustment was in effect, up until the issuance of Interim Decision and Order No. 35631 in Docket No. 2017-0150 (June 1, 2018 – August 22, 2018).

³⁶ Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year’s RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected.

³⁷ See Company’s letter dated January 11, 2019 in Docket No. 2017-0150 (Maui Electric’s 2018 test year rate case).

Further details on the calculation of the credit can be found in Attachment 2, Schedule A and I, to this filing.

2.2.6. Ka'ono'ulu Substation Project Recovery

As stated in the Maui Electric 2018 D&O, the Commission found that no electrical services were provided to Maui Electric's customers by the Ka'ono'ulu Project during the 2018 test year and ordered that costs associated with the Ka'ono'ulu Project should be removed from the 2018 test year.³⁸ The Commission also acknowledged that removing the Ka'ono'ulu Project from its 2018 test year, without some further allowance, could result in limited revenue recovery due to the effects of Maui Electric's RAM Cap and could therefore have an impact on Maui Electric's finances during the interim years before its next scheduled general rate case.³⁹ However, the Commission further stated that it will allow Maui Electric to recover costs for the Kuihelani Substation Land and Ka'ono'ulu Projects: (1) through the operation of the RAM, (2) with the specific provision that RAM adjustment revenues for the Project will be unlimited by and excluded from the determination and application of the RAM Cap, and (3) with full refund to customers of revenues accrued and/or collected through interim rates.⁴⁰

In accordance with the Maui Electric 2018 D&O, the Company has included the recovery for Ka'ono'ulu Project costs totaling \$15.6 million⁴¹ in Attachment 2 in this transmittal. As stated above, the Commission is allowing the Company to recover Ka'ono'ulu Project costs

³⁸ Maui Electric 2018 D&O at 59-60. The Commission acknowledged that the Ka'ono'ulu Substation Land/Easement component was placed in service during the 2018 test year and has been utilized for its intended purpose. However, absent an operating substation atop the property, the property itself does not appear to provide any intrinsic "used and useful" value or service to MECO's customers and, thus, should be excluded from MECO's 2018 Test Year.

³⁹ In addition, the Commission found that recovery through the MPIR adjustment mechanism is not appropriate. See Maui Electric 2018 D&O at 60-61.

⁴⁰ Maui Electric 2018 D&O at 60-61.

⁴¹ See response to CA-IRs-183 and 256 in Docket No. 2017-0150. M0001039 Ka'ono'ulu Substation \$10,987,527 + M0001051 Ka'ono'ulu Substation T&D Feeder \$4,003,519 + M00001890 Ka'ono'ulu Substation Land/Easement \$599,580 = \$15,590,626.

through the RAM and revenue recovery will not be limited by the RAM Cap. That being said, under the Original RAM Methodology, the Company has included Ka‘ono‘ulu Project costs as a Major Capital Project Addition on Schedule D3 in Attachment 2 to this transmittal. In addition, Ka‘ono‘ulu Project costs has also been included as an “Exceptional & Other Matters”⁴² revenue adjustment in determining the overall RAM Revenue Adjustment Cap, as shown on Schedule K and A1 in Attachment 2 to this transmittal. Therefore, although the Ka‘ono‘ulu Project costs are included in both Original RAM Methodology and RAM Cap calculations, the Company’s 2019 RAM revenue adjustment still remains subject to the lesser of each RAM methodology.

VIII

List of Attachments and Schedules

In Attachment 1 of this tariff transmittal, Maui Electric submits its proposed revisions to its Revenue Balancing Account Provision tariff, including the proposed RBA Rate Adjustment rate in Section E of Revised Sheet Nos. 97E (Maui), 108E (Lana‘i) and 152E (Moloka‘i), the change in annual target revenue in Revised Sheet Nos. 97F (Maui), 108F (Lana‘i) and 152F (Moloka‘i), and additional language on Revised Sheet Nos. 97A and 97E (Maui), 108A and 108E (Lana‘i) and 152A and 152E (Moloka‘i) clarifying the allowance of future Commission approved adjustments that will be flowed through the RBA Rate Adjustment. In addition, the Company is proposing to add to its tariff Sheet Nos. 97G (Maui), 108G (Lana‘i) and 152G (Moloka‘i) which summarizes historical changes in target revenue that were previously in effect. The Company’s proposed revisions to the Rate Adjustment Mechanism Provision tariff include the revision to Sheets No. 96G-I (Maui), 107G-I (Lana‘i), and 151G-I (Moloka‘i), as previously

⁴² See Order No. 32735 at 94-95. The Basis used in determining the RAM Cap shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap.

discussed in this transmittal. Attachment 1 also includes proposed revisions to the Company's PIM Provision tariff on Revised Sheet Nos. 101E (Maui), 112D (Lana'i) and 156D (Moloka'i) to allow the Company to incorporate the establishment and implementation of any future Commission approved PIMs. Attachment 1A provides the tariff sheets for the RBA, RAM, and PIM Provision tariff in blackline version.

Attachment 2 provides the calculation of the RBA Rate Adjustment in the following schedules, along with supporting workpapers:

Schedule A – Determination of 2019 RBA Rate Adjustment (Summary)

Schedule A1 – Determination of Total RAM Revenue Adjustment Allowed

Schedule B – Summary of Accumulated Revenue Balancing Account

Schedule B1 - Determination of Target Revenues

Schedule B2 – Determination of Recorded Adjusted Revenues

Schedule C – Determination of O&M RAM Adjustment

Schedule C1 – Summary of Operations and Maintenance Labor and Non-Labor Expense

Schedule C2 – Non-Labor Exclusion Adjustment for O&M RAM

Schedule D – Determination of Rate Base RAM Adjustment – Return on Investment

Schedule D1 – Determination of Rate Base RAM Adjustment – Change in Rate Base

Schedule D2 – Determination of Baseline Capital Projects Additions, Net of CIAC

Schedule D3 – Determination of Major Capital Project Additions, Net of CIAC

Schedule D4 – Determination of Adjusted Recorded Deferred Income Taxes

Schedule D5 – Determination of Adjusted Recorded Excess ADIT Regulatory

Liability

Schedule E – Determination of Depreciation and Amortization RAM Adjustment

Schedule F – Determination of Change in Deferred Income Taxes

Schedule F1 – Determination of Tax Depreciation

Schedule F2 – Tax Depreciation on Major Capital Projects Additions

Schedule G – CIAC Summary

Schedule H – Earnings Sharing Calculations⁴³

Schedule I – PUC-Ordered Major or Baseline Capital Projects Credits

Schedule J – Determination of RAM Cap

Schedule K - Exceptional & Other Matters

Schedule K1 – Exceptional & Other Matters- Return on Investment

Schedule L – MPIR Adjustment Mechanism

Schedule M – PIM Provision

Schedule N – On-Bill Financing Recovery

Attachment 3 of this transmittal describes the treatment of CIAC within the 2019 Annual Decoupling Filing as a result of the adoption of FERC USOA.

Attachment 4 of this transmittal contains a copy of the preliminary revenue requirement calculation in accordance with Decision & Order No. 36219.

The Hawaiian Electric Companies and the Consumer Advocate jointly developed the format of the schedules in Attachment 2, which the Companies have used for their annual RBA Rate Adjustment submissions since 2012.

WHEREFORE, Maui Electric, consistent with the advance notice required by law, hereby respectfully requests that its proposed revisions to the Revenue Balancing Account

⁴³ The Company has provided its calculated ratemaking return on equity for year 2018 in Schedule H of this tariff transmittal as required by the Commission in its *Final Decision and Order* in the decoupling proceeding (Docket No. 2008-0274) on August 31, 2010.

Provision and Rate Adjustment mechanism Provision tariffs be allowed to become effective on June 1, 2019.

DATED: Honolulu, Hawai'i, March 29, 2019.



Brian Y. Hyane
Attorney for
MAUI ELECTRIC COMPANY, LTD.

ATTACHMENT 1

MAUI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
94-94E	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1- 94.1DX	"FIT"	December 30, 2011	Schedule FIT Tier 3 Agreement
94.2- 94.2E	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing and Interconnection Proc.
95	"PPAC"	March 1, 2019	Purchase Power Adjustment Clause
95A	"PPAC"	March 1, 2019	Purchase Power Adjustment Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
96	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
96E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96G	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
96H	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
96I	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
97	"RBA"	January 1, 2018	Revenue Balancing Account Provision
97A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
97B	"RBA"	August 23, 2018	Revenue Balancing Account Provision
97C	"RBA"	January 1, 2018	Revenue Balancing Account Provision
97D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
97E	"RBA"	June 1, 2019	Revenue Balancing Account Provision
97F	"RBA"	June 1, 2019	Revenue Balancing Account Provision
97G	"RBA"	June 1, 2019	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Superseding Sheet No. 50E
Effective October 18, 2018

REVISED SHEET No. 50E
Effective June 1, 2019

MAUI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
98	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
98A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
98B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
99	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
99A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
99B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
100	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
100A	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
100B	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
100C	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
101	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
101A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
101B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
101C	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
101D	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
101E	"PIM"	June 1, 2019	Performance Incentive Mechanism Provision
101F	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule TOU-P	- Large Power Time-of-Use Service
Schedule SS	- Standby Service
Schedule TOU EV-	Residential Time-of-Use Service with Electric Vehicle Pilot
Schedule EV-F	- Commercial Public Electric Vehicle Charging Facility Service Pilot
Schedule TOU-RI-	Residential Interim Time-of-Use Service

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1st through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

Adjusted by: Other adjustments, as applicable, in accordance with Commission's Order authorizing such adjustment. Other adjustments, if any, are shown in the table *Target Revenue Currently in Effect*, provided in section H.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment, Performance Incentive Adjustment, recorded adjusted revenues or other RBA accounting determinations (collectively "target revenue determinations") for any previous period and for revisions to RAM Revenue Adjustments or Performance Incentive Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments and/or Performance Incentive Adjustments. For any corrections of errors in previously calculated target revenue determinations, the target revenue shall be adjusted as of the date that the correct determinations would have been reflected in target revenue. For changes in the RAM Revenue Adjustment and/or Performance Incentive Adjustments as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of changes that are implemented pursuant to the subsequently issued Commission order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the annual RBA review transmittal ("RBA Review Transmittal") filed on or before March 31 of each year, the utility will have the burden to demonstrate that the interim changes for the previous calendar year are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.38%
February	7.50%
March	8.06%
April	7.85%
May	8.18%
June	8.19%
July	8.77%
August	9.00%
September	8.50%
October	8.73%
November	8.30%
December	<u>8.54%</u>
Total	100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2018 test year rate case and shall be updated in any subsequent test year rate case.

MAUI ELECTRIC COMPANY, LTD.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be the short term debt rate as established in deriving the consolidated cost of capital in the Company's last full rate case. The Interest Rate prior to March 1, 2014 shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

In its annual RBA Review Transmittal, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, any Performance Incentive Adjustment provided in accordance with the Performance Incentive Mechanism Provision and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding Sheet No. 97D
Effective June 1, 2017

REVISED SHEET NO. 97D
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

On or before March 31 of each year, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, an RBA Review Transmittal supporting the implementation of the RBA Provision, including RBA reconciliation, implementation of applicable components of the RAM Provision and Performance Incentive Mechanism Provision, determination and adjustments of target revenues, determination of the RBA Rate Adjustment; and documenting any errors, corrections and adjustments to Target Revenues in the preceding calendar year and prior to the transmittal date.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA and target revenue determinations shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, as part of the annual RBA Review Transmittal filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

RBA Rate Adjustment

All Rate Schedules 0.9346 ¢/kWh

F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual RBA Review Transmittal filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G: COMMISSION'S AUTHORITY

The Commission may modify or suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

H: TARGET REVENUE CURRENTLY IN EFFECT

Maui Electric Company, Limited
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$335,763
	Less:	
2	Fuel Expense	(\$103,385)
3	Purchase Power Expense	(\$54,970)
4	Revenue Tax on Electric Sales Revenue	<u>(\$29,833)</u>
5	Last Rate Order Target Revenues	\$147,575
6	Authorized RAM Revenues	\$3,352
7	Revenue Tax	<u>(\$298)</u>
8	Net RAM Adjustment	\$3,054
9	Authorized MPIR Revenues	\$0
10	Revenue Tax	<u>\$0</u>
11	Net MPIR Adjustment	\$0
12	Earnings Sharing Revenue Credits	\$0
13	Revenue Tax	<u>\$0</u>
14	Net Earnings Sharing Revenue Credits	\$0
15	Performance Incentive Mechanism (PIM)	(\$395)
16	Revenue Tax	<u>\$35</u>
17	Net PIM Reward (Penalty)	(\$360)
18	On-Bill Financing Pgm Implementation Costs	\$198
19	Revenue Tax	<u>(\$18)</u>
20	Net On-Bill Financing Adjustment	\$181
21	PUC-Ordered Major or Baseline Capital Credits	(\$10)
22	Revenue Tax	<u>\$1</u>
23	Net PUC-Ordered Major or Baseline Capital Credits	(\$9)
24	Effective Target Revenue	\$150,441

Notes:

Totals may not add, due to rounding.

Lines 1,2,3: Transmittal No. 19-03 (Decoupling), Attachment 4.

Lines 4,7,10,13,16,19,22: Revenue Tax based on 8.885% statutory rates.

Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

I: HISTORICAL REFERENCE

Category	Effective Period	Effective Target Revenue (\$000)	Change in Target Revenue (\$000)	Source
Annual Decoupling Filing	6/1/2017 thru 5/31/2018	\$135,177	N/A (1/1/2018 Baseline)	Schedule B1 filed in Transmittal No. 17-04 on 5/22/2017.
Annual Decoupling Filing	6/1/2018 thru 8/22/2018	\$129,404	(\$5,773)	Schedule B1 filed in Transmittal No. 18-03 on 5/21/2018.
2018 Test Year Rate Case (Interim)	8/23/2018 thru 5/31/2019	\$145,310	\$15,906	Schedule B1 filed in Docket No. 2017-0150 on 7/6/2018.
Annual Decoupling Filing	6/1/2019 (current)	\$150,441	\$5,131	Schedule B1 filed in Transmittal No. 19-03 on 3/29/2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of a) the RAM Revenue Adjustment Calculation or b) the RAM Revenue Adjustment Cap.

o) The RAM Revenue Adjustment Calculation shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

p) The RAM Revenue Adjustment Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below.

q) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

r) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

s) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

t) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 31, 2017.

RATE ADJUSTMENT MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

- a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
 - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
 - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
- c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
- d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
- e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
- f) Rate Base for the RAM Period shall be quantified as follows:

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.
- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

g.) See also Settlement Agreement section below

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

The RAM Revenue Adjustment Cap shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between the rate case calendar test year that established the RAM Basis and the RAM Period, adjusted to include applicable revenue taxes.

The RAM Revenue Adjustment Cap will apply to the entire RAM Revenue Adjustment, which includes the O&M RAM Adjustment, Depreciation and Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

PERFORMANCE INCENTIVE MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Introduction

This Performance Incentive Mechanism ("PIM") Provision provides for the determination of a PIM Financial Incentive for each approved PIM for each Evaluation Period, based on Measured Performance compared to an established Performance Target for each PIM, as specified below.

The sum of the PIM Financial Incentives determined for all PIMs for the Evaluation Period will be the Performance Incentive Adjustment, which will be applied as an adjustment to the effective Target Revenue and will be recovered from or credited to customers through the RBA Rate Adjustment, as defined by and in accordance with the terms of the Revenue Balancing Account ("RBA") Provision.

Annual PIM Provision Transmittal

On or before March 31 of the year following an Evaluation Period, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, a transmittal documenting the Measured Performance and calculation of the PIM Financial Incentives and Performance Incentive Adjustment for the Evaluation Period. Complete, indexed schedules, workpapers and electronic files supporting the transmittal shall be provided with the transmittal. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, other rate case parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The review of the annual PIM Provision transmittal will be conducted concurrent with and in conjunction with the annual RBA Review Transmittal. The Performance Incentive Adjustment will be determined annually based on the PIM Provision transmittal and, after review and subject to explicit approval by the Commission, will become effective on June 1 of the year following the Evaluation Period, concurrent and in conjunction with determination of Target Revenues and the RBA Rate Adjustment in accordance with the RBA Provision. Any approved Performance Incentive Adjustment will be applied as monthly adjustments to Target Revenues for the twelve month period commencing June 1 of the year following the

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Evaluation Period in accordance with the Monthly Allocation Factors identified in the RBA Provision.

The Performance Targets, Deadbands and the amount of Maximum Financial Incentives used to determine the PIM Financial Incentive levels for each of the PIMs shall be re-determined upon issuance of an interim or final order in a general rate case for each Company, and shall remain constant in interim periods, unless otherwise amended, as necessary, by order of the Commission.

In the event that Performance Targets, Deadbands or the amounts of Maximum Financial Incentives are updated or amended by order of the Commission during the Evaluation Period, the Performance Targets, Deadbands and the amounts of Maximum Financial Incentives used in determining the amount of PIM Financial Incentives shall be a pro-rated weighted average based on the number of days of the Evaluation Period each parameter was effective.

Any revenue adjustments approved in accordance with this PIM Provision shall be excluded from the determination of Earnings Sharing Credits provided for in the Rate Adjustment Mechanism Provision ("RAM Provision").

The Performance Incentive Adjustment, and any prior year Performance Incentive Adjustment, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis for prior calculations. The effect of such changes shall be implemented as described in the RBA Provision, except that, the Performance Target, Deadband and Maximum Financial Incentive amounts determined in this PIM Provision shall not be recalculated based on errors in the calculation of these parameters and shall remain as specified unless and until changed by order of the Commission.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Evaluation Period

The Evaluation Period is defined as the annual twelve month calendar year period ending December 31, over which Measured Performance is determined and compared to the established Performance Target for each PIM described below. The first Evaluation Period shall begin January 1, 2018.

PIM Financial Incentive Calculation

For each PIM below, a Performance Target is specified, developed based on historical performance data. A Deadband is specified for each Performance Target in order to provide a satisfactory range of performance within which no reward or penalty amount is assessed.

A Maximum Financial Incentive amount is specified for each PIM with separate identification of a Maximum Reward Amount and a Maximum Penalty Amount.

Measured Performance for the Evaluation Period is compared to the Performance Target for each PIM. If the difference between Measured Performance and the Performance Target is less than or equal to the Deadband amount, no reward or penalty is awarded and the amount of the PIM Financial Incentive is zero. If the difference between Measured Performance and the Performance Target exceeds the Deadband amount, a reward or penalty ratio is calculated where the difference between Measured Performance and the Performance Target, less the Deadband amount, is the numerator and the Deadband amount is the denominator. This ratio is multiplied by either the Maximum Reward Amount or Maximum Penalty Amount, as applicable, to determine the PIM Financial Incentive for each PIM. The magnitude of the PIM Financial Incentive for each PIM shall not exceed 100% of the magnitude of the applicable Maximum Reward Amount or Maximum Penalty Amount established for each PIM.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Reliability Performance Incentive Mechanisms

There are two reliability PIMs: 1) System Average Interruption Frequency Index ("SAIFI"); and 2) System Average Interruption Duration Index ("SAIDI"). SAIFI is a measure of the average frequency of outages, defined as the annual total number of customer interruptions divided by the total number of customers served. SAIDI is a measure of the average duration of outage, defined as the sum of all customer interruption durations (in minutes) divided by the total number of customers served. The SAIFI and SAIDI Measured Performance and Performance Targets are determined using the IEEE Standard 1366 methodology.

For the Reliability Performance Incentive Mechanisms, the 2008-2017 record of historical performance data was used to establish the Performance Target and the Deadband. The Deadband was calculated as ± 1 standard deviation of the historical performance data. Accordingly, 100% of the penalty is achieved when Measured Performance is equal to or greater than 2 standard deviations from the Performance Target.

SAIFI:

Performance Target: 1.422 interruptions per customer during the one-year Evaluation Period

Deadband: ± 0.224 interruptions (1 Standard Deviation)

Range for no penalty: 1.198 interruptions to 1.645 interruptions per customer (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 1.645 interruptions per customer

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

MAUI ELECTRIC COMPANY, LTD

Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

SAIDI:

Target: 118.47 minutes per outage

Deadband: \pm 22.53 minutes (1 Standard Deviation)

Range for no penalty: 95.94 minutes to 141.00 minutes per outage (\pm 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 141.00 minutes per outage

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Call Center Performance Incentive Mechanism

The Call Center Performance PIM measures the performance of the utility call center in terms of the percentage of calls answered within thirty (30) seconds. The calculation of the call center performance shall exclude blocked calls from the denominator.

The Performance Target for the Call Center Performance Incentive Mechanism was calculated based on the average of quarterly data from Quarter 3 of 2016 to Quarter 2 of 2018.

MAUI ELECTRIC COMPANY, LTD

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Call Center Performance:

Performance Target: 87.22% of calls answered within 30 seconds

Deadband: +/- 3.00% of calls answered within 30 seconds

Range for no reward or penalty: 84.22% of calls answered to 90.22% of calls answered.

Rewards apply for greater than 90.22% of calls answered
Penalties apply for less than 84.22% of calls answered

Maximum Reward Amount: \$210,916.

Maximum Penalty Amount: \$210,916.

The magnitude of the Maximum Reward Amount and Maximum Penalty Amount were determined to be equal to 0.08% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Additional PIMs:

The Commission may order the establishment of one or more PIMs, and the targets, deadbands, rewards, penalties, and allocations for that PIM, as applicable, shall be implemented as specified in the Commission's order that approved the applicable PIM, and the applicable PIM Financial Incentive shall be included in the Performance Incentive Adjustment.

Commission's Authority

The Commission may suspend any or all parts of this PIM Provision. Such suspension shall remain in place until removed by Commission order.

MAUI ELECTRIC COMPANY, LTD

Transmittal Letter Dated March 29, 2019.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Historical Reference

The following table summarizes the prior PIMs in effect, as these values may be applicable during certain portions of the Evaluation Period.

PIM:	Effective Period:	Performance Target:	Deadband:	Maximum Reward:	Maximum Penalty:
SAIFI	1/1/2018 thru 8/22/2018	1.436 interruptions per customer	+/- 0.241	N/A	\$506,965
SAIDI	1/1/2018 thru 8/22/2018	112.67 minutes Per outage	+/- 23.22	N/A	\$506,965
Call Center	1/1/2018 thru 8/22/2018	91.34% of calls answered within 30 sec.	+/- 3.00%	\$202,786	\$202,786

MAUI ELECTRIC COMPANY, LTD

Superseding Revised Sheet No. 50H
Effective August 23, 2018

REVISED SHEET NO. 50H
Effective June 1, 2019

LANAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
106	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
107	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
107E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107G	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
107H	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
107I	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
108	"RBA"	January 1, 2018	Revenue Balancing Account Provision
108A	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108B	"RBA"	August 23, 2018	Revenue Balancing Account Provision
108C	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108E	"RBA"	June 1, 2019	Revenue Balancing Account Provision
108F	"RBA"	June 1, 2019	Revenue Balancing Account Provision
108G	"RBA"	June 1, 2019	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated March 29, 2019.

Superseding Sheet No. 50I
Effective January 1, 2019

REVISED SHEET NO. 50I
Effective June 1, 2019

LANAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
109	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
109A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
109B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
110	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
110A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
110B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
111	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
111A	TOU-RI	January 1, 2019	Residential Interim Time-of-Use Service
111B	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
111C	TOU-RI	January 1, 2019	Residential Interim Time-of-Use Service
112	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
112A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
112B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
112C	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
112D	"PIM"	June 1, 2019	Performance Incentive Mechanism Provision
112D.1	"PIM"	June 1, 2019	Performance Incentive Mechanism Provision
112E	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule TOU-P	- Large Power Time-of-Use Service
Schedule SS	- Standby Service
Schedule TOU EV-	Residential Time-of-Use Service with Electric Vehicle Pilot
Schedule EV-F	- Commercial Public Electric Vehicle Charging Facility Service Pilot
Schedule TOU-RI-	Residential Interim Time-of-Use Service

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1st through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

Adjusted by: Other adjustments, as applicable, in accordance with Commission's Order authorizing such adjustment. Other adjustments, if any, are shown in the table *Target Revenue Currently in Effect*, provided in section H.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment, Performance Incentive Adjustment, recorded adjusted revenues or other RBA accounting determinations (collectively "target revenue determinations") for any previous period and for revisions to RAM Revenue Adjustments or Performance Incentive Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments and/or Performance Incentive Adjustments. For any corrections of errors in previously calculated target revenue determinations, the target revenue shall be adjusted as of the date that the correct determinations would have been reflected in target revenue. For changes in the RAM Revenue Adjustment and/or Performance Incentive Adjustments as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of changes that are implemented pursuant to the subsequently issued Commission order.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the annual RBA review transmittal ("RBA Review Transmittal") filed on or before March 31 of each year, the utility will have the burden to demonstrate that the interim changes for the previous calendar year are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.38%
February	7.50%
March	8.06%
April	7.85%
May	8.18%
June	8.19%
July	8.77%
August	9.00%
September	8.50%
October	8.73%
November	8.30%
December	<u>8.54%</u>
Total	100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2018 test year rate case and shall be updated in any subsequent test year rate case.

MAUI ELECTRIC COMPANY, LTD.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be the short term debt rate as established in deriving the consolidated cost of capital in the Company's last full rate case. The Interest Rate prior to March 1, 2014 shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

In its annual RBA Review Transmittal, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, any Performance Incentive Adjustment provided in accordance with the Performance Incentive Mechanism Provision and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 29, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

On or before March 31 of each year, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, an RBA Review Transmittal supporting the implementation of the RBA Provision, including RBA reconciliation, implementation of applicable components of the RAM Provision and Performance Incentive Mechanism Provision, determination and adjustments of target revenues, determination of the RBA Rate Adjustment; and documenting any errors, corrections and adjustments to Target Revenues in the preceding calendar year and prior to the transmittal date.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA and target revenue determinations shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, as part of the annual RBA Review Transmittal filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 29, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

RBA Rate Adjustment

All Rate Schedules 0.9346 ¢/kWh

F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual RBA Review Transmittal filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G: COMMISSION'S AUTHORITY

The Commission may modify or suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

H: TARGET REVENUE CURRENTLY IN EFFECT

Maui Electric Company, Limited
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$335,763
	Less:	
2	Fuel Expense	(\$103,385)
3	Purchase Power Expense	(\$54,970)
4	Revenue Tax on Electric Sales Revenue	<u>(\$29,833)</u>
5	Last Rate Order Target Revenues	\$147,575
6	Authorized RAM Revenues	\$3,352
7	Revenue Tax	<u>(\$298)</u>
8	Net RAM Adjustment	\$3,054
9	Authorized MPIR Revenues	\$0
10	Revenue Tax	<u>\$0</u>
11	Net MPIR Adjustment	\$0
12	Earnings Sharing Revenue Credits	\$0
13	Revenue Tax	<u>\$0</u>
14	Net Earnings Sharing Revenue Credits	\$0
15	Performance Incentive Mechanism (PIM)	(\$395)
16	Revenue Tax	<u>\$35</u>
17	Net PIM Reward (Penalty)	(\$360)
18	On-Bill Financing Pgm Implementation Costs	\$198
19	Revenue Tax	<u>(\$18)</u>
20	Net On-Bill Financing Adjustment	\$181
21	PUC-Ordered Major or Baseline Capital Credits	(\$10)
22	Revenue Tax	<u>\$1</u>
23	Net PUC-Ordered Major or Baseline Capital Credits	(\$9)
24	Effective Target Revenue	\$150,441

Notes:

Totals may not add, due to rounding.

Lines 1,2,3: Transmittal No. 19-03 (Decoupling), Attachment 4.

Lines 4,7,10,13,16,19,22: Revenue Tax based on 8.885% statutory rates.

Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

I: HISTORICAL REFERENCE

Category	Effective Period	Effective Target Revenue (\$000)	Change in Target Revenue (\$000)	Source
Annual Decoupling Filing	6/1/2017 thru 5/31/2018	\$135,177	N/A (1/1/2018 Baseline)	Schedule B1 filed in Transmittal No. 17-04 on 5/22/2017.
Annual Decoupling Filing	6/1/2018 thru 8/22/2018	\$129,404	(\$5,773)	Schedule B1 filed in Transmittal No. 18-03 on 5/21/2018.
2018 Test Year Rate Case (Interim)	8/23/2018 thru 5/31/2019	\$145,310	\$15,906	Schedule B1 filed in Docket No. 2017-0150 on 7/6/2018.
Annual Decoupling Filing	6/1/2019 (current)	\$150,441	\$5,131	Schedule B1 filed in Transmittal No. 19-03 on 3/29/2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of a) the RAM Revenue Adjustment Calculation or b) the RAM Revenue Adjustment Cap.

o) The RAM Revenue Adjustment Calculation shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

p) The RAM Revenue Adjustment Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below.

q) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

r) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

s) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

t) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:
 - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
 - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
 - c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
 - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
 - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
 - f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.
- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

g.) See also Settlement Agreement section below.

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

The RAM Revenue Adjustment Cap shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between the rate case calendar test year that established the RAM Basis and the RAM Period, adjusted to include applicable revenue taxes.

The RAM Revenue Adjustment Cap will apply to the entire RAM Revenue Adjustment, which includes the O&M RAM Adjustment, Depreciation and Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

Superseding Sheet No. 107I
Effective June 8, 2015

REVISED SHEET NO. 107I
Effective June 1, 2019

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

PERFORMANCE INCENTIVE MECHANISM PROVISION

Maui, Lanai, and Molokai Divisions

Introduction

This Performance Incentive Mechanism ("PIM") Provision provides for the determination of a PIM Financial Incentive for each approved PIM for each Evaluation Period, based on Measured Performance compared to an established Performance Target for each PIM, as specified below.

The sum of the PIM Financial Incentives determined for all PIMs for the Evaluation Period will be the Performance Incentive Adjustment, which will be applied as an adjustment to the effective Target Revenue and will be recovered from or credited to customers through the RBA Rate Adjustment, as defined by and in accordance with the terms of the Revenue Balancing Account ("RBA") Provision.

Annual PIM Provision Transmittal

On or before March 31 of the year following an Evaluation Period, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, a transmittal documenting the Measured Performance and calculation of the PIM Financial Incentives and Performance Incentive Adjustment for the Evaluation Period. Complete, indexed schedules, workpapers and electronic files supporting the transmittal shall be provided with the transmittal. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, other rate case parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The review of the annual PIM Provision transmittal will be conducted concurrent with and in conjunction with the annual RBA Review Transmittal. The Performance Incentive Adjustment will be determined annually based on the PIM Provision transmittal and, after review and subject to explicit approval by the Commission, will become effective on June 1 of the year following the Evaluation Period, concurrent and in conjunction with determination of Target Revenues and the RBA Rate Adjustment in accordance with the RBA Provision. Any approved Performance Incentive Adjustment will be applied as monthly adjustments to Target Revenues for the

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

twelve month period commencing June 1 of the year following the Evaluation Period in accordance with the Monthly Allocation Factors identified in the RBA Provision.

The Performance Targets, Deadbands and the amount of Maximum Financial Incentives used to determine the PIM Financial Incentive levels for each of the PIMs shall be re-determined upon issuance of an interim or final order in a general rate case for each Company, and shall remain constant in interim periods, unless otherwise amended, as necessary, by order of the Commission.

In the event that Performance Targets, Deadbands or the amounts of Maximum Financial Incentives are updated or amended by order of the Commission during the Evaluation Period, the Performance Targets, Deadbands and the amounts of Maximum Financial Incentives used in determining the amount of PIM Financial Incentives shall be a pro-rated weighted average based on the number of days of the Evaluation Period each parameter was effective.

Any revenue adjustments approved in accordance with this PIM Provision shall be excluded from the determination of Earnings Sharing Credits provided for in the Rate Adjustment Mechanism Provision ("RAM Provision").

The Performance Incentive Adjustment, and any prior year Performance Incentive Adjustment, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis for prior calculations. The effect of such changes shall be implemented as described in the RBA Provision, except that, the Performance Target, Deadband and Maximum Financial Incentive amounts determined in this PIM Provision shall not be recalculated based on errors in the calculation of these parameters and shall remain as specified unless and until changed by order of the Commission.

Evaluation Period

The Evaluation Period is defined as the annual twelve month calendar year period ending December 31, over which Measured Performance is determined and compared to the established Performance Target for each PIM described below. The first Evaluation Period shall begin January 1, 2018.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

PIM Financial Incentive Calculation

For each PIM below, a Performance Target is specified, developed based on historical performance data. A Deadband is specified for each Performance Target in order to provide a satisfactory range of performance within which no reward or penalty amount is assessed.

A Maximum Financial Incentive amount is specified for each PIM with separate identification of a Maximum Reward Amount and a Maximum Penalty Amount.

Measured Performance for the Evaluation Period is compared to the Performance Target for each PIM. If the difference between Measured Performance and the Performance Target is less than or equal to the Deadband amount, no reward or penalty is awarded and the amount of the PIM Financial Incentive is zero. If the difference between Measured Performance and the Performance Target exceeds the Deadband amount, a reward or penalty ratio is calculated where the difference between Measured Performance and the Performance Target, less the Deadband amount, is the numerator and the Deadband amount is the denominator. This ratio is multiplied by either the Maximum Reward Amount or Maximum Penalty Amount, as applicable, to determine the PIM Financial Incentive for each PIM. The magnitude of the PIM Financial Incentive for each PIM shall not exceed 100% of the magnitude of the applicable Maximum Reward Amount or Maximum Penalty Amount established for each PIM.

Reliability Performance Incentive Mechanisms

There are two reliability PIMs: 1) System Average Interruption Frequency Index ("SAIFI"); and 2) System Average Interruption Duration Index ("SAIDI"). SAIFI is a measure of the average frequency of outages, defined as the annual total number of customer interruptions divided by the total number of customers served. SAIDI is a measure of the average duration of outage, defined as the sum of all customer interruption durations (in minutes) divided by the total number of customers served. The SAIFI and SAIDI Measured Performance and Performance Targets are determined using the IEEE Standard 1366 methodology.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

For the Reliability Performance Incentive Mechanisms, the 2008-2017 record of historical performance data was used to establish the Performance Target and the Deadband. The Deadband was calculated as ± 1 standard deviation of the historical performance data. Accordingly, 100% of the penalty is achieved when Measured Performance is equal to or greater than 2 standard deviations from the Performance Target.

SAIFI:

Performance Target: 1.422 interruptions per customer during the one-year Evaluation Period

Deadband: ± 0.224 interruptions (1 Standard Deviation)

Range for no penalty: 1.198 interruptions to 1.645 interruptions per customer (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 1.645 interruptions per customer

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

SAIDI:

Target: 118.47 minutes per outage

Deadband: ± 22.53 minutes (1 Standard Deviation)

Range for no penalty: 95.94 minutes to 141.00 minutes per outage (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 141.00 minutes per outage

MAUI ELECTRIC COMPANY, LTD

.Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Maximum Reward Amount: Not Applicable
Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Call Center Performance Incentive Mechanism

The Call Center Performance PIM measures the performance of the utility call center in terms of the percentage of calls answered within thirty (30) seconds. The calculation of the call center performance shall exclude blocked calls from the denominator.

The Performance Target for the Call Center Performance Incentive Mechanism was calculated based on the average of quarterly data from Quarter 3 of 2016 to Quarter 2 of 2018.

Call Center Performance:

Performance Target: 87.22% of calls answered within 30 seconds

Deadband: +/- 3.00% of calls answered within 30 seconds

Range for no reward or penalty: 84.22% of calls answered to 90.22% of calls answered.

Rewards apply for greater than 90.22% of calls answered
Penalties apply for less than 84.22% of calls answered

Maximum Reward Amount: \$210,916.
Maximum Penalty Amount: \$210,916.

The magnitude of the Maximum Reward Amount and Maximum Penalty Amount were determined to be equal to 0.08% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Additional PIMs:

The Commission may order the establishment of one or more PIMs, and the targets, deadbands, rewards, penalties, and allocations for that PIM, as applicable, shall be implemented as specified in the Commission's order that approved the applicable PIM, and the applicable PIM Financial Incentive shall be included in the Performance Incentive Adjustment.

Commission's Authority

The Commission may suspend any or all parts of this PIM Provision. Such suspension shall remain in place until removed by Commission order.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Historical Reference

The following table summarizes the prior PIMs in effect, as these values may be applicable during certain portions of the Evaluation Period.

PIM:	Effective Period:	Performance Target:	Deadband:	Maximum Reward:	Maximum Penalty:
SAIFI	1/1/2018 thru 8/22/2018	1.436 interruptions per customer	+/- 0.241	N/A	\$506,965
SAIDI	1/1/2018 thru 8/22/2018	112.67 minutes Per outage	+/- 23.22	N/A	\$506,965
Call Center	1/1/2018 thru 8/22/2018	91.34% of calls answered within 30 sec.	+/- 3.00%	\$202,786	\$202,786

MAUI ELECTRIC COMPANY, LTD

Superseding Revised Sheet No. 100E
Effective August 23, 2018

REVISED SHEET NO. 100E
Effective June 1, 2019

MOLOKAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
151A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
151E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151G	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
151H	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
151I	"RAM"	June 1, 2019	Rate Adjustment Mechanism Provision
152	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152B	"RBA"	August 23, 2018	Revenue Balancing Account Provision
152C	"RBA"	June 1, 2018	Revenue Balancing Account Provision
152D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
152E	"RBA"	June 1, 2019	Revenue Balancing Account Provision
152F	"RBA"	June 1, 2019	Revenue Balancing Account Provision
152G	"RBA"	June 1, 2019	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated March 29, 2019.

Superseding Sheet No. 100F
Effective January 1, 2019

REVISED SHEET NO. 100F
Effective June 1, 2019

MOLOKAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
153	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
153A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
153B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
154	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
155	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
155A	TOU-RI	January 1, 2019	Residential Interim Time-of-Use Service
155B	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
155C	TOU-RI	January 1, 2019	Residential Interim Time-of-Use Service
156	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156B	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
156C	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
156D	"PIM"	June 1, 2019	Performance Incentive Mechanism Provision
156D.1	"PIM"	June 1, 2019	Performance Incentive Mechanism Provision
156E	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule TOU-P	- Large Power Time-of-Use Service
Schedule SS	- Standby Service
Schedule TOU EV-	Residential Time-of-Use Service with Electric Vehicle Pilot
Schedule EV-F	- Commercial Public Electric Vehicle Charging Facility Service Pilot
Schedule TOU-RI-	Residential Interim Time-of-Use Service

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1st through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

Adjusted by: Other adjustments, as applicable, in accordance with Commission's Order authorizing such adjustment. Other adjustments, if any, are shown in the table *Target Revenue Currently in Effect*, provided in section H.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment, Performance Incentive Adjustment, recorded adjusted revenues or other RBA accounting determinations (collectively "target revenue determinations") for any previous period and for revisions to RAM Revenue Adjustments or Performance Incentive Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments and/or Performance Incentive Adjustments. For any corrections of errors in previously calculated target revenue determinations, the target revenue shall be adjusted as of the date that the correct determinations would have been reflected in target revenue. For changes in the RAM Revenue Adjustment and/or Performance Incentive Adjustments as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of changes that are implemented pursuant to the subsequently issued Commission order.

MAUI ELECTRIC COMPANY, LTD.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the annual RBA review transmittal ("RBA Review Transmittal") filed on or before March 31 of each year, the utility will have the burden to demonstrate that the interim changes for the previous calendar year are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.38%
February	7.50%
March	8.06%
April	7.85%
May	8.18%
June	8.19%
July	8.77%
August	9.00%
September	8.50%
October	8.73%
November	8.30%
December	<u>8.54%</u>
Total	100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2018 test year rate case and shall be updated in any subsequent test year rate case.

MAUI ELECTRIC COMPANY, LTD.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be the short term debt rate as established in deriving the consolidated cost of capital in the Company's last full rate case. The Interest Rate prior to March 1, 2014 shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

In its annual RBA Review Transmittal, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, any Performance Incentive Adjustment provided in accordance with the Performance Incentive Mechanism Provision and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 29, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

On or before March 31 of each year, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, an RBA Review Transmittal supporting the implementation of the RBA Provision, including RBA reconciliation, implementation of applicable components of the RAM Provision and Performance Incentive Mechanism Provision, determination and adjustments of target revenues, determination of the RBA Rate Adjustment; and documenting any errors, corrections and adjustments to Target Revenues in the preceding calendar year and prior to the transmittal date.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA and target revenue determinations shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, as part of the annual RBA Review Transmittal filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 29, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

RBA Rate Adjustment

All Rate Schedules 0.9346 ¢/kWh

F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual RBA Review Transmittal filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G: COMMISSION'S AUTHORITY

The Commission may modify or suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

H: TARGET REVENUE CURRENTLY IN EFFECT

Maui Electric Company, Limited
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$335,763
	Less:	
2	Fuel Expense	(\$103,385)
3	Purchase Power Expense	(\$54,970)
4	Revenue Tax on Electric Sales Revenue	(\$29,833)
5	Last Rate Order Target Revenues	\$147,575
6	Authorized RAM Revenues	\$3,352
7	Revenue Tax	(\$298)
8	Net RAM Adjustment	\$3,054
9	Authorized MPIR Revenues	\$0
10	Revenue Tax	\$0
11	Net MPIR Adjustment	\$0
12	Earnings Sharing Revenue Credits	\$0
13	Revenue Tax	\$0
14	Net Earnings Sharing Revenue Credits	\$0
15	Performance Incentive Mechanism (PIM)	(\$395)
16	Revenue Tax	\$35
17	Net PIM Reward (Penalty)	(\$360)
18	On-Bill Financing Pgm Implementation Costs	\$198
19	Revenue Tax	(\$18)
20	Net On-Bill Financing Adjustment	\$181
21	PUC-Ordered Major or Baseline Capital Credits	(\$10)
22	Revenue Tax	\$1
23	Net PUC-Ordered Major or Baseline Capital Credits	(\$9)
24	Effective Target Revenue	\$150,441

Notes:

Totals may not add, due to rounding.

Lines 1,2,3: Transmittal No. 19-03 (Decoupling), Attachment 4.

Lines 4,7,10,13,16,19,22: Revenue Tax based on 8.885% statutory rates.

Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

I: HISTORICAL REFERENCE

Category	Effective Period	Effective Target Revenue (\$000)	Change in Target Revenue (\$000)	Source
Annual Decoupling Filing	6/1/2017 thru 5/31/2018	\$135,177	N/A (1/1/2018 Baseline)	Schedule B1 filed in Transmittal No. 17-04 on 5/22/2017.
Annual Decoupling Filing	6/1/2018 thru 8/22/2018	\$129,404	(\$5,773)	Schedule B1 filed in Transmittal No. 18-03 on 5/21/2018.
2018 Test Year Rate Case (Interim)	8/23/2018 thru 5/31/2019	\$145,310	\$15,906	Schedule B1 filed in Docket No. 2017-0150 on 7/6/2018.
Annual Decoupling Filing	6/1/2019 (current)	\$150,441	\$5,131	Schedule B1 filed in Transmittal No. 19-03 on 3/29/2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of a) the RAM Revenue Adjustment Calculation or b) the RAM Revenue Adjustment Cap.

o) The RAM Revenue Adjustment Calculation shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

p) The RAM Revenue Adjustment Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below.

q) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

r) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

s) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

t) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

- a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
 - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
 - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
- c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
- d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
- e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
- f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.
- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

g.) See also Settlement Agreement section below.

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

The RAM Revenue Adjustment Cap shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between the rate case calendar test year that established the RAM Basis and the RAM Period, adjusted to include applicable revenue taxes.

The RAM Revenue Adjustment Cap will apply to the entire RAM Revenue Adjustment, which includes the O&M RAM Adjustment, Depreciation and Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

Superseding Sheet No. 151I
Effective June 8, 2015

REVISED SHEET NO. 151I
Effective June 1, 2019

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

PERFORMANCE INCENTIVE MECHANISM PROVISION

Maui, Lanai, and Molokai Divisions

Introduction

This Performance Incentive Mechanism ("PIM") Provision provides for the determination of a PIM Financial Incentive for each approved PIM for each Evaluation Period, based on Measured Performance compared to an established Performance Target for each PIM, as specified below.

The sum of the PIM Financial Incentives determined for all PIMs for the Evaluation Period will be the Performance Incentive Adjustment, which will be applied as an adjustment to the effective Target Revenue and will be recovered from or credited to customers through the RBA Rate Adjustment, as defined by and in accordance with the terms of the Revenue Balancing Account ("RBA") Provision.

Annual PIM Provision Transmittal

On or before March 31 of the year following an Evaluation Period, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, a transmittal documenting the Measured Performance and calculation of the PIM Financial Incentives and Performance Incentive Adjustment for the Evaluation Period. Complete, indexed schedules, workpapers and electronic files supporting the transmittal shall be provided with the transmittal. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, other rate case parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The review of the annual PIM Provision transmittal will be conducted concurrent with and in conjunction with the annual RBA Review Transmittal. The Performance Incentive Adjustment will be determined annually based on the PIM Provision transmittal and, after review and subject to explicit approval by the Commission, will become effective on June 1 of the year following the Evaluation Period, concurrent and in conjunction with determination of Target Revenues and the RBA Rate Adjustment in accordance with the RBA Provision. Any approved Performance Incentive Adjustment will be applied as monthly adjustments to Target Revenues for the

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

twelve month period commencing June 1 of the year following the Evaluation Period in accordance with the Monthly Allocation Factors identified in the RBA Provision.

The Performance Targets, Deadbands and the amount of Maximum Financial Incentives used to determine the PIM Financial Incentive levels for each of the PIMs shall be re-determined upon issuance of an interim or final order in a general rate case for each Company, and shall remain constant in interim periods, unless otherwise amended, as necessary, by order of the Commission.

In the event that Performance Targets, Deadbands or the amounts of Maximum Financial Incentives are updated or amended by order of the Commission during the Evaluation Period, the Performance Targets, Deadbands and the amounts of Maximum Financial Incentives used in determining the amount of PIM Financial Incentives shall be a pro-rated weighted average based on the number of days of the Evaluation Period each parameter was effective.

Any revenue adjustments approved in accordance with this PIM Provision shall be excluded from the determination of Earnings Sharing Credits provided for in the Rate Adjustment Mechanism Provision ("RAM Provision").

The Performance Incentive Adjustment, and any prior year Performance Incentive Adjustment, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis for prior calculations. The effect of such changes shall be implemented as described in the RBA Provision, except that, the Performance Target, Deadband and Maximum Financial Incentive amounts determined in this PIM Provision shall not be recalculated based on errors in the calculation of these parameters and shall remain as specified unless and until changed by order of the Commission.

Evaluation Period

The Evaluation Period is defined as the annual twelve month calendar year period ending December 31, over which Measured Performance is determined and compared to the established Performance Target for each PIM described below. The first Evaluation Period shall begin January 1, 2018.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

PIM Financial Incentive Calculation

For each PIM below, a Performance Target is specified, developed based on historical performance data. A Deadband is specified for each Performance Target in order to provide a satisfactory range of performance within which no reward or penalty amount is assessed.

A Maximum Financial Incentive amount is specified for each PIM with separate identification of a Maximum Reward Amount and a Maximum Penalty Amount.

Measured Performance for the Evaluation Period is compared to the Performance Target for each PIM. If the difference between Measured Performance and the Performance Target is less than or equal to the Deadband amount, no reward or penalty is awarded and the amount of the PIM Financial Incentive is zero. If the difference between Measured Performance and the Performance Target exceeds the Deadband amount, a reward or penalty ratio is calculated where the difference between Measured Performance and the Performance Target, less the Deadband amount, is the numerator and the Deadband amount is the denominator. This ratio is multiplied by either the Maximum Reward Amount or Maximum Penalty Amount, as applicable, to determine the PIM Financial Incentive for each PIM. The magnitude of the PIM Financial Incentive for each PIM shall not exceed 100% of the magnitude of the applicable Maximum Reward Amount or Maximum Penalty Amount established for each PIM.

Reliability Performance Incentive Mechanisms

There are two reliability PIMs: 1) System Average Interruption Frequency Index ("SAIFI"); and 2) System Average Interruption Duration Index ("SAIDI"). SAIFI is a measure of the average frequency of outages, defined as the annual total number of customer interruptions divided by the total number of customers served. SAIDI is a measure of the average duration of outage, defined as the sum of all customer interruption durations (in minutes) divided by the total number of customers served. The SAIFI and SAIDI Measured Performance and Performance Targets are determined using the IEEE Standard 1366 methodology.

For the Reliability Performance Incentive Mechanisms, the 2008-2017 record of historical performance data was used to establish the Performance Target and the Deadband. The Deadband was calculated

MAUI ELECTRIC COMPANY, LTD

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

as ± 1 standard deviation of the historical performance data. Accordingly, 100% of the penalty is achieved when Measured Performance is equal to or greater than 2 standard deviations from the Performance Target.

SAIFI:

Performance Target: 1.422 interruptions per customer during the one-year Evaluation Period

Deadband: ± 0.224 interruptions (1 Standard Deviation)

Range for no penalty: 1.198 interruptions to 1.645 interruptions per customer (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 1.645 interruptions per customer

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

SAIDI:

Target: 118.47 minutes per outage

Deadband: ± 22.53 minutes (1 Standard Deviation)

Range for no penalty: 95.94 minutes to 141.00 minutes per outage (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 141.00 minutes per outage

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

MAUI ELECTRIC COMPANY, LTD

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Call Center Performance Incentive Mechanism

The Call Center Performance PIM measures the performance of the utility call center in terms of the percentage of calls answered within thirty (30) seconds. The calculation of the call center performance shall exclude blocked calls from the denominator.

The Performance Target for the Call Center Performance Incentive Mechanism was calculated based on the average of quarterly data from Quarter 3 of 2016 to Quarter 2 of 2018.

Call Center Performance:

Performance Target: 87.22% of calls answered within 30 seconds

Deadband: +/- 3.00% of calls answered within 30 seconds

Range for no reward or penalty: 84.22% of calls answered to 90.22% of calls answered.

Rewards apply for greater than 90.22% of calls answered
Penalties apply for less than 84.22% of calls answered

Maximum Reward Amount: \$210,916.

Maximum Penalty Amount: \$210,916.

The magnitude of the Maximum Reward Amount and Maximum Penalty Amount were determined to be equal to 0.08% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

MAUI ELECTRIC COMPANY, LTD

Transmittal Letter Dated March 29, 2019.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Additional PIMs:

The Commission may order the establishment of one or more PIMs, and the targets, deadbands, rewards, penalties, and allocations for that PIM, as applicable, shall be implemented as specified in the Commission's order that approved the applicable PIM, and the applicable PIM Financial Incentive shall be included in the Performance Incentive Adjustment.

Commission's Authority

The Commission may suspend any or all parts of this PIM Provision. Such suspension shall remain in place until removed by Commission order.

MAUI ELECTRIC COMPANY, LTD

Transmittal Letter Dated March 29, 2019.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Historical Reference

The following table summarizes the prior PIMs in effect, as these values may be applicable during certain portions of the Evaluation Period.

PIM:	Effective Period:	Performance Target:	Deadband:	Maximum Reward:	Maximum Penalty:
SAIFI	1/1/2018 thru 8/22/2018	1.436 interruptions per customer	+/- 0.241	N/A	\$506,965
SAIDI	1/1/2018 thru 8/22/2018	112.67 minutes Per outage	+/- 23.22	N/A	\$506,965
Call Center	1/1/2018 thru 8/22/2018	91.34% of calls answered within 30 sec.	+/- 3.00%	\$202,786	\$202,786

MAUI ELECTRIC COMPANY, LTD

ATTACHMENT 1A

Superseding Revised Sheet No. 50D
Effective March 1, 2019

REVISED SHEET No. 50D
Effective June 1, 2019

Deleted: February 1, 2019

Deleted: March 1, 2019

MAUI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
94-94E	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1-	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1DX			Agreement
94.2-	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing
94.2E			and Interconnection Proc.
95	"PPAC"	March 1, 2019	Purchase Power Adjustment
95A	"PPAC"	March 1, 2019	Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment
96	"RAM"	June 1, 2013	Clause
96A	"RAM"	June 1, 2013	Purchase Power Adjustment
96B	"RAM"	June 8, 2015	Clause
96C	"RAM"	June 8, 2015	Purchase Power Adjustment
96D	"RAM"	June 1, 2017	Clause
96E	"RAM"	June 8, 2015	Purchase Power Adjustment
96F	"RAM"	June 8, 2015	Clause
96G	"RAM"	<u>June 1, 2019</u>	Purchase Power Adjustment
96H	"RAM"	<u>June 1, 2019</u>	Clause
96I	"RAM"	<u>June 1, 2019</u>	Purchase Power Adjustment
97	"RBA"	January 1, 2018	Clause
97A	"RBA"	January 1, 2018	Purchase Power Adjustment
97B	"RBA"	August 23, 2018	Clause
97C	"RBA"	January 1, 2018	Purchase Power Adjustment
97D	"RBA"	June 1, 2018	Clause
97E	"RBA"	<u>June 1, 2019</u>	Purchase Power Adjustment
97F	"RBA"	<u>June 1, 2019</u>	Clause
97G	"RBA"	<u>June 1, 2019</u>	Purchase Power Adjustment

Deleted: June 1, 2018

Deleted: June 8, 2015

Deleted: June 8, 2015

Deleted: August 23, 2018

Deleted: August 23, 2018

Deleted: February 22, 2019

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated March 29, 2019

Superseding Sheet No. 50E
Effective October 18, 2018

REVISED SHEET No. 50E
Effective June 1, 2019

Deleted: January

Deleted: October 18

Deleted: 8

MAUI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
98	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
98A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
98B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
99	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
99A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
99B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
100	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
100A	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
100B	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
100C	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
101	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
101A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
101B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
101C	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
101D	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
101E	"PIM"	<u>June 1, 2019</u>	Performance Incentive Mechanism Provision
101F	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision

Deleted: October

Deleted: 8

MAUI ELECTRIC COMPANY, LIMITED

Deleted: Docket No. 2014-0192.¶
Order No. 35740 dated October 9,
2018.

Transmittal Letter dated March 29, 2019.

Superseding REVISED SHEET NO. 97
Effective June 1, 2017

REVISED SHEET NO. 97
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule TOU-P	- Large Power Time-of-Use Service
Schedule SS	- Standby Service
Schedule TOU EV-	Residential Time-of-Use Service with Electric Vehicle Pilot
Schedule EV-F	- Commercial Public Electric Vehicle Charging Facility Service Pilot
Schedule TOU-RI-	Residential Interim Time-of-Use Service

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1st through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding Revised Sheet No. 97A
Effective January 1, 2018.

REVISED SHEET NO. 97A
Effective June 1, 2019

Deleted: June 1, 2013

Deleted: January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

Adjusted by: Other adjustments, as applicable, in accordance with Commission's Order authorizing such adjustment. Other adjustments, if any, are shown in the table Target Revenue Currently in Effect, provided in section H.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment, Performance Incentive Adjustment, recorded adjusted revenues or other RBA accounting determinations (collectively "target revenue determinations") for any previous period and for revisions to RAM Revenue Adjustments or Performance Incentive Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments and/or Performance Incentive Adjustments. For any corrections of errors in previously calculated target revenue determinations, the target revenue shall be adjusted as of the date that the correct determinations would have been reflected in target revenue. For changes in the RAM Revenue Adjustment and/or Performance Incentive Adjustments as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of changes that are implemented pursuant to the subsequently issued Commission order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Deleted: Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.

Deleted: January 11, 2018

Superseding REVISED SHEET NO. 97B
Effective January 1, 2018

REVISED SHEET NO. 97B
Effective August 23, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the annual RBA review transmittal ("RBA Review Transmittal") filed on or before March 31 of each year, the utility will have the burden to demonstrate that the interim changes for the previous calendar year are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.38%
February	7.50%
March	8.06%
April	7.85%
May	8.18%
June	8.19%
July	8.77%
August	9.00%
September	8.50%
October	8.73%
November	8.30%
December	8.54%
Total	100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2018 test year rate case and shall be updated in any subsequent test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.
Transmittal Letter dated August 21, 2018.

Superseding REVISED SHEET NO. 97C
Effective June 1, 2013

REVISED SHEET NO. 97C
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be the short term debt rate as established in deriving the consolidated cost of capital in the Company's last full rate case. The Interest Rate prior to March 1, 2014 shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

In its annual RBA Review Transmittal, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, any Performance Incentive Adjustment provided in accordance with the Performance Incentive Mechanism Provision and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding Sheet No. 97D
Effective June 1, 2017

REVISED SHEET NO. 97D
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

On or before March 31 of each year, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, an RBA Review Transmittal supporting the implementation of the RBA Provision, including RBA reconciliation, implementation of applicable components of the RAM Provision and Performance Incentive Mechanism Provision, determination and adjustments of target revenues, determination of the RBA Rate Adjustment; and documenting any errors, corrections and adjustments to Target Revenues in the preceding calendar year and prior to the transmittal date.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA and target revenue determinations shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, as part of the annual RBA Review Transmittal filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding Revised Sheet No. 97E
Effective August 23, 2018

REVISED SHEET NO. 97E
Effective June 1, 2019

Deleted: June 1, 2018

Deleted: August 23, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

RBA Rate Adjustment

All Rate Schedules 0.9346 ¢/kWh

Deleted: 0.3183

F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual RBA Review Transmittal filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G: COMMISSION'S AUTHORITY

The Commission may modify or suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

Deleted: Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.

Deleted: August 21, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Superseding Revised Sheet No. 97F
Effective August 23, 2018.

REVISED SHEET NO. 97F
Effective June 1, 2019

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

H: TARGET REVENUE, CURRENTLY IN EFFECT

Maui Electric Company, Limited
Annual Target Revenue (\$000s)

	Description	Amount
1	Electric Sales Revenue	\$335,763
	Less:	
2	Fuel Expense	(\$103,385)
3	Purchase Power Expense	(\$54,970)
4	Revenue Tax on Electric Sales Revenue	(\$29,833)
5	Last Rate Order Target Revenues	\$147,575
6	Authorized RAM Revenues	\$3,352
7	Revenue Tax	(\$298)
8	Net RAM Adjustment	\$3,054
9	Authorized MPIR Revenues	\$0
10	Revenue Tax	\$0
11	Net MPIR Adjustment	\$0
12	Earnings Sharing Revenue Credits	\$0
13	Revenue Tax	\$0
14	Net Earnings Sharing Revenue Credits	\$0
15	Performance Incentive Mechanism (PIM)	(\$395)
16	Revenue Tax	\$35
17	Net PIM Reward (Penalty)	(\$360)
18	On-Bill Financing Pgm Implementation Costs	\$198
19	Revenue Tax	(\$18)
20	Net On-Bill Financing Adjustment	\$181
21	PUC-Ordered Major or Baseline Capital Credits	(\$10)
22	Revenue Tax	\$1
23	Net PUC-Ordered Major or Baseline Capital Credits	(\$9)
24	Effective Target Revenue	\$150,441

Notes:

Totals may not add, due to rounding.

Lines 1,2,3: Transmittal No. 19-03 (Decoupling), Attachment 4.

Lines 4,7,10,13,16,19,22: Revenue Tax based on 8.885% statutory rates.

Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

SHEET NO. 97G
Effective June 1, 2019

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

I: HISTORICAL REFERENCE

<u>Category</u>	<u>Effective Period</u>	<u>Effective Target Revenue (\$000)</u>	<u>Change in Target Revenue (\$000)</u>	<u>Source</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2017 thru 5/31/2018</u>	<u>\$135,177</u>	<u>N/A (1/1/2018 Baseline)</u>	<u>Schedule B1 filed in Transmittal No. 17-04 on 5/22/2017.</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2018 thru 8/22/2018</u>	<u>\$129,404</u>	<u>(\$5,773)</u>	<u>Schedule B1 filed in Transmittal No. 18-03 on 5/21/2018.</u>
<u>2018 Test Year Rate Case (Interim)</u>	<u>8/23/2018 thru 5/31/2019</u>	<u>\$145,310</u>	<u>\$15,906</u>	<u>Schedule B1 filed in Docket No. 2017-0150 on 7/6/2018.</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2019 (current)</u>	<u>\$150,441</u>	<u>\$5,131</u>	<u>Schedule B1 filed in Transmittal No. 19-03 on 3/29/2019.</u>

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019

Superseding Sheet No. 96
Effective May 4, 2012

REVISED SHEET NO. 96
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96A
Effective May 4, 2012

REVISED SHEET NO. 96A
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96B
Effective June 1, 2013

REVISED SHEET NO. 96B
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of a) the RAM Revenue Adjustment Calculation or b) the RAM Revenue Adjustment Cap.

o) The RAM Revenue Adjustment Calculation shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

p) The RAM Revenue Adjustment Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below.

q) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

r) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

s) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 96C
Effective March 30, 2014

REVISED SHEET NO. 96C
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

t) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding REVISED SHEET NO. 96D
Effective June 8, 2015

REVISED SHEET NO. 96D
Effective June 1, 2017

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 31, 2017.

Superseding Sheet No. 96E
Effective March 30, 2014

REVISED SHEET NO. 96E
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

- a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
 - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
 - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
- c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
- d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
- e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
- f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.
- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Revised Sheet No. 96G

REVISED SHEET NO. 96G

Effective June 1, 2018,

Effective June 1, 2019

Deleted: June 8, 2015

Deleted: June 1, 2018

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

g.) See also Settlement Agreement section below

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

Deleted: 1) as described below in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment and the 2014 Depreciation and Amortization RAM Adjustment, and 2)

The RAM Revenue Adjustment Cap shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between the rate case calendar test year that established the RAM Basis and the RAM Period, adjusted to include applicable revenue taxes.

The RAM Revenue Adjustment Cap will apply to the entire RAM Revenue Adjustment, which includes the O&M RAM Adjustment, Depreciation and Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment.

Deleted: Exception to the calculation of the RAM Revenue Adjustment Cap: ¶
¶ For the calculation of the RAM Revenue Adjustment Cap for the 2015 RAM Revenue Adjustment and for each subsequent year's calculation of RAM Revenue Adjustment until the issuance of a final decision and order in the next rate case, the Target Revenues that will serve as the RAM Basis will be the 2014 annualized target revenues adjusted as described below. The 2014 RAM Revenue Adjustment used to determine the adjusted 2014 target revenues will be adjusted to use recorded 2014 end-of-year actuals for plant in service, accumulated depreciation and amortization, CIAC and accumulated deferred income taxes in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment. For the determination of the 2014 Depreciation and Amortization RAM Adjustment, the Company applies the Commission-approved accrual rates and methods to the 2014 end of year balances calculated above. There is no impact to the O&M RAM Adjustment. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically order by the Commission, as described above.¶
¶ The RAM Revenue Adjustment Cap for year 2015 and for each subsequent year until the issuance of a final decision and order in the next rate case shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between 2014 and the RAM Period, adjusted to include

Deleted: May 29, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

Superseding Revised Sheet No. 96H
Effective June 8, 2015,

REVISED SHEET NO. 96H
Effective June 1, 2019

Deleted: March 30, 2014

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Deleted: applicable revenue taxes.¶

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, LTD.

Deleted: June 3, 2015

Transmittal Letter Dated March 29, 2019.

Superseding Sheet No. 96I
Effective June 8, 2015

REVISED SHEET NO. 96I
Effective June 1, 2019

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Deleted: ...

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

Deleted: SETTLEMENT AGREEMENT
¶ The provisions in this section are for the sole and limited purpose of implementing the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. ¶ 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013. ¶
¶ The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable ¶ costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment. ¶

Deleted: June 3, 2015

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

PERFORMANCE INCENTIVE MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Introduction

This Performance Incentive Mechanism ("PIM") Provision provides for the determination of a PIM Financial Incentive for each approved PIM for each Evaluation Period, based on Measured Performance compared to an established Performance Target for each PIM, as specified below.

The sum of the PIM Financial Incentives determined for all PIMs for the Evaluation Period will be the Performance Incentive Adjustment, which will be applied as an adjustment to the effective Target Revenue and will be recovered from or credited to customers through the RBA Rate Adjustment, as defined by and in accordance with the terms of the Revenue Balancing Account ("RBA") Provision.

Annual PIM Provision Transmittal

On or before March 31 of the year following an Evaluation Period, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, a transmittal documenting the Measured Performance and calculation of the PIM Financial Incentives and Performance Incentive Adjustment for the Evaluation Period. Complete, indexed schedules, workpapers and electronic files supporting the transmittal shall be provided with the transmittal. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, other rate case parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The review of the annual PIM Provision transmittal will be conducted concurrent with and in conjunction with the annual RBA Review Transmittal. The Performance Incentive Adjustment will be determined annually based on the PIM Provision transmittal and, after review and subject to explicit approval by the Commission, will become effective on June 1 of the year following the Evaluation Period, concurrent and in conjunction with determination of Target Revenues and the RBA Rate Adjustment in accordance with the RBA Provision. Any approved Performance Incentive Adjustment will be applied as monthly adjustments to Target Revenues for the twelve month period commencing June 1 of the year following the

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

SHEET NO. 101A
Effective January 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Evaluation Period in accordance with the Monthly Allocation Factors identified in the RBA Provision.

The Performance Targets, Deadbands and the amount of Maximum Financial Incentives used to determine the PIM Financial Incentive levels for each of the PIMs shall be re-determined upon issuance of an interim or final order in a general rate case for each Company, and shall remain constant in interim periods, unless otherwise amended, as necessary, by order of the Commission.

In the event that Performance Targets, Deadbands or the amounts of Maximum Financial Incentives are updated or amended by order of the Commission during the Evaluation Period, the Performance Targets, Deadbands and the amounts of Maximum Financial Incentives used in determining the amount of PIM Financial Incentives shall be a pro-rated weighted average based on the number of days of the Evaluation Period each parameter was effective.

Any revenue adjustments approved in accordance with this PIM Provision shall be excluded from the determination of Earnings Sharing Credits provided for in the Rate Adjustment Mechanism Provision ("RAM Provision").

The Performance Incentive Adjustment, and any prior year Performance Incentive Adjustment, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis for prior calculations. The effect of such changes shall be implemented as described in the RBA Provision, except that, the Performance Target, Deadband and Maximum Financial Incentive amounts determined in this PIM Provision shall not be recalculated based on errors in the calculation of these parameters and shall remain as specified unless and until changed by order of the Commission.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

SHEET NO. 101B
Effective January 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Evaluation Period

The Evaluation Period is defined as the annual twelve month calendar year period ending December 31, over which Measured Performance is determined and compared to the established Performance Target for each PIM described below. The first Evaluation Period shall begin January 1, 2018.

PIM Financial Incentive Calculation

For each PIM below, a Performance Target is specified, developed based on historical performance data. A Deadband is specified for each Performance Target in order to provide a satisfactory range of performance within which no reward or penalty amount is assessed.

A Maximum Financial Incentive amount is specified for each PIM with separate identification of a Maximum Reward Amount and a Maximum Penalty Amount.

Measured Performance for the Evaluation Period is compared to the Performance Target for each PIM. If the difference between Measured Performance and the Performance Target is less than or equal to the Deadband amount, no reward or penalty is awarded and the amount of the PIM Financial Incentive is zero. If the difference between Measured Performance and the Performance Target exceeds the Deadband amount, a reward or penalty ratio is calculated where the difference between Measured Performance and the Performance Target, less the Deadband amount, is the numerator and the Deadband amount is the denominator. This ratio is multiplied by either the Maximum Reward Amount or Maximum Penalty Amount, as applicable, to determine the PIM Financial Incentive for each PIM. The magnitude of the PIM Financial Incentive for each PIM shall not exceed 100% of the magnitude of the applicable Maximum Reward Amount or Maximum Penalty Amount established for each PIM.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding Sheet No. 101C
Effective January 1, 2018

REVISED SHEET NO. 101C
Effective October 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Reliability Performance Incentive Mechanisms

There are two reliability PIMs: 1) System Average Interruption Frequency Index ("SAIFI"); and 2) System Average Interruption Duration Index ("SAIDI"). SAIFI is a measure of the average frequency of outages, defined as the annual total number of customer interruptions divided by the total number of customers served. SAIDI is a measure of the average duration of outage, defined as the sum of all customer interruption durations (in minutes) divided by the total number of customers served. The SAIFI and SAIDI Measured Performance and Performance Targets are determined using the IEEE Standard 1366 methodology.

For the Reliability Performance Incentive Mechanisms, the 2008-2017 record of historical performance data was used to establish the Performance Target and the Deadband. The Deadband was calculated as ± 1 standard deviation of the historical performance data. Accordingly, 100% of the penalty is achieved when Measured Performance is equal to or greater than 2 standard deviations from the Performance Target.

SAIFI:

Performance Target: 1.422 interruptions per customer during the one-year Evaluation Period

Deadband: ± 0.224 interruptions (1 Standard Deviation)

Range for no penalty: 1.198 interruptions to 1.645 interruptions per customer (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 1.645 interruptions per customer

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

MAUI ELECTRIC COMPANY, LTD

Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

Superseding Sheet No. 101D
Effective January 1, 2018

REVISED SHEET NO. 101D
Effective October 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

SAIDI:

Target: 118.47 minutes per outage

Deadband: \pm 22.53 minutes (1 Standard Deviation)

Range for no penalty: 95.94 minutes to 141.00 minutes per outage (\pm 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 141.00 minutes per outage

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Call Center Performance Incentive Mechanism

The Call Center Performance PIM measures the performance of the utility call center in terms of the percentage of calls answered within thirty (30) seconds. The calculation of the call center performance shall exclude blocked calls from the denominator.

The Performance Target for the Call Center Performance Incentive Mechanism was calculated based on the average of quarterly data from Quarter 3 of 2016 to Quarter 2 of 2018.

MAUI ELECTRIC COMPANY, LTD

Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

Superseding Sheet No. 101E
Effective ~~October~~ 1, 2018

REVISED SHEET NO. 101E
Effective ~~June~~ 1, 2019

Deleted: January

Deleted: October

Deleted: 8

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Call Center Performance:

Performance Target: 87.22% of calls answered within 30 seconds

Deadband: +/- 3.00% of calls answered within 30 seconds

Range for no reward or penalty: 84.22% of calls answered to 90.22% of calls answered.

Rewards apply for greater than 90.22% of calls answered
Penalties apply for less than 84.22% of calls answered

Maximum Reward Amount: \$210,916.

Maximum Penalty Amount: \$210,916.

The magnitude of the Maximum Reward Amount and Maximum Penalty Amount were determined to be equal to 0.08% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Additional PIMs:

The Commission may order the establishment of one or more PIMs, and the targets, deadbands, rewards, penalties, and allocations for that PIM, as applicable, shall be implemented as specified in the Commission's order that approved the applicable PIM, and the applicable PIM Financial Incentive shall be included in the Performance Incentive Adjustment.

Deleted: ¶

Commission's Authority

The Commission may suspend any or all parts of this PIM Provision. Such suspension shall remain in place until removed by Commission order.

Deleted: Docket No. 2017-0150;
Interim Decision and Order No.
35631, Filed on August 13, 2018.

Deleted: August 21

Deleted: 8

MAUI ELECTRIC COMPANY, LTD

Transmittal Letter Dated ~~March~~ 29, 2019.

SHEET NO. 101F
Effective October 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Historical Reference

The following table summarizes the prior PIMs in effect, as these values may be applicable during certain portions of the Evaluation Period.

PIM:	Effective Period:	Performance Target:	Deadband:	Maximum Reward:	Maximum Penalty:
SAIFI	1/1/2018 thru 8/22/2018	1.436 interruptions per customer	+/- 0.241	N/A	\$506,965
SAIDI	1/1/2018 thru 8/22/2018	112.67 minutes Per outage	+/- 23.22	N/A	\$506,965
Call Center	1/1/2018 thru 8/22/2018	91.34% of calls answered within 30 sec.	+/- 3.00%	\$202,786	\$202,786

MAUI ELECTRIC COMPANY, LTD

Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

Superseding Revised Sheet No. 50H
Effective August 23, 2018

REVISED SHEET NO. 50H
Effective June 1, 2019

Deleted: June 1, 2018

Deleted: August 23, 2018

LANAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
106	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
107	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
107E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107G	"RAM"	<u>June 1, 2019</u>	Rate Adjustment Mechanism Provision
107H	"RAM"	<u>June 1, 2019</u>	Rate Adjustment Mechanism Provision
107I	"RAM"	<u>June 1, 2019</u>	Rate Adjustment Mechanism Provision
108	"RBA"	January 1, 2018	Revenue Balancing Account Provision
108A	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108B	"RBA"	August 23, 2018	Revenue Balancing Account Provision
108C	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108E	"RBA"	<u>June 1, 2019</u>	Revenue Balancing Account Provision
108F	"RBA"	<u>June 1, 2019</u>	Revenue Balancing Account Provision
<u>108G</u>	<u>"RBA"</u>	<u>June 1, 2019</u>	<u>Revenue Balancing Account Provision</u>

Deleted: June 1, 2018

Deleted: June 8, 2015

Deleted: June 8, 2015

Deleted: August 23, 2018

Deleted: August 23, 2018

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated March 29, 2019.

Deleted: August 21, 2018

Superseding Sheet No. 50I
Effective January 1, 2019

REVISED SHEET NO. 50I
Effective June 1, 2019

Deleted: October 18

Deleted: 8

Deleted: January

LANAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
109	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
109A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
109B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
110	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
110A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
110B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
111	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
111A	TOU-RI	January 1, 2019	Residential Interim Time-of-Use Service
111B	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
111C	TOU-RI	January 1, 2019	Residential Interim Time-of-Use Service
112	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
112A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
112B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
112C	"PIM"	<u>October 1, 2018</u>	Performance Incentive Mechanism Provision
112D	"PIM"	<u>June 1, 2019</u>	Performance Incentive Mechanism Provision
<u>112D.1</u>	<u>"PIM"</u>	<u>June 1, 2019</u>	<u>Performance Incentive Mechanism Provision</u>
<u>112E</u>	<u>"PIM"</u>	<u>October 1, 2018</u>	<u>Performance Incentive Mechanism Provision</u>

Deleted: January

Deleted: January

Deleted: 8

Deleted: 1

MAUI ELECTRIC COMPANY, LIMITED

Deleted: Docket No. 2014-0192; Order No. 35970 dated December 21, 2018

Transmittal Letter Dated March 29, 2019.

Superseding Sheet No. 108
Effective June 1, 2017

REVISED SHEET NO. 108
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule TOU-P	- Large Power Time-of-Use Service
Schedule SS	- Standby Service
Schedule TOU EV-	Residential Time-of-Use Service with Electric Vehicle Pilot
Schedule EV-F	- Commercial Public Electric Vehicle Charging Facility Service Pilot
Schedule TOU-RI-	Residential Interim Time-of-Use Service

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1st through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding REVISED SHEET NO. 108A

REVISED SHEET NO. 108A

Effective June 1, 2018.

Effective June 1, 2019

Deleted: January 1, 2018

Deleted: June 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

Adjusted by: Other adjustments, as applicable, in accordance with Commission's Order authorizing such adjustment. Other adjustments, if any, are shown in the table Target Revenue Currently in Effect, provided in section H.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment, Performance Incentive Adjustment, recorded adjusted revenues or other RBA accounting determinations (collectively "target revenue determinations") for any previous period and for revisions to RAM Revenue Adjustments or Performance Incentive Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments and/or Performance Incentive Adjustments. For any corrections of errors in previously calculated target revenue determinations, the target revenue shall be adjusted as of the date that the correct determinations would have been reflected in target revenue. For changes in the RAM Revenue Adjustment and/or Performance Incentive Adjustments as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of changes that are implemented pursuant to the subsequently issued Commission order.

MAUI ELECTRIC COMPANY, LTD.

Deleted: May 29, 2018

Transmittal Letter dated March 29, 2019.

Superseding REVISED SHEET NO. 108B
Effective June 1, 2018

REVISED SHEET NO. 108B
Effective August 23, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the annual RBA review transmittal ("RBA Review Transmittal") filed on or before March 31 of each year, the utility will have the burden to demonstrate that the interim changes for the previous calendar year are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.38%
February	7.50%
March	8.06%
April	7.85%
May	8.18%
June	8.19%
July	8.77%
August	9.00%
September	8.50%
October	8.73%
November	8.30%
December	8.54%
Total	100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2018 test year rate case and shall be updated in any subsequent test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.
Transmittal Letter dated August 21, 2018.

Superseding Sheet No. 108C
Effective January 1, 2018

REVISED SHEET NO. 108C
Effective June 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be the short term debt rate as established in deriving the consolidated cost of capital in the Company's last full rate case. The Interest Rate prior to March 1, 2014 shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

In its annual RBA Review Transmittal, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, any Performance Incentive Adjustment provided in accordance with the Performance Incentive Mechanism Provision and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 29, 2018.

Superseding Sheet No. 108D
Effective January 1, 2018

REVISED SHEET NO. 108D
Effective June 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

On or before March 31 of each year, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, an RBA Review Transmittal supporting the implementation of the RBA Provision, including RBA reconciliation, implementation of applicable components of the RAM Provision and Performance Incentive Mechanism Provision, determination and adjustments of target revenues, determination of the RBA Rate Adjustment; and documenting any errors, corrections and adjustments to Target Revenues in the preceding calendar year and prior to the transmittal date.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA and target revenue determinations shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, as part of the annual RBA Review Transmittal filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 29, 2018.

Superseding Revised Sheet No. 108E
Effective August 23, 2018.

REVISED SHEET NO. 108E
Effective June 1, 2019

Deleted: June 1, 2018

Deleted: August 23, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

RBA Rate Adjustment

All Rate Schedules 0.9346 ¢/kWh

Deleted: 0.3183

F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual RBA Review Transmittal filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G: COMMISSION'S AUTHORITY

The Commission may modify or suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

Deleted: Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.¶

Deleted: August 21, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Superseding Revised Sheet No. 108F
Effective August 23, 2018

REVISED SHEET NO. 108F
Effective June 1, 2019

Deleted: June 1, 2018... Effective ... [1]

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

H: TARGET REVENUE CURRENTLY IN EFFECT

Deleted: s

Maui Electric Company, Limited
Annual Target Revenue (\$000s)

	Description	Amount
1	Electric Sales Revenue	\$335,763
	Less:	
2	Fuel Expense	(\$103,385)
3	Purchase Power Expense	(\$54,970)
4	Revenue Tax on Electric Sales Revenue	(\$29,833)
5	Last Rate Order Target Revenues	\$147,575
6	Authorized RAM Revenues	\$3,352
7	Revenue Tax	(\$298)
8	Net RAM Adjustment	\$3,054
9	Authorized MPIR Revenues	\$0
10	Revenue Tax	\$0
11	Net MPIR Adjustment	\$0
12	Earnings Sharing Revenue Credits	\$0
13	Revenue Tax	\$0
14	Net Earnings Sharing Revenue Credits	\$0
15	Performance Incentive Mechanism (PIM)	(\$395)
16	Revenue Tax	\$35
17	Net PIM Reward (Penalty)	(\$360)
18	On-Bill Financing Pgm Implementation Costs	\$198
19	Revenue Tax	(\$18)
20	Net On-Bill Financing Adjustment	\$181
21	PUC-Ordered Major or Baseline Capital Credits	(\$10)
22	Revenue Tax	\$1
23	Net PUC-Ordered Major or Baseline Capital Credits	(\$9)
24	Effective Target Revenue	\$150,441

Notes:

Totals may not add, due to rounding.

Lines 1,2,3: Transmittal No. 19-03 (Decoupling), Attachment 4.

Lines 4,7,10,13,16,19,22: Revenue Tax based on 8.885% statutory rates.

Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Maui E
Annua

Description

1	Electric Sales Reve
	Less:
2	Fuel Expense
3	Purchase Power I
4	Revenue Tax on I
5	Last Rate Order Ta
6	Authorized RAM F
7	Revenue Tax
8	Net RAM Adjustme
9	Authorized MPIR I
10	Revenue Tax
11	Net MPIR Adjustme
12	Earnings Sharing I
13	Revenue Tax
14	Net Earnings Sharin
15	Performance Ince
16	Revenue Tax
17	Net PIM Reward (F
18	On-Bill Financing P
19	Revenue Tax
20	Net On-Bill Financir
21	PUC-Ordered Major
22	Revenue Tax
23	Net PUC-Ordered M
24	Effective Target Re

Notes:

Totals may not add, due to rounding.

Lines 1,2,3: Transmittal No. 19-03 (Decoupling), Attachment 4.

Lines 4,7,10,13,16,19,22: Revenue Tax based on 8.885% statutory rates.

Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

Deleted: Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

Deleted: 1 ... [3]

Formatted: Centered

Deleted: Docket No. 2017-0150; Order No. 35631, issued August 9, 2017 ... [2]

SHEET NO. 108G
Effective June 1, 2019

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

I: HISTORICAL REFERENCE

<u>Category</u>	<u>Effective Period</u>	<u>Effective Target Revenue (\$000)</u>	<u>Change in Target Revenue (\$000)</u>	<u>Source</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2017 thru 5/31/2018</u>	<u>\$135,177</u>	<u>N/A (1/1/2018 Baseline)</u>	<u>Schedule B1 filed in Transmittal No. 17-04 on 5/22/2017.</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2018 thru 8/22/2018</u>	<u>\$129,404</u>	<u>(\$5,773)</u>	<u>Schedule B1 filed in Transmittal No. 18-03 on 5/21/2018.</u>
<u>2018 Test Year Rate Case (Interim)</u>	<u>8/23/2018 thru 5/31/2019</u>	<u>\$145,310</u>	<u>\$15,906</u>	<u>Schedule B1 filed in Docket No. 2017-0150 on 7/6/2018.</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2019 (current)</u>	<u>\$150,441</u>	<u>\$5,131</u>	<u>Schedule B1 filed in Transmittal No. 19-03 on 3/29/2019.</u>

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Page 7: [1] Deleted	Alvin Goto	3/14/2019 5:09:00 PM
---------------------	------------	----------------------

June 1, 2018

Page 7: [1] Deleted	Alvin Goto	3/14/2019 5:09:00 PM
---------------------	------------	----------------------

June 1, 2018

Page 7: [2] Deleted	Alvin Goto	3/14/2019 5:08:00 PM
---------------------	------------	----------------------

Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.

Page 7: [2] Deleted	Alvin Goto	3/14/2019 5:08:00 PM
---------------------	------------	----------------------

Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.

Page 7: [3] Deleted	Alvin Goto	3/26/2019 5:15:00 PM
---------------------	------------	----------------------

Page 7: [3] Deleted	Alvin Goto	3/26/2019 5:15:00 PM
---------------------	------------	----------------------

Superseding Sheet No. 107
Effective May 4, 2012

REVISED SHEET NO. 107
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107A
Effective May 4, 2012

REVISED SHEET NO. 107A
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107B
Effective March 30, 2014

REVISED SHEET NO. 107B
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of a) the RAM Revenue Adjustment Calculation or b) the RAM Revenue Adjustment Cap.

o) The RAM Revenue Adjustment Calculation shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

p) The RAM Revenue Adjustment Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below.

q) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

r) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

s) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 107C
Effective March 30, 2014

REVISED SHEET NO. 107C
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

t) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding REVISED SHEET No. 107D
Effective June 8, 2015

REVISED SHEET No. 107D
Effective June 1, 2017

RATE ADJUSTMENT MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:
 - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 31, 2017.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
 - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
 - c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
 - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
 - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
 - f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.
- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

g.) See also Settlement Agreement section below.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Revised Sheet No. 107G REVISED SHEET NO. 107G
Effective June 1, 2018 Effective June 1, 2019

Deleted: .

Deleted: June 8, 2015

Deleted: June 1, 2018

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

Deleted: 1) as described below in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment and the 2014 Depreciation and Amortization RAM Adjustment, and 2)

The RAM Revenue Adjustment Cap shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between the rate case calendar test year that established the RAM Basis and the RAM Period, adjusted to include applicable revenue taxes.

Deleted: Exception to the calculation of the RAM Revenue Adjustment Cap: ¶
¶
For the calculation of the RAM Revenue Adjustment Cap for the 2015 RAM Revenue Adjustment and for each subsequent year's calculation of RAM Revenue Adjustment until the issuance of a final decision and order in the next rate case, the Target Revenues that will serve as the RAM Basis will be the 2014 annualized target revenues adjusted as described below. The 2014 RAM Revenue Adjustment used to determine the adjusted 2014 target revenues will be adjusted to use recorded 2014 end-of-year actuals for plant in service, accumulated depreciation and amortization, CIAC and accumulated deferred income taxes in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment. For the determination of the 2014 Depreciation and Amortization RAM Adjustment, the Company applies the Commission-approved accrual rates and methods to the 2014 end of year balances calculated above. There is no impact to the O&M RAM Adjustment. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically order by the Commission, as described above. ¶
¶
The RAM Revenue Adjustment Cap for year 2015 and for each subsequent year until the issuance of a final decision and order in the next rate case shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between 2014 and the RAM Period, adjusted to include

Deleted: May 29, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

Superseding Revised Sheet No. 107H
Effective June 8, 2015.

REVISED SHEET NO. 107H
Effective June 1, 2019

Deleted: .

Deleted: June 1, 2013

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Evaluation Procedures

Deleted: applicable revenue taxes.[¶]

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, LTD.

Deleted: June 3, 2015

Transmittal Letter Dated March 29, 2019.

Superseding Sheet No. 107I
Effective June 8, 2015

REVISED SHEET NO. 107I
Effective June 1, 2019

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

Deleted: SETTLEMENT AGREEMENT
¶
The provisions in this section are for the sole and limited purpose of implementing the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy ¶
regarding Certain Regulatory Matters, filed in Docket No. ¶ 2008-0083, which the Commission approved in Order No. 31126, issued ¶
on March 19, 2013. ¶
¶
The Company will include in the Rate Base RAM - Return on ¶ Investment Adjustment and the Depreciation and Amortization RAM ¶
Expense Adjustment, in 2013 and subsequent years, the recoverable ¶ costs of the Customer Information System ("CIS") project, net of ¶ the Stipulated and Commission approved project cost write-downs and ¶ as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for ¶ the sole purpose of this settlement agreement and does not ¶ constitute a precedent for the recovery of any other software or ¶ regulatory asset deferred costs through the RAM Revenue Adjustment. ¶

MAUI ELECTRIC COMPANY, LTD.

Deleted: June 3, 2015

Transmittal Letter Dated March 29, 2019.

SHEET NO. 112
Effective January 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Introduction

This Performance Incentive Mechanism ("PIM") Provision provides for the determination of a PIM Financial Incentive for each approved PIM for each Evaluation Period, based on Measured Performance compared to an established Performance Target for each PIM, as specified below.

The sum of the PIM Financial Incentives determined for all PIMs for the Evaluation Period will be the Performance Incentive Adjustment, which will be applied as an adjustment to the effective Target Revenue and will be recovered from or credited to customers through the RBA Rate Adjustment, as defined by and in accordance with the terms of the Revenue Balancing Account ("RBA") Provision.

Annual PIM Provision Transmittal

On or before March 31 of the year following an Evaluation Period, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, a transmittal documenting the Measured Performance and calculation of the PIM Financial Incentives and Performance Incentive Adjustment for the Evaluation Period. Complete, indexed schedules, workpapers and electronic files supporting the transmittal shall be provided with the transmittal. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, other rate case parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The review of the annual PIM Provision transmittal will be conducted concurrent with and in conjunction with the annual RBA Review Transmittal. The Performance Incentive Adjustment will be determined annually based on the PIM Provision transmittal and, after review and subject to explicit approval by the Commission, will become effective on June 1 of the year following the Evaluation Period, concurrent and in conjunction with determination of Target Revenues and the RBA Rate Adjustment in accordance with the RBA Provision. Any approved Performance Incentive Adjustment will be applied as monthly adjustments to Target Revenues for the

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

SHEET NO. 112A
Effective January 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

twelve month period commencing June 1 of the year following the Evaluation Period in accordance with the Monthly Allocation Factors identified in the RBA Provision.

The Performance Targets, Deadbands and the amount of Maximum Financial Incentives used to determine the PIM Financial Incentive levels for each of the PIMs shall be re-determined upon issuance of an interim or final order in a general rate case for each Company, and shall remain constant in interim periods, unless otherwise amended, as necessary, by order of the Commission.

In the event that Performance Targets, Deadbands or the amounts of Maximum Financial Incentives are updated or amended by order of the Commission during the Evaluation Period, the Performance Targets, Deadbands and the amounts of Maximum Financial Incentives used in determining the amount of PIM Financial Incentives shall be a pro-rated weighted average based on the number of days of the Evaluation Period each parameter was effective.

Any revenue adjustments approved in accordance with this PIM Provision shall be excluded from the determination of Earnings Sharing Credits provided for in the Rate Adjustment Mechanism Provision ("RAM Provision").

The Performance Incentive Adjustment, and any prior year Performance Incentive Adjustment, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis for prior calculations. The effect of such changes shall be implemented as described in the RBA Provision, except that, the Performance Target, Deadband and Maximum Financial Incentive amounts determined in this PIM Provision shall not be recalculated based on errors in the calculation of these parameters and shall remain as specified unless and until changed by order of the Commission.

Evaluation Period

The Evaluation Period is defined as the annual twelve month calendar year period ending December 31, over which Measured Performance is determined and compared to the established Performance Target for each PIM described below. The first Evaluation Period shall begin January 1, 2018.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

PIM Financial Incentive Calculation

For each PIM below, a Performance Target is specified, developed based on historical performance data. A Deadband is specified for each Performance Target in order to provide a satisfactory range of performance within which no reward or penalty amount is assessed.

A Maximum Financial Incentive amount is specified for each PIM with separate identification of a Maximum Reward Amount and a Maximum Penalty Amount.

Measured Performance for the Evaluation Period is compared to the Performance Target for each PIM. If the difference between Measured Performance and the Performance Target is less than or equal to the Deadband amount, no reward or penalty is awarded and the amount of the PIM Financial Incentive is zero. If the difference between Measured Performance and the Performance Target exceeds the Deadband amount, a reward or penalty ratio is calculated where the difference between Measured Performance and the Performance Target, less the Deadband amount, is the numerator and the Deadband amount is the denominator. This ratio is multiplied by either the Maximum Reward Amount or Maximum Penalty Amount, as applicable, to determine the PIM Financial Incentive for each PIM. The magnitude of the PIM Financial Incentive for each PIM shall not exceed 100% of the magnitude of the applicable Maximum Reward Amount or Maximum Penalty Amount established for each PIM.

Reliability Performance Incentive Mechanisms

There are two reliability PIMs: 1) System Average Interruption Frequency Index ("SAIFI"); and 2) System Average Interruption Duration Index ("SAIDI"). SAIFI is a measure of the average frequency of outages, defined as the annual total number of customer interruptions divided by the total number of customers served. SAIDI is a measure of the average duration of outage, defined as the sum of all customer interruption durations (in minutes) divided by the total number of customers served. The SAIFI and SAIDI Measured Performance and Performance Targets are determined using the IEEE Standard 1366 methodology.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding Sheet No. 112C
Effective January 1, 2018

REVISED SHEET NO. 112C
Effective October 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

For the Reliability Performance Incentive Mechanisms, the 2008-2017 record of historical performance data was used to establish the Performance Target and the Deadband. The Deadband was calculated as ± 1 standard deviation of the historical performance data. Accordingly, 100% of the penalty is achieved when Measured Performance is equal to or greater than 2 standard deviations from the Performance Target.

SAIFI:

Performance Target: 1.422 interruptions per customer during the one-year Evaluation Period

Deadband: ± 0.224 interruptions (1 Standard Deviation)

Range for no penalty: 1.198 interruptions to 1.645 interruptions per customer (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 1.645 interruptions per customer

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

SAIDI:

Target: 118.47 minutes per outage

Deadband: ± 22.53 minutes (1 Standard Deviation)

Range for no penalty: 95.94 minutes to 141.00 minutes per outage (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 141.00 minutes per outage

MAUI ELECTRIC COMPANY, LTD

.Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

Superseding Sheet No. 112D
Effective October 1, 2018

REVISED SHEET NO. 112D
Effective June 1, 2019

Deleted: January 1

Deleted: October

Deleted: 8

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Maximum Reward Amount: Not Applicable
Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Call Center Performance Incentive Mechanism

The Call Center Performance PIM measures the performance of the utility call center in terms of the percentage of calls answered within thirty (30) seconds. The calculation of the call center performance shall exclude blocked calls from the denominator.

The Performance Target for the Call Center Performance Incentive Mechanism was calculated based on the average of quarterly data from Quarter 3 of 2016 to Quarter 2 of 2018.

Call Center Performance:

Performance Target: 87.22% of calls answered within 30 seconds

Deadband: +/- 3.00% of calls answered within 30 seconds

Range for no reward or penalty: 84.22% of calls answered to 90.22% of calls answered.

Rewards apply for greater than 90.22% of calls answered
Penalties apply for less than 84.22% of calls answered

Maximum Reward Amount: \$210,916.
Maximum Penalty Amount: \$210,916.

The magnitude of the Maximum Reward Amount and Maximum Penalty Amount were determined to be equal to 0.08% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Deleted: Docket No. 2017-0150;
Interim Decision and Order No.
35631, Filed on August 13, 2018.

Deleted: August 21

Deleted: 8

MAUI ELECTRIC COMPANY, LTD

Transmittal Letter Dated March 29, 2019.

SHEET NO. 112D.1
Effective June 1, 2019

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Additional PIMs:

The Commission may order the establishment of one or more PIMs, and the targets, deadbands, rewards, penalties, and allocations for that PIM, as applicable, shall be implemented as specified in the Commission's order that approved the applicable PIM, and the applicable PIM Financial Incentive shall be included in the Performance Incentive Adjustment.

Commission's Authority

The Commission may suspend any or all parts of this PIM Provision. Such suspension shall remain in place until removed by Commission order.

MAUI ELECTRIC COMPANY, LTD

Transmittal Letter Dated March 29, 2019.

SHEET NO. 112E
Effective October 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Historical Reference

The following table summarizes the prior PIMs in effect, as these values may be applicable during certain portions of the Evaluation Period.

PIM:	Effective Period:	Performance Target:	Deadband:	Maximum Reward:	Maximum Penalty:
SAIFI	1/1/2018 thru 8/22/2018	1.436 interruptions per customer	+/- 0.241	N/A	\$506,965
SAIDI	1/1/2018 thru 8/22/2018	112.67 minutes Per outage	+/- 23.22	N/A	\$506,965
Call Center	1/1/2018 thru 8/22/2018	91.34% of calls answered within 30 sec.	+/- 3.00%	\$202,786	\$202,786

MAUI ELECTRIC COMPANY, LTD

Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

Superseding Revised Sheet No. 100E

REVISED SHEET NO. 100E

Effective August 23, 2018

Effective June 1, 2019

Deleted: June 1, 2018

Deleted: .

Deleted: August 23, 2018

MOLOKAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
151A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
151E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151G	"RAM"	<u>June 1, 2019</u>	Rate Adjustment Mechanism Provision
151H	"RAM"	<u>June 1, 2019</u>	Rate Adjustment Mechanism Provision
151I	"RAM"	<u>June 1, 2019</u>	Rate Adjustment Mechanism Provision
152	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152B	"RBA"	August 23, 2018	Revenue Balancing Account Provision
152C	"RBA"	June 1, 2018	Revenue Balancing Account Provision
152D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
152E	"RBA"	<u>June 1, 2019</u>	Revenue Balancing Account Provision
152F	"RBA"	<u>June 1, 2019</u>	Revenue Balancing Account Provision
<u>152G</u>	<u>"RBA"</u>	<u>June 1, 2019</u>	<u>Revenue Balancing Account Provision</u>

Deleted: June 1, 2018

Deleted: June 8, 2015

Deleted: June 8, 2015

Deleted: August 23, 2018

Deleted: August 23, 2018

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated March 29, 2019

Deleted: August 21, 2018

Superseding Sheet No. 100F

REVISED SHEET NO. 100F

Effective ~~January 1, 2019~~

Effective ~~June 1, 2019~~

Deleted: October 18

Deleted: 8

Deleted: January

MOLOKAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
153	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
153A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
153B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
154	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
155	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
155A	TOU-RI	January 1, 2019	Residential Interim Time-of-Use Service
155B	TOU-RI	October 18, 2018	Residential Interim Time-of-Use Service
155C	TOU-RI	January 1, 2019	Residential Interim Time-of-Use Service
156	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156B	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
156C	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision
156D	"PIM"	June 1, 2019	Performance Incentive Mechanism Provision
156D.1	"PIM"	June 1, 2019	Performance Incentive Mechanism Provision
156E	"PIM"	October 1, 2018	Performance Incentive Mechanism Provision

Deleted: January

Deleted: January

Deleted: January

Deleted: 8

MAUI ELECTRIC COMPANY, LIMITED

~~Transmittal Letter Dated March 29, 2019.~~

Deleted: Docket No. 2014-0192; Order No. 35970 dated December 21, 2018.

Superseding Sheet No. 152
Effective June 1, 2017

REVISED SHEET NO. 152
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule TOU-P	- Large Power Time-of-Use Service
Schedule SS	- Standby Service
Schedule TOU EV-	Residential Time-of-Use Service with Electric Vehicle Pilot
Schedule EV-F	- Commercial Public Electric Vehicle Charging Facility Service Pilot
Schedule TOU-RI-	Residential Interim Time-of-Use Service

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1st through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, LTD.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding Sheet No. 152A

Effective January 1, 2018.

REVISED SHEET NO. 152A

Effective June 1, 2019.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

Adjusted by: Other adjustments, as applicable, in accordance with Commission's Order authorizing such adjustment. Other adjustments, if any, are shown in the table Target Revenue Currently in Effect, provided in section H.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment, Performance Incentive Adjustment, recorded adjusted revenues or other RBA accounting determinations (collectively "target revenue determinations") for any previous period and for revisions to RAM Revenue Adjustments or Performance Incentive Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments and/or Performance Incentive Adjustments. For any corrections of errors in previously calculated target revenue determinations, the target revenue shall be adjusted as of the date that the correct determinations would have been reflected in target revenue. For changes in the RAM Revenue Adjustment and/or Performance Incentive Adjustments as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of changes that are implemented pursuant to the subsequently issued Commission order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Deleted: June 1, 2013

Deleted: January

Deleted: 8

Deleted: Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.¶

Deleted: January 11, 2018

Superseding Sheet No. 152B
Effective June 1, 2018

REVISED SHEET NO. 152B
Effective August 23, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the annual RBA review transmittal ("RBA Review Transmittal") filed on or before March 31 of each year, the utility will have the burden to demonstrate that the interim changes for the previous calendar year are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.38%
February	7.50%
March	8.06%
April	7.85%
May	8.18%
June	8.19%
July	8.77%
August	9.00%
September	8.50%
October	8.73%
November	8.30%
December	8.54%
Total	100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2018 test year rate case and shall be updated in any subsequent test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.
Transmittal Letter dated August 21, 2018.

Superseding Sheet No. 152C
Effective January 1, 2018

REVISED SHEET NO. 152C
Effective June 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be the short term debt rate as established in deriving the consolidated cost of capital in the Company's last full rate case. The Interest Rate prior to March 1, 2014 shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

In its annual RBA Review Transmittal, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, any Performance Incentive Adjustment provided in accordance with the Performance Incentive Mechanism Provision and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 29, 2018.

Superseding Sheet No. 152D
Effective January 1, 2018

REVISED SHEET NO. 152D
Effective June 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

On or before March 31 of each year, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, an RBA Review Transmittal supporting the implementation of the RBA Provision, including RBA reconciliation, implementation of applicable components of the RAM Provision and Performance Incentive Mechanism Provision, determination and adjustments of target revenues, determination of the RBA Rate Adjustment; and documenting any errors, corrections and adjustments to Target Revenues in the preceding calendar year and prior to the transmittal date.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA and target revenue determinations shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, as part of the annual RBA Review Transmittal filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 29, 2018.

Superseding Revised Sheet No. 152E
Effective August 23, 2018.

REVISED SHEET NO. 152E
Effective June 1, 2019

Deleted: June 1, 2018

Deleted: August 23, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

RBA Rate Adjustment

All Rate Schedules 0.9346 ¢/kWh

Deleted: 0.3183

F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual RBA Review Transmittal filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G: COMMISSION'S AUTHORITY

The Commission may modify or suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

Deleted: Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.¶

Deleted: August 21, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Superseding Revised Sheet No. 152F
Effective August 23, 2018.

REVISED SHEET NO. 152F
Effective June 1, 2019

Deleted: June 1, 2018

Deleted: August 23, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

H: TARGET REVENUE CURRENTLY IN EFFECT

Deleted: s

Maui Electric Company, Limited
Annual Target Revenue (\$000s)

	Description	Amount
1	Electric Sales Revenue	\$335,763
	Less:	
2	Fuel Expense	(\$103,385)
3	Purchase Power Expense	(\$54,970)
4	Revenue Tax on Electric Sales Revenue	(\$29,833)
5	Last Rate Order Target Revenues	\$147,575
6	Authorized RAM Revenues	\$3,352
7	Revenue Tax	(\$298)
8	Net RAM Adjustment	\$3,054
9	Authorized MPIR Revenues	\$0
10	Revenue Tax	\$0
11	Net MPIR Adjustment	\$0
12	Earnings Sharing Revenue Credits	\$0
13	Revenue Tax	\$0
14	Net Earnings Sharing Revenue Credits	\$0
15	Performance Incentive Mechanism (PIM)	(\$395)
16	Revenue Tax	\$35
17	Net PIM Reward (Penalty)	(\$360)
18	On-Bill Financing Pgm Implementation Costs	\$198
19	Revenue Tax	(\$18)
20	Net On-Bill Financing Adjustment	\$181
21	PUC-Ordered Major or Baseline Capital Credits	(\$10)
22	Revenue Tax	\$1
23	Net PUC-Ordered Major or Baseline Capital Credits	(\$9)
24	Effective Target Revenue	\$150,441

Notes:

Totals may not add, due to rounding.

Lines 1,2,3: Transmittal No. 19-03 (Decoupling), Attachment 4.

Lines 4,7,10,13,16,19,22: Revenue Tax based on 8.885% statutory rates.

Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Maui Electric Company, Limited
Annual Target Revenue (\$000s)

Description

1	Electric Sales Revenue
	Less:
2	Fuel Expense
3	Purchase Power Expense
4	Revenue Tax on Electric Sales Revenue
5	Last Rate Order Target Revenues
6	Authorized RAM Revenues
7	Revenue Tax
8	Net RAM Adjustment
9	Authorized MPIR Revenues
10	Revenue Tax
11	Net MPIR Adjustment
12	Earnings Sharing Revenue Credits
13	Revenue Tax
14	Net Earnings Sharing Revenue Credits
15	Performance Incentive Mechanism (PIM)
16	Revenue Tax
17	Net PIM Reward (Penalty)
18	On-Bill Financing Pgm Implementation Costs
19	Revenue Tax
20	Net On-Bill Financing Adjustment
21	PUC-Ordered Major or Baseline Capital Credits
22	Revenue Tax
23	Net PUC-Ordered Major or Baseline Capital Credits
24	Effective Target Revenue

Notes:

Totals may not add, due to rounding.

Lines 1,2,3: Transmittal No. 19-03 (Decoupling), Attachment 4.

Lines 4,7,10,13,16,19,22: Revenue Tax based on 8.885% statutory rates.

Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

Deleted: Lines 6,9,12,15,18,21,24: Transmittal No. 19-03 Schedule B1, filed March 29, 2019.

Deleted: Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.

Deleted: August 21, 2018

SHEET NO. 152G
Effective June 1, 2019

Deleted: Superseding Sheet No. 152F

Deleted: REVISED

Deleted: 152F

Deleted: Effective June 1, 2018

Deleted: August 23, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)
Maui, Lanai, and Molokai Divisions

I: HISTORICAL REFERENCE

<u>Category</u>	<u>Effective Period</u>	<u>Effective Target Revenue (\$000)</u>	<u>Change in Target Revenue (\$000)</u>	<u>Source</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2017 thru 5/31/2018</u>	<u>\$135,177</u>	<u>N/A (1/1/2018 Baseline)</u>	<u>Schedule B1 filed in Transmittal No. 17-04 on 5/22/2017.</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2018 thru 8/22/2018</u>	<u>\$129,404</u>	<u>(\$5,773)</u>	<u>Schedule B1 filed in Transmittal No. 18-03 on 5/21/2018.</u>
<u>2018 Test Year Rate Case (Interim)</u>	<u>8/23/2018 thru 5/31/2019</u>	<u>\$145,310</u>	<u>\$15,906</u>	<u>Schedule B1 filed in Docket No. 2017-0150 on 7/6/2018.</u>
<u>Annual Decoupling Filing</u>	<u>6/1/2019 (current)</u>	<u>\$150,441</u>	<u>\$5,131</u>	<u>Schedule B1 filed in Transmittal No. 19-03 on 3/29/2019.</u>

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated March 29, 2019.

Deleted: Docket No. 2017-0150; Order No. 35631, issued August 9, 2018.¶

Deleted: August 21, 2018

Superseding Sheet No. 151
Effective May 4, 2012

REVISED SHEET NO. 151
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151A
Effective May 4, 2012

REVISED SHEET NO. 151A
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151B
Effective March 30, 2014

REVISED SHEET NO. 151B
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of a) the RAM Revenue Adjustment Calculation or b) the RAM Revenue Adjustment Cap.

o) The RAM Revenue Adjustment Calculation shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

p) The RAM Revenue Adjustment Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below.

q) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

r) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

s) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 151C
Effective March 30, 2014

REVISED SHEET NO. 151C
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

t) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding REVISED SHEET No. 151D
Effective June 8, 2015

REVISED SHEET No. 151D
Effective June 1, 2017

RATE ADJUSTMENT MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 31, 2017.

Superseding Sheet No. 151E
Effective March 30, 2014

REVISED SHEET No. 151E
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

- a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
 - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
 - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
- c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
- d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
- e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
- f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
 - ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
 - iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
 - iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
 - v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.
 - vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.
- g.) See also Settlement Agreement section below.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Revised Sheet No. 151G
Effective June 1, 2018.

REVISED SHEET NO. 151G
Effective June 1, 2019

Deleted: .

Deleted: June 8, 2015

Deleted: June 1, 2018

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

Deleted: 1) as described below in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment and the 2014 Depreciation and Amortization RAM Adjustment, and 2)

The RAM Revenue Adjustment Cap shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between the rate case calendar test year that established the RAM Basis and the RAM Period, adjusted to include applicable revenue taxes.

The RAM Revenue Adjustment Cap will apply to the entire RAM Revenue Adjustment, which includes the O&M RAM Adjustment, Depreciation and Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment.

Deleted: Exception to the calculation of the RAM Revenue Adjustment Cap: ¶
¶
For the calculation of the RAM Revenue Adjustment Cap for the 2015 RAM Revenue Adjustment and for each subsequent year's calculation of RAM Revenue Adjustment until the issuance of a final decision and order in the next rate case, the Target Revenues that will serve as the RAM Basis will be the 2014 annualized target revenues adjusted as described below. The 2014 RAM Revenue Adjustment used to determine the adjusted 2014 target revenues will be adjusted to use recorded 2014 end-of-year actuals for plant in service, accumulated depreciation and amortization, CIAC and accumulated deferred income taxes in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment. For the determination of the 2014 Depreciation and Amortization RAM Adjustment, the Company applies the Commission-approved accrual rates and methods to the 2014 end of year balances calculated above. There is no impact to the O&M RAM Adjustment. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, as described above.¶
¶
The RAM Revenue Adjustment Cap for year 2015 and for each subsequent year until the issuance of a final decision and order in the next rate case shall be calculated as the RAM Basis, multiplied

Deleted: May 29, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

Superseding Revised Sheet No. 151H
Effective June 8, 2015.

REVISED SHEET NO. 151H
Effective June 1, 2019

Deleted: .

Deleted: June 1, 2013

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

Evaluation Procedures

Deleted: by the cumulative annually compounded increase(s) in the GDPPI for the years between 2014 and the RAM Period, adjusted to include applicable revenue taxes. ¶

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, LTD.

Deleted: June 3, 2015

Transmittal Letter Dated March 29, 2019.

Superseding Sheet No. 151I
Effective June 8, 2015

REVISED SHEET NO. 151I
Effective June 1, 2019

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (Continued)
Maui, Lanai, and Molokai Divisions

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

Deleted: SETTLEMENT AGREEMENT
¶ The provisions in this section are for the sole and limited purpose of implementing the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. ¶ 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013. ¶ The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable ¶ costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment. ¶

Deleted: June 3, 2015

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 29, 2019.

PERFORMANCE INCENTIVE MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Introduction

This Performance Incentive Mechanism ("PIM") Provision provides for the determination of a PIM Financial Incentive for each approved PIM for each Evaluation Period, based on Measured Performance compared to an established Performance Target for each PIM, as specified below.

The sum of the PIM Financial Incentives determined for all PIMs for the Evaluation Period will be the Performance Incentive Adjustment, which will be applied as an adjustment to the effective Target Revenue and will be recovered from or credited to customers through the RBA Rate Adjustment, as defined by and in accordance with the terms of the Revenue Balancing Account ("RBA") Provision.

Annual PIM Provision Transmittal

On or before March 31 of the year following an Evaluation Period, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, a transmittal documenting the Measured Performance and calculation of the PIM Financial Incentives and Performance Incentive Adjustment for the Evaluation Period. Complete, indexed schedules, workpapers and electronic files supporting the transmittal shall be provided with the transmittal. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, other rate case parties, and other interested persons that may propose any adjustments necessary to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The review of the annual PIM Provision transmittal will be conducted concurrent with and in conjunction with the annual RBA Review Transmittal. The Performance Incentive Adjustment will be determined annually based on the PIM Provision transmittal and, after review and subject to explicit approval by the Commission, will become effective on June 1 of the year following the Evaluation Period, concurrent and in conjunction with determination of Target Revenues and the RBA Rate Adjustment in accordance with the RBA Provision. Any approved Performance Incentive Adjustment will be applied as monthly adjustments to Target Revenues for the

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

twelve month period commencing June 1 of the year following the Evaluation Period in accordance with the Monthly Allocation Factors identified in the RBA Provision.

The Performance Targets, Deadbands and the amount of Maximum Financial Incentives used to determine the PIM Financial Incentive levels for each of the PIMs shall be re-determined upon issuance of an interim or final order in a general rate case for each Company, and shall remain constant in interim periods, unless otherwise amended, as necessary, by order of the Commission.

In the event that Performance Targets, Deadbands or the amounts of Maximum Financial Incentives are updated or amended by order of the Commission during the Evaluation Period, the Performance Targets, Deadbands and the amounts of Maximum Financial Incentives used in determining the amount of PIM Financial Incentives shall be a pro-rated weighted average based on the number of days of the Evaluation Period each parameter was effective.

Any revenue adjustments approved in accordance with this PIM Provision shall be excluded from the determination of Earnings Sharing Credits provided for in the Rate Adjustment Mechanism Provision ("RAM Provision").

The Performance Incentive Adjustment, and any prior year Performance Incentive Adjustment, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis for prior calculations. The effect of such changes shall be implemented as described in the RBA Provision, except that, the Performance Target, Deadband and Maximum Financial Incentive amounts determined in this PIM Provision shall not be recalculated based on errors in the calculation of these parameters and shall remain as specified unless and until changed by order of the Commission.

Evaluation Period

The Evaluation Period is defined as the annual twelve month calendar year period ending December 31, over which Measured Performance is determined and compared to the established Performance Target for each PIM described below. The first Evaluation Period shall begin January 1, 2018.

MAUI ELECTRIC COMPANY, LTD

Decision and Order No. 35165; Approving, With Modifications,
Proposed Revisions To RBA Tariffs, Filed December 29, 2017.
Transmittal Letter dated January 11, 2018.

Superseding Sheet No. 156B
Effective January 1, 2018

REVISED SHEET NO. 156B
Effective October 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

PIM Financial Incentive Calculation

For each PIM below, a Performance Target is specified, developed based on historical performance data. A Deadband is specified for each Performance Target in order to provide a satisfactory range of performance within which no reward or penalty amount is assessed.

A Maximum Financial Incentive amount is specified for each PIM with separate identification of a Maximum Reward Amount and a Maximum Penalty Amount.

Measured Performance for the Evaluation Period is compared to the Performance Target for each PIM. If the difference between Measured Performance and the Performance Target is less than or equal to the Deadband amount, no reward or penalty is awarded and the amount of the PIM Financial Incentive is zero. If the difference between Measured Performance and the Performance Target exceeds the Deadband amount, a reward or penalty ratio is calculated where the difference between Measured Performance and the Performance Target, less the Deadband amount, is the numerator and the Deadband amount is the denominator. This ratio is multiplied by either the Maximum Reward Amount or Maximum Penalty Amount, as applicable, to determine the PIM Financial Incentive for each PIM. The magnitude of the PIM Financial Incentive for each PIM shall not exceed 100% of the magnitude of the applicable Maximum Reward Amount or Maximum Penalty Amount established for each PIM.

Reliability Performance Incentive Mechanisms

There are two reliability PIMs: 1) System Average Interruption Frequency Index ("SAIFI"); and 2) System Average Interruption Duration Index ("SAIDI"). SAIFI is a measure of the average frequency of outages, defined as the annual total number of customer interruptions divided by the total number of customers served. SAIDI is a measure of the average duration of outage, defined as the sum of all customer interruption durations (in minutes) divided by the total number of customers served. The SAIFI and SAIDI Measured Performance and Performance Targets are determined using the IEEE Standard 1366 methodology.

For the Reliability Performance Incentive Mechanisms, the 2008-2017 record of historical performance data was used to establish the Performance Target and the Deadband. The Deadband was calculated

MAUI ELECTRIC COMPANY, LTD

Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

Superseding Sheet No. 156C
Effective January 1, 2018

REVISED SHEET NO. 156C
Effective October 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

as ± 1 standard deviation of the historical performance data. Accordingly, 100% of the penalty is achieved when Measured Performance is equal to or greater than 2 standard deviations from the Performance Target.

SAIFI:

Performance Target: 1.422 interruptions per customer during the one-year Evaluation Period

Deadband: ± 0.224 interruptions (1 Standard Deviation)

Range for no penalty: 1.198 interruptions to 1.645 interruptions per customer (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 1.645 interruptions per customer

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

SAIDI:

Target: 118.47 minutes per outage

Deadband: ± 22.53 minutes (1 Standard Deviation)

Range for no penalty: 95.94 minutes to 141.00 minutes per outage (± 1 Standard Deviation from Target)

Rewards: Not Applicable

Penalties for greater than 141.00 minutes per outage

Maximum Reward Amount: Not Applicable

Maximum Penalty Amount: \$527,289.

MAUI ELECTRIC COMPANY, LTD

Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

Superseding Sheet No. 156D
Effective October 1, 2018

REVISED SHEET NO. 156D
Effective June 1, 2019

Deleted: January

Deleted: October

Deleted: 8

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

The Maximum Penalty Amount was determined to be equal to 0.20% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Call Center Performance Incentive Mechanism

The Call Center Performance PIM measures the performance of the utility call center in terms of the percentage of calls answered within thirty (30) seconds. The calculation of the call center performance shall exclude blocked calls from the denominator.

The Performance Target for the Call Center Performance Incentive Mechanism was calculated based on the average of quarterly data from Quarter 3 of 2016 to Quarter 2 of 2018.

Call Center Performance:

Performance Target: 87.22% of calls answered within 30 seconds

Deadband: +/- 3.00% of calls answered within 30 seconds

Range for no reward or penalty: 84.22% of calls answered to 90.22% of calls answered.

Rewards apply for greater than 90.22% of calls answered
Penalties apply for less than 84.22% of calls answered

Maximum Reward Amount: \$210,916.
Maximum Penalty Amount: \$210,916.

The magnitude of the Maximum Reward Amount and Maximum Penalty Amount were determined to be equal to 0.08% of Common Equity Share of Approved Average Test Year Rate Base determined in the most recent interim or final order in a general rate case for each Company.

Deleted: Docket No. 2017-0150;
Interim Decision and Order No.
35631, Filed on August 13, 2018.

Deleted: August 21

Deleted: 8

MAUI ELECTRIC COMPANY, LTD

Transmittal Letter Dated March 29, 2019

SHEET NO. 156D.1
Effective June 1, 2019

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Additional PIMs:

The Commission may order the establishment of one or more PIMs, and the targets, deadbands, rewards, penalties, and allocations for that PIM, as applicable, shall be implemented as specified in the Commission's order that approved the applicable PIM, and the applicable PIM Financial Incentive shall be included in the Performance Incentive Adjustment.

Commission's Authority

The Commission may suspend any or all parts of this PIM Provision. Such suspension shall remain in place until removed by Commission order.

MAUI ELECTRIC COMPANY, LTD

Transmittal Letter Dated March 29, 2019.

SHEET NO. 156E
Effective October 1, 2018

PERFORMANCE INCENTIVE MECHANISM PROVISION (continued)
Maui, Lanai, and Molokai Divisions

Historical Reference

The following table summarizes the prior PIMs in effect, as these values may be applicable during certain portions of the Evaluation Period.

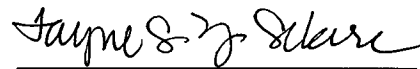
PIM:	Effective Period:	Performance Target:	Deadband:	Maximum Reward:	Maximum Penalty:
SAIFI	1/1/2018 thru 8/22/2018	1.436 interruptions per customer	+/- 0.241	N/A	\$506,965
SAIDI	1/1/2018 thru 8/22/2018	112.67 minutes Per outage	+/- 23.22	N/A	\$506,965
Call Center	1/1/2018 thru 8/22/2018	91.34% of calls answered within 30 sec.	+/- 3.00%	\$202,786	\$202,786

MAUI ELECTRIC COMPANY, LTD

Docket No. 2017-0150; Interim Decision and Order No. 35631, Filed on August 13, 2018. Transmittal Letter Dated August 21, 2018.

ATTESTATION

Tayne S. Y. Sekimura, is the Senior Financial Vice President of Maui Electric Company, Limited, and says that she certifies that the attached Schedules supporting the proposed changes in customer rates pursuant to the Revenue Balancing Account ("RBA") Provision have been prepared in compliance with the Rate Adjustment Mechanism Provision and the RBA Provision, and prior Commission rate orders are true, correct and complete to the best of her knowledge and belief.



Tayne S. Y. Sekimura

Attachment 2 – List of Schedules and Workpapers

Schedule A	MECO-WP-A-001
Schedule A1	MECO-WP-B-001
Schedule B	MECO-WP-C-001
Schedule B1	MECO-WP-C-002
Schedule B2	MECO-WP-C-003
Schedule C	MECO-WP-D1-002
Schedule C1	MECO-WP-D2-001
Schedule C2	MECO-WP-D2-003
Schedule D	MECO-WP-D2-004
Schedule D1	MECO-WP-D2-005
Schedule D2	MECO-WP-D3-001
Schedule D3	MECO-WP-D4-001
Schedule D4	MECO-WP-D4-002
Schedule D5	MECO-WP-E-001
Schedule E	MECO-WP-F-001
Schedule F	MECO-WP-F1-001
Schedule F1	MECO-WP-F1-002
Schedule F2	MECO-WP-F1-003
Schedule G	MECO-WP-H-001
Schedule H	MECO-WP-H-002
Schedule I	MECO-WP-H-003
Schedule J	MECO-WP-H-004
Schedule K	MECO-WP-H-005
Schedule K1	MECO-WP-H-006
Schedule L	MECO-WP-H-007
Schedule M	MECO-WP-H-008
Schedule N	MECO-WP-K1-001
	MECO-WP-M-001
	MECO-WP-M-002
	MECO-WP-M-003
	MECO-WP-M-004

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF 2019 REVENUE BALANCING ACCOUNT RATE ADJUSTMENT

Line No.	Description	Reference	Amount	6/1/2019 Rate Amount		
	(a)	(b)	(c)	(d)		
<u>RECONCILIATION OF RBA BALANCE:</u>						
1	RBA Prior calendar year-end balance	Schedule B	\$ 6,084,579			
1a	OBP Program Implementation Cost Recovery - Year 1 of 2	Schedule N	\$ 180,849			
			\$ 6,265,428			
2	Revenue Tax Factor	Schedule C	1.0975			
3	Revenue for RBA Balance			\$ 6,876,307		
<u>RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:</u>						
4	Total RAM Revenue Adjustment Allowed (Note 2)	Schedule A1		\$ 3,351,888		
5	<u>EARNINGS SHARING REVENUE CREDITS - 2019 ROE:</u>	Schedule H		\$ -		
6	<u>PERFORMANCE INCENTIVE MECHANISM REWARD (PENALTY)</u>	Schedule M		\$ (394,917)		
7	<u>PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREI</u>	Schedule I		\$ (10,353)		
8	TOTAL RBA REVENUE ADJUSTMENT	Sum Col. (d)		\$ 9,822,924		
9	GWH SALES VOLUME ESTIMATE JUNE 2019 - MAY 2018	MECO-WP-A-001		1,051.0		
10	RBA RATE ADJUSTMENT, RBA Balance - ¢ per kWh	Note 1		<u>0.9346</u>	8/23/2018 <u>0.3183</u>	Incremental <u>0.6163</u>
11	MONTHLY BILL IMPACT @ 600 KWH - Maui Division			<u>\$ 5.61</u>	<u>\$ 1.91</u>	<u>\$ 3.70</u>
	MONTHLY BILL IMPACT @ 500 KWH - Maui Division			<u>\$ 4.67</u>	<u>\$ 1.59</u>	<u>\$ 3.08</u>
12	MONTHLY BILL IMPACT @ 400 KWH - Molokai and Lanai Divisions			<u>\$ 3.74</u>	<u>\$ 1.27</u>	<u>\$ 2.47</u>

Note 1: 2019 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	\$ 6,876,307	0.65426326	70.0026%
RAM Amount	\$ 3,351,888	0.31892368	34.1231%
Earnings Sharing Revenue Credits	\$ -	0.00000000	0.0000%
Performance Incentive Mechanism Reward (Penalty)	\$ (394,917)	-0.03757540	-4.0204%
Major or Baseline Capital Projects Credits	\$ (10,353)	-0.00098508	-0.1054%
	\$ 9,822,924	0.93462647	100.00%

Note 2: Total RAM Revenue Adjustment Allowed is the sum of the RAM Cap + Exceptional and Other Projects. See Order No. 32735, filed March 31, 2015, paragraph 107, pages 94-95, which states that the Total RAM Revenue Adjustment is to be comprised of the RAM Cap plus recovery of Exceptional And Other Matters.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF TOTAL RAM REVENUE ADJUSTMENT ALLOWED

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES			
1	O&M RAM	Schedule C	\$ 1,512,028
2	Rate Base RAM - Return on Investment	Schedule D	\$ 2,202,723
3	Depreciation & Amortization RAM Expense	Schedule E	\$ 288,000
4	Joint Pole Revenues	Note 3	\$ (650,862)
5	Total RAM Revenue Adjustment		\$ 3,351,888
RAM REVENUE ADJUSTMENT CAP			
6	RAM Cap for 2019 RAM Revenue Adjustment	Schedule J	\$ 3,401,245
7	Plus: Exceptional and Other Matters	Schedule K	775,520
8	2019 Cap - Total RAM Revenue Adjustment (Note 2)		\$ 4,176,766
9	Total RAM Revenue Adjustment Allowed (Note 1)	Lesser of Line 5 or Line 8	\$ 3,351,888
			To Sch A

Note 1 RAM Revenue Adjustment Allowed:

See Order No. 32735, filed March 31, 2015, paragraph 106, page 94:

"The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of (a) the RAM Revenue Adjustment determined according to existing tariffs and procedures or (b) a RAM Revenue Adjustment Cap ("RAM Cap) to be calculated as specified."

Note 2 Total RAM Cap:

See Order No. 32735, filed March 31, 2015, paragraph 110, page 96:

"The RAM Cap will apply to the entire RAM Revenue Adjustment including the O&M RAM, Rate Base RAM (including Major Capital Projects and Baseline Projects), and the Depreciation and Amortization RAM."

Note 3 See Decision and Order No. 35768, Docket No. 2018-0075 filed October 16, 2018. Commission approved the Asset Transfer, Pole Licensing and Amended Joint Pole Agreements and the accounting and ratemaking treatment described in Exhibit E of the Application. The negotiated settlement over a ten year period for attachment fees, inclusive of revenue taxes, is \$650,862 per year.

For ratemaking purposes, attachment and ancillary revenues received from Hawaiian Telcom and other third party attachers for use of the poles are reflected in other operating revenue and will offset any depreciation costs of transferred poles and related equipment, and the authorized return to the Companies shareholders.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
SUMMARY OF ACCUMULATED REVENUE BALANCING ACCOUNT

Line No.	Month	Beginning Balance	Target Revenues	Recorded Adjusted Revenue	Variance to RBA	Adjustment for Prior Year RBA recovery	RBA Balance Before ADIT	ADIT Related to RBA Revenues	Net Ending Balance	Average Balance Subject to Interest	Interest at 1.25%/year	Ending Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Monthly RBA Balance and Activity (Monthly PUC Rpt.)												
1	2017 December	\$ 4,861,114	\$ 10,989,854	\$ 10,098,926	\$ 890,928	\$ (211,037)				\$ 3,177,327	3,310	\$ 5,544,314
	December - Revised - Note 2						\$ 5,544,314	\$ (1,427,765)	\$ 4,116,549			
2												
3	2018 January	\$ 5,544,314	\$ 11,206,137	\$ 10,623,809	\$ 582,328	\$ (220,318)	\$ 5,906,325	\$ (1,398,020)	\$ 4,508,304	\$ 4,312,427	4,492	\$ 5,910,817
4	February	\$ 5,910,817	\$ 9,935,477	\$ 9,491,075	\$ 444,402	\$ (196,271)	\$ 6,158,948	\$ (1,368,275)	\$ 4,790,673	\$ 4,651,735	4,846	\$ 6,163,794
5	March	\$ 6,163,794	\$ 11,192,619	\$ 10,411,284	\$ 781,335	\$ (212,026)	\$ 6,733,103	\$ (1,338,530)	\$ 5,394,573	\$ 5,095,046	5,307	\$ 6,738,410
6	April	\$ 6,738,410	\$ 10,651,913	\$ 10,646,857	\$ 5,056	\$ (220,634)	\$ 6,522,832	\$ (1,308,785)	\$ 5,214,047	\$ 5,306,964	5,528	\$ 6,528,360
7	May	\$ 6,528,360	\$ 11,327,795	\$ 10,595,249	\$ 732,546	\$ (215,635)	\$ 7,045,271	\$ (1,279,040)	\$ 5,766,231	\$ 5,492,903	5,722	\$ 7,050,993
8	June	\$ 7,050,993	\$ 11,012,313	\$ 10,863,539	\$ 148,774	\$ (492,662)	\$ 6,707,105	\$ (1,249,295)	\$ 5,457,810	\$ 5,614,881	5,849	\$ 6,712,954
9	July	\$ 6,712,954	\$ 11,478,169	\$ 11,673,086	\$ (194,917)	\$ (533,474)	\$ 5,984,563	\$ (1,219,550)	\$ 4,765,013	\$ 5,114,336	5,327	\$ 5,989,890
10	August	\$ 5,989,890	\$ 12,061,980	\$ 11,905,612	\$ 156,368	\$ (537,788)	\$ 5,608,470	\$ (1,189,805)	\$ 4,418,665	\$ 4,594,503	4,786	\$ 5,613,256
11	September	\$ 5,613,256	\$ 12,351,310	\$ 11,610,872	\$ 740,438	\$ (475,735)	\$ 5,877,959	\$ (1,160,060)	\$ 4,717,899	\$ 4,570,675	4,761	\$ 5,882,720
12	October	\$ 5,882,720	\$ 12,685,522	\$ 12,527,507	\$ 158,015	\$ (555,386)	\$ 5,485,350	\$ (1,130,315)	\$ 4,355,035	\$ 4,538,847	4,728	\$ 5,490,078
13	November	\$ 5,490,078	\$ 12,060,691	\$ 11,452,008	\$ 608,683	\$ (489,447)	\$ 5,609,314	\$ (1,100,570)	\$ 4,508,744	\$ 4,434,253	4,619	\$ 5,613,933
14	December	\$ 5,613,933	\$ 12,409,434	\$ 11,462,777	\$ 946,657	\$ (480,971)	\$ 6,079,619	\$ (1,070,825)	\$ 5,008,794	\$ 4,761,079	\$ 4,959	\$ 6,084,579
15			<u>\$ 138,373,360</u>	<u>\$ 133,263,673</u>	<u>\$ 5,109,687</u>	<u>\$ (4,630,347)</u>	<u>\$ 73,718,859</u>			<u>\$ 58,487,648</u>	<u>\$ 60,925</u>	
16												
17												
18	2019 January	\$ -	\$ 12,176,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
19	February	\$ -	\$ 10,898,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
20	March	\$ -	\$ 11,711,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
21	April	\$ -	\$ 11,406,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
22	May	\$ -	\$ 11,886,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
22a	OBF Recovt	\$ 361,697										
23	June	\$ -	\$ 12,321,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
24	July	\$ -	\$ 13,193,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
25	August	\$ -	\$ 13,539,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
26	September	\$ -	\$ 12,787,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
27	October	\$ -	\$ 13,133,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
28	November	\$ -	\$ 12,486,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
29	December	\$ -	\$ 12,847,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
			<u>\$ 148,390,021</u>									
Sources of Data:		Sch B1	Sch B2	Col (c) - (d)	Note 1	Cols (b)+(e)+(f)	Note 2	Note 2 & 3 Cols (g)+(h)	Cols (g)+(k)			

Note 1:

Amounts represent recovery of prior years' RBA balance through the RBA rate adjustment effective June 1, 2017 for the period June 2017 through May 2018 and June 1, 2018 for the period June 2018 through May 2019. See MECO-WP-B-001, line 8.

Note 2:

On December 22, 2017, the 2017 Tax Cuts & Jobs Act was signed into law to be effective for tax years ending after December 31, 2017. In accordance with IRC §451(b), "...the all events test with respect to any item of gross income (or portion thereof) shall not be treated as met any later than when such item (or portion thereof) is taken into account as revenue in... an applicable financial statement of the taxpayer...". This change would supersede the RBA tax accounting treatment (deferred until received in rates) the IRS approved for the Companies on April 21, 2014 and adopted in Decision & Order No. 31908 on Schedule A of the Decoupling Investigation, issued in Docket No. 2013-0141 on February 7, 2014.

IRC §451(b) would eliminate the book tax temporary difference for which ADIT was provided and accordingly, would reduce to zero the tax adjustment to the basis for calculating RBA interest. This change imposed by IRC §451(b) should allow for the deferred RBA income (on which the RBA ADIT balance at December 31, 2017 is based) to be amortized into taxable income over the next 4 years (straight-line basis) with the effect of reducing the tax adjustment balance down to zero by the end of 2021.

RBA Regulatory Asset Balance at 12/31/2017	\$ 5,544,314
Composite Federal & State Income Tax Rate	25.75%
RBA ADIT Balance at 12/31/2017	<u>\$ 1,427,765</u>
Years	<u>4</u>
Annual amortization for years 2018 through 2021	<u>356,941</u>
Monthly ADIT amortization	29,745

Note 3:

In April 2018, the Companies adjusted the March 31, 2018 RBA balance for the change in accounting methodology identified in Note 2 above. The January to March 2018 RBA balance subject to interest was recalculated and the RBA Balance was true-up in April 2018 for \$562.

SCHEDULE B1
PAGE 1 OF 1

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF TARGET REVENUES

Line No.	Description	Reference		Docket No. 2011-0092 Amounts	Transmittal No. 18-03 Amounts	Docket No. 2017-0150 Amounts	Docket No. 2017-0150 Amounts	Docket No. 2017-0150 Amounts	Docket No. 2017-0150 Amounts
	(a)	(b)		(c)	(d)	(e)	(f)	(g)	(h)
1	<u>Last Rate Case Annual Electric Revenue at Approved Rate Levels</u>	Note 1	\$000s	\$ 416,810	\$ 410,903	\$ 336,045	\$ 336,045	\$ 335,763	\$ 335,763
2	Less: Fuel Expense	Note 1	\$000s	\$ (212,580)	\$ (212,580)	\$ (103,385)	\$ (103,385)	\$ (103,385)	\$ (103,385)
3	Purchased Power Expense	Note 1	\$000s	\$ (44,856)	\$ (44,856)	\$ (54,970)	\$ (54,970)	\$ (54,970)	\$ (54,970)
4	Revenue Taxes on Line 1 (8.885% statutory rates)		\$000s	\$ (37,034)	\$ (36,509)	\$ (29,858)	\$ (29,858)	\$ (29,833)	\$ (29,833)
5	Last Rate Order Target Annual Revenues	Sum Lines 1 thru 4	\$000s	\$ 122,340	\$ 116,958	\$ 147,832	\$ 147,832	\$ 147,575	\$ 147,575
6	Authorized RAM Revenues - Transmittal No. 17-04	Sch. A, line 4	\$000s	\$ 14,128	\$ -	\$ -	\$ -	\$ -	\$ -
7	Less: Revenue Taxes on Line 6 at 8.885%		\$000s	\$ (1,255)	\$ -	\$ -	\$ -	\$ -	\$ -
8	Net RAM Adjustment - Test Year +5	Lines 6 + 7	\$000s	\$ 12,872	\$ -	\$ -	\$ -	\$ -	\$ -
9	Authorized RAM Revenues - Transmittal No. 18-03	Sch. A, line 4	\$000s	\$ -	\$ 16,429	\$ -	\$ -	\$ -	\$ -
10	Less: Revenue Taxes on Line 9 at 8.885%		\$000s	\$ -	\$ (1,460)	\$ -	\$ -	\$ -	\$ -
11	Net RAM Adjustment - Test Year +5	Lines 9 + 10	\$000s	\$ -	\$ 14,969	\$ -	\$ -	\$ -	\$ -
12	Authorized RAM Revenues - Transmittal No. 19-03	Sch. A, line 4	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 3,352	\$ 3,352
13	Less: Revenue Taxes on Line 12 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ (298)	\$ (298)
14	Net RAM Adjustment - Test Year +5	Lines 12 + 13	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 3,054	\$ 3,054
15	Authorized MPIR Revenues	Schedule L	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Less: Revenue Taxes on Line 15 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Net MPIR Adjustment	Lines 15 + 16	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Less: <u>EARNINGS SHARING REVENUE CREDITS:</u>	Sch A, Ln 5	\$000s	\$ (40)	\$ -	\$ -	\$ -	\$ -	\$ -
17	Less: Revenue Taxes on Line 16 at 8.885%		\$000s	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -
18	Net Earnings Sharing Revenue Credits	Lines 16 + 17	\$000s	\$ (36)	\$ -	\$ -	\$ -	\$ -	\$ -
19	Less: <u>PERFORMANCE INCENTIVE MECHANISM REWARD (PENALTY)</u>	Sch A, Ln 6	\$000s	\$ -	\$ -	\$ -	\$ -	\$ (395)	\$ (395)
20	Less: Revenue Taxes on Line 19 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ 35	\$ 35
21	Net Performance Incentive Mechanism	Lines 19 + 20	\$000s	\$ -	\$ -	\$ -	\$ -	\$ (360)	\$ (360)
22	Less: <u>2017 Tax Reform Act Adjustment (1/1/18-5/31/18)</u>	Transmittal No. 18-03	\$000s	\$ -	\$ (2,769)	\$ (2,769)	\$ (2,769)	\$ -	\$ -
23	Less: Revenue Taxes on Line 22 at 8.885%		\$000s	\$ -	\$ 246	\$ 246	\$ 246	\$ -	\$ -
24	Net 2017 Tax Reform Act Adjustment	Lines 22 + 23	\$000s	\$ -	\$ (2,523)	\$ (2,523)	\$ (2,523)	\$ -	\$ -
25	Add: <u>OBF Program Implementation Costs:</u>	Sch A, Ln 1a x 1.0975	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 198	\$ 198
26	Less: Revenue Taxes on Line 25 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ (18)	\$ (18)
27	Net OBF Pprogram Implementation Costs	Lines 25 + 26	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 181	\$ 181
28	Less: <u>PUC-ORDERED MAJOR OR BASELINE CAPITAL CREDITS:</u>	Sch A, Ln 7	\$000s	\$ -	\$ -	\$ -	\$ -	\$ (10)	\$ (10)
29	Less: Revenue Taxes on Line 28 at 8.885%			\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
30	Net PUC-Ordered Major or Baseline Capital Credits	Lines 28 + 29		\$ -	\$ -	\$ -	\$ -	\$ (9)	\$ (9)
31	Total Annual Target Revenues								
32	June 1, 2017 Annualized Revenues + 2017 RAM Revenues	Lines 5 + 12 + 18	\$000s	\$ 135,177					
33	June 1, 2018 Annualized Revenues + 2018 RAM Revenues	Lines 5 + 11 + 24	\$000s		\$ 129,404				
34	August 23, 2018 Annualized Revenues with Interim Increase	Lines 5 + 24				\$ 145,310	\$ 145,310		
35	June 1, 2019 Annualized Revenues + 2019 RAM Revenues	Lines 5 + 14 + 21 + 27 + 30						\$ 150,441	\$ 150,441
36	<u>Distribution of Target Revenues by Month in Dollars:</u>	Note 2	Note 3	2018	2018	2018	2019	2019	2020
37	January	8.29%	8.38%	\$11,206,137			\$12,176,939		\$12,606,965
38	February	7.35%	7.50%	\$9,935,477			\$10,898,215		\$11,283,084
39	March	8.28%	8.06%	\$11,192,619			\$11,711,948		\$12,125,554
40	April	7.88%	7.85%	\$10,651,913			\$11,406,798		\$11,809,627
41	May	8.38%	8.18%	\$11,327,795			\$11,886,320		\$12,306,083
42	June	8.51%	8.19%		\$11,012,313			\$12,321,127	
43	July	8.87%	8.77%		\$11,478,169			13,193,686	
44	August - Interim Rates 8/23/18	9.00%	9.00%		\$8,265,183	\$3,796,797		13,539,700	
45	September	8.34%	8.50%			\$12,351,310		12,787,495	
46	October	8.78%	8.73%			\$12,685,522		13,133,509	
47	November	8.19%	8.30%			\$12,060,691		12,486,613	
48	December	8.13%	8.54%			\$12,409,434		12,847,671	
49	Total Distributed Target Revenues	100.00%	100.00%	\$54,313,941	\$30,755,665	\$53,303,754	\$58,080,220	\$90,309,801	\$60,131,313

Note 1 Column (c): Docket No. 2011-0092 Final amounts derived from MECO Revised Results of Operations, Exhibit 1A, Page 1, filed June 17, 2013.

Column (d): Transmittal no. 18-03 Hawaiian Electric Companies' Response to the Division of Consumer Advocacy's Statement of Position, May 21, 2018. Reflects \$5.9 million reduction for the 2017 Tax Reform Act.

Columns (e)-(f): Interim Decision and Order No. 35631, August 9, 2018, Docket No. 2017-0150. Exhibit A, page 1 of 4. Also see Maui Electric Correction to Attachment 6B in Statement of Probable Entitlement, August 2, 2018, Docket No. 2017-0150.

Columns (g)-(h): Per the preliminary revenue requirement calculation based on Decision and Order No. 36219, March 18, 2019, Docket No. 2017-0150. See Attachment 4 to this transmittal

Note 2 RBA Tariff effective June 1, 2012 based on 2012 test year

Note 3 RBA Tariff effective August 23, 2018 based on 2018 test year. Maui Electric Interim Increase Tariff Sheets, Docket No. 2017-0150, filed August 21, 2018.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RECORDED ADJUSTED REVENUES

Line No.	Description	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	sum (b) - (m)
BILLED REVENUES:														
1	Current month's billed revenue (SAP014w)	26,730,03	26,752,832	27,547,785	28,666,103	27,864,945	31,388,905	33,226,559	34,152,718	31,987,027	34,293,332	33,159,191	32,694,645	368,464,145
2	Remove PPB revenues	(234,195)	(221,991)	(222,741)	(231,055)	(221,358)	(238,238)	(259,884)	(291,870)	(276,350)	(290,428)	(274,843)	(263,278)	(3,028,231)
3	Remove Solar Saver non-revenues	-	-	(2)	21,076	17,740	(16)	-	-	-	-	-	-	38,798
4	Other entities	5,805	900	(1,530)	117	1,431	-	-	-	-	-	-	(8,352)	(1,629)
5 =														
sum 1-4		26,501,712	26,529,742	27,323,511	28,456,241	27,662,758	31,150,651	32,966,675	33,860,848	31,710,677	34,002,904	32,884,348	32,423,015	365,473,082
UNBILLED REVENUES														
6	Current month's unbilled revenue (Unbilled Sales and Revenue Est)	14,847,495	13,086,943	13,845,073	14,037,425	14,979,148	15,366,713	17,627,750	17,082,605	16,946,010	17,324,584	16,960,278	16,636,183	188,740,207
7	Reverse prior month's unbilled revenues (Unbilled Sales and Revenue Est)	(13,944,944)	(14,847,495)	(13,086,943)	(13,845,073)	(14,037,425)	(14,979,148)	(15,366,713)	(17,627,750)	(17,082,605)	(16,946,010)	(16,960,278)	(16,636,183)	(186,048,968)
8 =	Unbilled revenues per Unbilled Sales and Revenue Estimate	902,551	(1,760,552)	758,130	192,352	941,723	387,565	2,261,037	(545,145)	(136,595)	378,373	(364,306)	(324,078)	2,691,238
9	Recovery of 12-31-16 RBA balance through RBA Rate Adjustment beginning 6-1-17	(241,802)	(215,410)	(232,702)	(242,149)	(236,663)	-	(585,495)	(590,230)	-	-	-	-	(1,168,726)
10	Recovery of 12-31-17 RBA balance through RBA Rate Adjustment beginning 6-1-18	-	-	-	-	-	-	(540,704)	-	-	-	-	-	(1,168,726)
11	Accrual and reversal of ESM refund previously recognized in prior year	3,289	2,916	3,285	3,127	3,324	-	-	-	(522,126)	(609,544)	(537,175)	(527,872)	(3,913,146)
12	Accrual of Performance Incentive Mechanism	-	-	-	-	-	-	-	-	-	-	-	-	15,941
13	Accrual of ECAC adjustment	728,300	(879,000)	(178,700)	(1,152,200)	71,000	(239,300)	(525,600)	(404,100)	(198,500)	(1,019,800)	(123,200)	(913,300)	(1,007,124)
14	Reversal of ECAC accrual	371,400	384,666	384,666	109,799	109,799	109,799	109,800	440,166	440,166	440,168	376,067	376,067	(4,834,400)
15	Accrual of PPAC adjustment	146	65	34	62	82	(121,996)	80	6,135	3,326	5,407	1,131	(57,000)	3,927,434
16	Reversal of PPAC accrual	5,892	502	502	500	(81)	(81)	(83)	40,618	40,618	40,616	(3,181)	(3,181)	(162,528)
17	Reclass excess DSM revenues	5,731	82	43	(141,950)	(165,059)	(148,280)	(185,662)	(46,206)	(43,034)	(25,868)	(118,271)	349,266	122,641
18	Reclass excess DRAC revenues	-	-	-	-	-	-	-	(11,012)	(35,792)	(25,224)	(32,578)	(32,578)	(490,208)
19	Tax Reform Act adjustment	(214,131)	(189,851)	(1,052,538)	(485,507)	(826,858)	230,740	230,740	230,740	230,740	230,740	230,740	230,740	(1,153,705)
20	RBA gross up for revenue taxes	56,785	43,335	76,191	493	71,434	14,508	(19,007)	15,248	72,203	15,409	59,555	92,312	498,266
21	Accrual of current month's RBA (PUC Monthly Financial Report pg. 9A)	582,228	444,402	781,335	5,056	732,546	148,774	(194,917)	156,368	740,438	158,015	608,683	946,657	5,109,685
22 =	Miscellaneous unbilled accruals	1,297,938	(408,293)	(217,884)	(1,627,900)	(240,476)	(546,540)	(1,170,142)	(162,273)	757,008	(801,649)	468,925	(546,013)	(3,197,299)
23 = 8+22	UNBILLED REVENUES	2,200,490	(2,168,844)	540,246	(1,435,548)	701,246	(158,975)	1,090,895	(707,417)	620,413	(423,076)	104,620	(870,107)	(506,057)
24 = 5+23	TOTAL REVENUES PER C/L (PUC Monthly Financial Report)	28,702,202	24,360,898	27,863,757	27,020,694	28,364,004	30,991,677	34,057,569	33,153,431	32,331,090	33,579,828	32,988,968	31,552,908	364,967,026
Billed Adjustments to Determine Adjusted Revenues for RBA:														
25	Remove ECAC revenues	6,357,094	5,252,883	4,460,452	4,281,119	4,192,100	3,361,248	1,799,877	2,676,866	3,516,628	3,437,496	2,760,565	2,257,083	44,353,411
26	Remove PPAC revenues	5,650	3,510	588	(789)	301	(27)	23,421	44,132	46,425	20,380	(3,299)	(3,299)	141,639
27	Remove DSM revenues	(802)	(790)	(83,440)	(161,514)	(180,467)	(174,777)	(172,725)	(122,763)	(167,468)	(172,794)	(167,468)	(172,794)	(1,288,641)
28	Remove revenue taxes of PPB revenues	(15,973)	(15,277)	(15,192)	(15,759)	(15,098)	(16,249)	(17,725)	(19,907)	(18,848)	(19,809)	(18,746)	(17,957)	(206,540)
29	Remove Solar Saver revenues	-	-	-	780	657	-	-	-	-	-	-	-	1,437
30	Remove revenue taxes on billed revenues	(2,918,516)	(2,822,771)	(2,822,637)	(2,900,019)	(2,814,697)	(3,048,902)	(3,071,904)	(3,235,781)	(3,127,104)	(3,323,501)	(3,152,316)	(3,054,801)	(36,292,949)
31	Remove base fuel (adjusted for revenue taxes)	(15,948,451)	(15,401,116)	(15,327,783)	(15,787,025)	(15,502,026)	(16,505,850)	(16,517,173)	(17,579,281)	(16,618,990)	(17,593,687)	(16,672,746)	(16,604,255)	(195,318,295)
32	Remove power purchase energy (adjusted for revenue taxes)	(3,206,940)	(3,103,992)	(3,084,736)	(3,176,482)	(3,075,959)	(3,333,199)	(3,324,500)	(3,537,612)	(3,346,666)	(3,503,235)	(3,375,878)	(3,228,673)	(39,334,960)
33	Other adjustments - EV-U revenue net of revenue taxes	-	-	-	-	-	-	-	-	13	88	125	90	316
34	Other adjustments - SMNP revenue net of revenue taxes	1,625	1,678	1,733	1,798	1,791	1,830	1,817	1,920	2,035	2,050	2,222	2,108	22,607
Unbilled Adjustments to Determine Adjusted Revenues for RBA:														
35	Remove ESM Refund Reversal	(3,289)	(2,916)	(3,285)	(3,127)	(3,324)	-	-	-	-	-	-	-	(15,941)
36	Remove accrual of Performance Incentive Mechanism	-	-	-	-	-	-	-	-	-	-	-	-	1,007,124
37	Remove ECAC revenues	(751,970)	(549,152)	(528,914)	296,075	(97,203)	(1,007,970)	(438,085)	1,331,427	(273,262)	(47,884)	(501,014)	(60,324)	(2,628,276)
38	Remove PPAC revenues	(1,099,700)	494,334	(205,966)	767,532	(180,799)	129,501	415,798	(36,066)	(241,666)	579,632	(252,867)	537,233	906,966
39	Remove PPAC accrual	389	(2,944)	(53)	5	(300)	(1)	4	23,332	(188)	(402)	(24,395)	43	(4,510)
40	Remove DSM revenues	(6,038)	(567)	(536)	(562)	(529)	(1)	3	(46,753)	(43,944)	(46,023)	(2,050)	60,181	39,887
41	Remove DSM revenues	(6)	48	9	(82,195)	(5,209)	5,219	(11,917)	62,130	14,425	(1,051)	(112,929)	3,458	(141,018)
42	Remove excess DSM revenues	(5,731)	(82)	(43)	141,950	165,059	148,280	185,662	11,012	35,823	36,992	25,224	32,578	490,208
43	Remove excess DRAC revenues	-	-	-	-	-	-	-	-	-	-	-	-	141,429
44	Remove Tax Reform Act adjustment	214,131	189,851	1,052,538	485,507	826,858	(230,740)	(230,740)	(230,740)	(230,740)	(230,740)	(230,740)	(230,740)	1,153,705
45	Remove RBA accruals	(582,228)	(444,402)	(781,335)	(5,056)	(732,546)	(148,774)	194,917	(156,368)	(740,438)	(158,015)	(608,683)	(946,657)	(5,109,685)
46	Remove RBA gross up for revenue taxes	(56,785)	(43,335)	(76,191)	(493)	(71,434)	(14,508)	19,007	(15,248)	(72,203)	(15,409)	(59,555)	(92,312)	(498,266)
47	Remove revenue taxes on unbilled revenues	8,071	224,614	314	(14,579)	(53,519)	102,701	(108,890)	(25,013)	(36,992)	24,905	136,813	80,746	458,860
48	Remove base fuel (adjusted for revenue taxes)	(53,338)	1,122,318	(105,509)	(27,196)	(367,864)	397,174	(914,824)	(348,036)	290,629	(132,918)	461,659	216,116	338,011
49	Remove power purchase energy (adjusted for revenue taxes)	(15,286)	228,284	(15,139)	(53,226)	(74,028)	90,519	(191,033)	(70,563)	63,593	(34,546)	112,868	38,686	80,129
50 =	Total billed and unbilled adjustments to determine adjusted revenues for RBA	(18,078,993)	(14,869,824)	(17,452,474)	(16,373,835)	(17,768,755)	(20,128,138)	(22,384,483)	(21,247,817)	(20,720,217)	(21,052,322)	(21,536,960)	(20,090,132)	(231,703,350)
sum 25-49		10,623,809	9,491,075	10,411,284	10,464,857	10,595,249	10,863,539	11,673,086	11,905,612	11,610,872	12,527,507	11,452,008	11,462,777	133,263,673
51 = 24+50	RECORDED ADJUSTED REVENUES FOR RBA DETERMINATION													

NOTE: Totals may not add exactly due to rounding.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF O&M RAM ADJUSTMENT
(\$ in Thousands)

Line No.	Description	Reference	Interim D&O No. 35631 Docket No. 2017-0150 Approved (c)	Footnote 4 Previously Approved RAM (d)	O&M Subject to Escalation Col (c) + (d) (e)	Net Inflation Indices Footnote 2 (f)	2018 O&M RAM Adjustment Col (e) * (f) (g)
1	Base BU Labor Expenses	Schedule C1	\$ 15,912		\$ 15,912	2.24%	\$ 356
2	Base Non-Labor Expense	Schedule C2	\$ 47,305		\$ 47,305	2.10%	\$ 993
3	Payroll Taxes	Footnote 1	\$ 1,244		\$ 1,244	2.24%	\$ 28
4	Subtotal Expense Increase - RAM Adjustment before revenue taxes						\$ 1,378
5	Revenue Tax Factor (Footnote 3)						1.0975
6	O&M RAM (Subtotal Expenses x Rev Tax Factor)						\$ 1,512
							To Schedule A1

* Amounts may not add due to rounding

Note 1 - Payroll Taxes

Interim D&O No. 35631, Docket No. 2017-0150, Exhibit A, page 3.	\$ 1,858
Also, see Attachment 4, page 5.	
Less: Portion of payroll taxes related to non-BU labor ^A (33.06% * 1,858)	\$ (614)
Payroll Taxes related to Bargaining Unit labor	\$ 1,244

^A See Schedule C1 for calculation of percentage related to non-BU labor.

Note 2 - Escalation Rates

Labor:	2019	
Bargaining Unit Wage Increase	3.00%	(See MECO-WP-C-001)
Less: Labor Productivity Offset	0.76%	Approved in Final D&O in Docket No. 2008-0274, page 51, filed on August 31, 2010
Labor Cost Escalation Rate	2.24%	
2019 Labor Cost Escalation	1.0224	A (2019 labor escalation plus 1)
2018-2019 Compounded Labor Cost Escalation	1.0224	B = A * 1
2018-2019 Compounded Labor Cost %	0.0224	C = B - 1
Non-Labor:	2019	
GDP Price Index	2.1%	(See MECO-WP-C-002)
2019 Non-Labor Cost Escalation	1.0210	D (2019 non-labor escalation plus 1)
2018-2019 Compounded Non-Labor Cost Escalation	1.02	E = D * 1
2018-2019 Compounded Non-Labor Cost %	0.0210	F = E - 1

Note 3 - Computation of Revenue Tax Factor

Public Service Tax Rate	0.05885
PUC Fees Rate	0.00500
Franchise Tax Rate	0.02500
Total Revenue Tax Rate	0.08885
Revenue Tax Factor	
= 1 / (1 - Total Revenue Tax Rate)	1.0975

Note 4 Column (d) "Previously Approved RAM" is not used as the labor and non-labor escalation is accomplished through the use of a compounded escalation rate in column f, as shown in footnote 2.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
SUMMARY OF OPERATIONS AND MAINTENANCE
LABOR AND NON-LABOR EXPENSE BY BLOCK OF ACCOUNTS
Interim Decision and Order No. 35631 - Docket No. 2017-0150
(\$ in Thousands)

Line No.	DESCRIPTION	BU LABOR Note 1	Non-BU LABOR Note 1	TOTAL LABOR	NON- LABOR Note 2	TOTAL Note 3
		(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
1	Production	11,908	3,110	15,018	16,836	31,854
2	Transmission	575	299	874	3,054	3,928
3	Distribution	3,141	1,288	4,429	5,894	10,323
4	Customer Accounts	179	125	304	6,713	7,017
5	Allowance for Uncoll Accounts	-	-	0	169	169
6	Customer Service	-	679	679	2,840	3,519
7	Administrative & General	109	2,356	2,465	18,866	21,331
8	Customer Benefit Adjustment	-	-	-	(411)	(411)
9	Total Operations and Maintenance	15,912	7,857	23,769	53,961	77,730
		To Sch C			Sch C2	
10	Percentage of Total O&M Labor	66.94%	33.06%	100%		

* amounts may not add due to rounding

Note 1 See Parties' Joint Statement of Probable Entitlement, filed July 6, 2018 in Docket No. 2017-0150, Attachment 3A, page 6 of 7, lines 24-37, Column G.

Note 2 See Parties' Joint Statement of Probable Entitlement, filed July 6, 2018 in Docket No. 2017-0150, Attachment 3A, page 1 of 7. Adjustment of \$492,000 made to Production Non-Labor expense to account for the inclusion of amortization of the deferred low load modification costs per Decision and Order No. 36219, filed March 18, 2019.

Note 3

Totals by category agree to Exhibit A, page 1 of 4 in Interim Decision and Order No. 35631, filed August 9, 2018 in Docket No. 2017-0150, except for the adjustment of \$492,000 made to Production as mentioned in Note 2 above. See also the preliminary revenue requirement calculation shown in Attachment 4 to this transmittal.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
NON-LABOR EXCLUSION
ADJUSTMENT FOR O&M RAM
(\$ thousands)

Line No	Description (a)	Amount (b)	Reference (c)
1	Pension Expense	10,075	Attachment 1, Page 1, Line 6, MECO T-12, Parties' Stipulated Settlement Letter, filed on June 15, 2018, in Docket No. 2017-0150.
2			
3			
4			
5	OPEB Expense	(575)	Attachment 1, Page 2, Line 30, MECO T-12, Parties' Stipulated Settlement Letter, filed on June 15, 2018, in Docket No. 2017-0150.
6			
7			
8			
8	Total before amounts transferred	9,500	
9			
10	O&M %	70.06%	Exhibit 1, Page 71, Parties' Stipulated Settlement Letter, filed on June 15, 2018, in Docket No. 2017-0150.
11	(1- transfer rate of 29.94%)		
12			
13			
14	Adjustment to Non-Labor O&M Expense		
15	for O&M RAM base	6,656	
16			
17			
18	Non-Labor O&M Expense	53,961	Schedule C1
19			
20			
21	Non-Labor O&M Expense Base for		
22	O&M RAM base	47,305	Schedule C

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RATE BASE RAM ADJUSTMENT - RETURN ON INVESTMENT

Line No.	Description	Amounts (\$ 000)	Percent of Total	Cost Rate	Post Tax Weighted Earnings Reqmts	Income Tax Factor Note (1)	Pretax Weighted Earnings Reqmts
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>PUC APPROVED CAPITAL STRUCTURE & COSTS (Note 2)</u>						
2	Short-Term Debt	\$ 6,718	1.37%	3.00%	0.04%	1.000000	0.04%
3	Long-Term Debt	189,712	38.68%	4.54%	1.76%	1.000000	1.76%
4	Hybrid Securities	9,590	1.96%	7.16%	0.14%	1.000000	0.14%
5	Preferred Stock	4,804	0.98%	8.15%	0.08%	1.346835	0.11%
6	Common Equity	279,655	57.02%	9.50%	5.42%	1.346835	7.30%
7	Total Capitalization	<u>\$ 490,479</u>	<u>100.00%</u>		<u>7.43%</u>		<u>9.34%</u>
8	RAM CHANGE IN RATE BASE \$000 (From Schedule D1)						\$ 21,488.3
9	PRETAX RATE OF RETURN (Line 7, Col g)						<u>9.34%</u>
10	PRETAX RETURN REQUIREMENT						\$ 2,007.0
11	REVENUE TAX FACTOR (1/(1-8.885%))						<u>1.0975</u>
12	RATE BASE RAM - RETURN ON INVESTMENT \$000						<u>\$ 2,202.7</u>
							To Schedule A1

* Amounts may not add due to rounding.

Note 1: Composite Federal & State Income Tax R 25.75% MECO-WP-F-001
Income Tax Factor (1 / 1-tax rate) 1.3468354

Note 2: Per Decision and Order No. 36219, page 171, issued in Docket No. 2017-0150, dated March 18, 2019.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RATE BASE RAM ADJUSTMENT - CHANGE IN RATE BASE
(000's)

Line No.	Description	MECO 2018 Test Year Rate Base		MECO 2019 RAM Rate Base		
		Note 2		Adjusted	RAM Projected Amounts	Estimated at 12/31/2019
		Beg. Balance 12/31/2018	Budgeted Balance 12/31/2018	Recorded at 12/31/2018		
	(a)	(b)	(c)	(d)	(e)	(f)
1	Net Cost of Plant in Service	\$ 630,341	\$ 663,148	\$ 560,051	\$ 22,968	\$ 583,019
2	Property Held for Future Use	1,303	1,303	These Elements of Rate Base are Not Updated for RAM Purposes		
3	Fuel Inventory	9,375	9,375			
4	Materials & Supplies Inventories	16,799	16,799			
5	Unamort Net ASC 740 Reg Asset (Note 4)	4,686	4,881			
6	Pension Regulatory Asset	12,682	12,071			
7	Pension Non-Service Cost	-	270			
8	Unamort Sys Dev Costs	2,595	2,179			
9	Contrib in Excess of NPPC	1,034	1,034			
10	Total Additions	\$ 678,815	\$ 711,060	\$ 608,244	\$ 22,968	\$ 631,212
11	Unamortized CIAC (Note 3)	\$ (102,684)	\$ (108,860)	\$ (895)	\$ -	\$ (895)
11a	Developer Advances (Note 3)	-	-	(322)	-	(322)
12	Customer Advances (Note 3)	(9,764)	(10,775)	Not Updated		
13	Customer Deposits	(2,569)	(2,274)			
14	Accumulated Def Income Taxes	(56,265)	(58,134)	(59,168)	(568)	(59,736)
15	ADIT Excess Reg Liability (Note 4)	(49,234)	(48,780)	(54,839)	453	(54,385)
16	Unamortized State ITC (Gross)	(14,695)	(14,199)	Not Updated		
17	Unamortized Gain on Sale	-	(1,916)			
18	Pension Reg Liability	-	-			
19	OPEB Reg Liability	(2,513)	(2,684)			
20	Total Deductions	\$ (237,724)	\$ (247,622)	\$ (145,918)	\$ (114)	\$ (146,033)
21	Working Cash (Note 5)	2,061	2,061	2,061	Not Updated	2,061
22	Rate Base at Proposed Rates	\$ 443,152	\$ 465,499	\$ 464,387		\$ 487,241
23	Average Rate Base		\$ 454,326			\$ 475,814
24	Change in Rate Base					\$ 21,488
To Schedule D						
25	Column (c) Projected Changes to Rate Base:	Reference		Amount		
26	Plant - Baseline Capital Project Additions, Net of CIAC	Schedule D2 Line 27		36,175		
27	Major Project Additions, Net of CIAC	Schedule D3		18,329		
28	Accumulated Depreciation/Amortization Change	Schedule E Line 189		(31,536)		
29	Net Plant	Sum Lines 26-28		22,968		
30	Accum. Def Income Taxes - Baseline and Major Capital Projects	Schedule F Line 19		(568)		
31	Excess ADIT Reg Liability Amortization	Schedule D5		453		

* Amounts may not add due to rounding

Notes:

Note 1 Amounts are recorded, except for the following adjustments:

	Plant in Service	Acc. Depr.	Schedule D4 ADIT	Schedule D5 Excess ADIT
(A) Unadjusted Balance - recorded	\$ 1,096,798	\$ (510,668)	\$ (59,177)	\$ (54,839)
(A) Add: Asset Retirement Obligation	\$ 1,325	\$ (1,479)		
(A) RWIP		\$ 3,250		
(A) Reg Liab-Cost of Removal (net salvage)		\$ (29,998)		
Unbilled Pole Credits (HECO-WP-H-001)	\$ (1,028)			
<u>Major Project Adjustments (MECO-WP-D2-001):</u>				
Kuihelani Substation Project (X00004)	\$ (83)	\$ -	\$ 9	
Kaonoulu Substation Land/Easement	\$ (600)	\$ -		
<u>CHP Adjustment:</u>				
Lanai CHP** MECO-WP-D1-002, p.2	3,500	(966)	-	
Total CHP Adjustment	\$ 3,500	\$ (966)	\$ -	\$ -
Adjusted Balance	\$ 1,099,912	\$ (539,861)	\$ (59,168)	\$ (54,839)

** Lanai CHP: As discussed in the Stipulated Settlement Letter in Docket No. 2009-0163, filed on 06/21/2010, MECO accepted the Consumer Advocate's recommendation that the ratemaking treatment for the Lanai CHP Agreement follow traditional utility plant asset accounting rather than direct financing lease treatment as required for public financial reporting. MECO agreed to permanently adjust the original cost of the CHP system to \$3.5 million.

(A) Source: Maui Electric Company, Limited Monthly Financial Report - December 2018, filed February 28, 2019.

Note 2 Decision and Order No. 36219 from Docket No. 2017-0150, filed March 18, 2019, pages 134-135 adjusted for items specifically identified by the Commission including the exclusion of the Kaonoulu Project, Kuihelani Substation Land, splitting of the ADIT Excess regulatory liability and Unamortized Gain on Sale. See also page 3 of Attachment 4 to this transmittal.

Note 3 Effective October 2018, the Company reclassified CIAC to Plant in Service or CWIP consistent with FERC guidelines. As of December 31, 2018 Cash CIAC received from Developers, subject to refund, were reclassified to Customer Advances. Starting 2018, CIAC has been netted with Plant in Service and Developer Advances which has been included as a deduction to rate base. See further discussion of the Company's treatment of CIAC at MECO-WP-D2-005.

Note 4 As a result of the 2017 Tax Reform Act, regulatory liability accounts were created as of December 31, 2017 to isolate the 2017 excess accumulated deferred taxes resulting from the lower federal tax rate. The bifurcated regulatory liabilities are included as a reduction to rate base. However, in the presentation of rate base in Decision and Order No. 36219, in Docket No. 2017-0150, it was combined with the balance of the unamortized Net ASC 740 Regulatory Asset balance. On August 20, 2018, in Docket No. 2017-0150, the Company filed schedules illustrating the different components and reconciling to previously filed exhibits and attachments. Presentation in line 5 and 17 above is consistent with the Company's filing of August 20, 2018. There is no net impact to the total rate base as a result of this revised presentation.

Note 5 Decision and Order No. 36219 from Docket No. 2017-0150, filed March 18, 2019, page 135. (\$2,058k = \$2,233k less \$175k). There was a small adjustment to working cash as a result of the items specified by the Commission and noted in Note 2.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF BASELINE CAPITAL PROJECTS ADDITIONS

Source: Docket No. 03-0257 General Order No. 7 Plant Additions Annual Reports filed with the PUC dated:

Line No.	Description (a)			3/27/2015	3/29/2016	3/30/2017	3/27/2018	3/27/2019
				2014 (b)	2015 (c)	2016 (d)	2017 (e)	2018 (f)
1	Total Plant Additions		NOTE 2	49,632,312	33,268,857	38,070,465	46,737,346	58,629,293
2								
3	<u>Less Major Projects: (+\$2.5 Million)</u>	<u>Dkt No.</u>	<u>Item No.</u>					
4								
5	<u>2010 In-Service:</u>							
6	6th Increment Distribution Rebuild	01-0148	M0000266		(4,435)			
7								
8	<u>2013 In-service:</u>							
9	Major Overhaul of M16 - NOTE 1	2012-0038	M0001571	80,406				
10								
11	<u>2017 In-service:</u>							
12	Kuihelani Substation	2015-0070	M0000107				(7,847,533)	(618,944)
13								
14	<u>2018 In-service:</u>							
15	Kuihelani T&D	2015-0070	M0001304					(1,976,900)
16	Kuihelani Communication	2015-0070	M0001305					(973,521)
17	Kaonoulu Substation Land/Easement	2015-0071	M0001890					(599,580)
18	Joint Pole Capital Transfer Price	2018-0075	MZ.005027					(4,195,974)
19								
20	Total Net Plant Additions, (excluding major projects)			49,712,718	33,264,422	38,070,465	38,889,813	50,264,374
21								
22	Last Five-Year Average - Plant Additions							\$ 42,040,358
23								
24	Less: CIAC, including Developer Advances		NOTE 3	(4,987,293)	(4,751,467)	(8,802,498)	(6,967,363)	(3,817,142)
25								
26	Total Net Plant Additions, net of CIAC (excluding major projects)			44,725,425	28,512,955	29,267,967	31,922,450	46,447,232
27								
28	Last Five-Year Average - Plant Additions, Net of CIAC							\$ 36,175,206

To Schedule D1 Line 28

NOTE 1:

Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2013, Docket No. 03-0257, dated March 28, 2014, and Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2014, Docket No. 03-0257, dated March 27, 2015.

NOTE 2:

Transmittal No. 18-03 (Decoupling) - Maui Electric's RBA Rate Adjustment, Schedule D2, filed May 21, 2018.

NOTE 3:

See MECO-WP-D2-003 for 2018 CIAC Additions and MECO-WP-D2-004 for 2014 to 2017 CIAC Additions. See MECO-WP-D2-005 for further discussion of the Company's treatment of CIAC.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF MAJOR CAPITAL PROJECT ADDITIONS, NET OF CIAC

Line No.	Description (a)	Reference (b)	Estimated In-Service Date (c)	Amount (d)
1	<u>2019 Major Capital Project Plant Additions by Project:</u>			
2	Ka'ono'ulu Substation (Note 1)	CA-IR-256, Docket No. 2017-0150		
3	-M00001039: Ka'ono'ulu Substation	MECO-WP-D3-001	2019/06	\$ 10,987,527
4	-M00001051: Ka'ono'ulu T&D Feeder	↓	2019/06	\$ 4,003,519
5	-M00001890: Ka'ono'ulu Substation Land/Easement		2018/09	\$ 599,580
6	M17 Overhaul	Decision and Order No. 35537, Docket No. 2017-0230		
7	-M00001718: M17 Overhaul		2019/07	\$ 2,738,700
8	Total Major Capital Projects Qualifying for 2019 RAM	MECO-WP-D3-001		\$ 18,329,326
				To Sch D1

Note 1 Per Decision and Order No. 36219, Docket No. 2017-0150, filed March 18, 2019 the Commission ordered the removal of the Ka'ono'ulu Project from the test year. However, this project is expected to be placed in service in June 2019. Therefore, it is being included as a major project in accordance with the RAM Provision tariff. The project was originally approved in Decision and Order No. 33261 in Docket No. 2015-0071, filed October 13, 2015.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF ADJUSTED RECORDED DEFERRED INCOME TAXES

Line No.	NARUC Account (a)	Reference (b)	Federal ADIT (c)	State ADIT (d)	Total ADIT (e)
1	Recorded Deferred Income Tax Balances at December 31, 2018				
2	Depreciation Related Account 282	MECO-WP-D4-001	(44,136,702)	(8,134,995)	(52,271,697)
3	Other Deferred Income Taxes	MECO-WP-D4-001	(5,853,992)	(1,051,632)	(6,905,624)
4	Total Recorded Deferred Income Taxes - Utility		(49,990,694)	(9,186,627)	(59,177,321)
				<i>To Schedule D1</i>	
				<i>To MECO-WP-H-001</i>	
5	<u>Adjustments to Recorded Balances:</u>				
6	ADIT on Major Project excess depreciation	MECO-WP-D4-002	7,087	2,160	9,247
7	Total Adjustments to Recorded ADIT Balances		7,087	2,160	9,247
				<i>To Schedule D1</i>	
8	Adjusted Recorded ADIT Balances -12/31/18		(49,983,607)	(9,184,467)	(59,168,074)
					<i>To Schedule D1</i>
9	Account 282 ADIT adjusted for ADIT on Major Project excess depreciation	Line 2 + Line 7	(44,129,615)		
			<i>To MECO-WP-F1-003</i>		

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF ADJUSTED RECORDED EXCESS ADIT REGULATORY LIABILITY

Line No.	NARUC Account (a)	Reference (b)	DR/(CR) Balance at 12/31/17 (c)	DR/(CR) Adjustments (d)	DR/(CR) Amortization (e)	DR/(CR) Balance at 12/31/18 (f) = (c) + (d) + (e)	Life (g)	Amortization (h) = (c) / (g)	Est Bal at 12/31/19 (i) = (f) + (h)
1	Recorded Excess ADIT Regulatory Liability Balances December 31, 2017 Recorded Balances								
2	Plant 282 - protected		(47,322,427)	(1,769,817)		(49,092,244)	0		(49,092,244)
3	Plant 283 - unprotected		(5,615,682)	(26)	218,390	(5,397,318)	15	374,381	(5,022,937)
4	Nonplant 283 - unprotected		(395,431)	(2)	46,133	(349,300)	5	79,087	(270,213)
5	Total Excess ADIT Regulatory Liability		<u>(53,333,540)</u>	<u>(1,769,845)</u>	<u>264,523</u>	<u>(54,838,862)</u> to Sch D1		<u>453,467</u> to Sch D1 & F	<u>(54,385,395)</u> to Sch D1

Note 1: The 12/31/17 balances represent the amortization base presented in Hawaiian Electric Estimated Tax Impacts Arising from the Tax Reform Act, Exhibit 4, page 3, filed January 31, 2018 in Docket No. 2016-0328, Hawaiian Electric's 2017 Test Year Rate Case. However, this amortization base inadvertently excluded reclassifications recorded at December 31, 2017 between the 2017 unprotected plant 283 excess net regulatory liability and the portion of ASC 740 regulatory assets/liabilities offsetting the related excess deferred income taxes. Revisions to the excess ADIT balance and amortization will be made at the next available opportunity.

Note 2: Amortization began 6/1/2018.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF DEPRECIATION AND AMORTIZATION RATE ADJUSTMENT

Line No.	FERC Account	Recorded Depreciable/Amort. Balance (net of CIAC)	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate Dkt. 2016-0431	Annual Accrual
	(a)	(b) Note 1 and 4	(c) Note 2	(d)	(e)	(f)
1	<u>MAUI</u>					
2	310.00	-		-	0.0000	-
3	311.00	7,037,210		7,037,210	0.0375	263,895
4	312.00	55,649,389	(1,325,000)	54,324,389	0.0446	2,422,868
5	314.00	49,974,240		49,974,240	0.0466	2,328,800
6	315.00	10,891,411		10,891,411	0.0525	571,799
7	<u>MAUI STEAM PRODUCTION</u>	<u>123,552,250</u>	<u>(1,325,000)</u>	<u>122,227,250</u>	<u>0.0452</u>	<u>5,587,362</u>
8						
9	340.00	-		-	0.0000	-
10	341.00	35,255,765		35,255,765	0.0207	729,794
11	342.00	4,492,172		4,492,172	0.0215	96,582
12	343.00	50,005,988		50,005,988	0.0228	1,140,137
13	344.00	109,040,348		109,040,348	0.0146	1,591,989
14	345.00	30,817,085		30,817,085	0.0221	681,058
15	<u>MAUI OTHER PRODUCTION</u>	<u>229,611,358</u>	<u>-</u>	<u>229,611,358</u>	<u>0.0185</u>	<u>4,239,560</u>
16						
17	<u>MAUI TOTAL PRODUCTION</u>	<u>353,163,608</u>	<u>(1,325,000)</u>	<u>351,838,608</u>	<u>0.0278</u>	<u>9,826,922</u>
18						
19	350.00	-		-	0.0000	-
20	350.10	2,452,270		2,452,270	0.0119	29,182
21	352.00	7,254,313		7,254,313	0.0098	71,092
22	353.00	56,714,964		56,714,964	0.0239	1,355,488
23	355.00	36,258,567		36,258,567	0.0254	920,968
24	356.00	27,271,972		27,271,972	0.0303	826,341
25	357.00	691,536		691,536	0.0190	13,139
26	358.00	1,238,590		1,238,590	0.0167	20,684
27	<u>MAUI TRANSMISSION</u>	<u>131,882,212</u>	<u>-</u>	<u>131,882,212</u>	<u>0.0245</u>	<u>3,236,894</u>
28						
29	360.00	-		-	0.0000	-
30	360.10	1,866,504		1,866,504	0.0138	25,758
31	361.00	2,967,620		2,967,620	0.0143	42,437
32	362.00	68,842,831	(83,441)	68,759,390	0.0215	1,478,327
33	363.00	2,140,265		2,140,265	0.1093	233,931
34	364.00	50,516,213		50,516,213	0.0319	1,611,467
35	365.00	58,464,600		58,464,600	0.0231	1,350,532
36	366.00	23,147,254		23,147,254	0.0204	472,204
37	367.00	72,388,261		72,388,261	0.0268	1,940,005
38	368.00	63,865,298		63,865,298	0.0475	3,033,602
39	369.10	26,248,282		26,248,282	0.0150	393,724
40	369.20	58,128,513		58,128,513	0.0203	1,180,009
41	370.00	15,589,505		15,589,505	0.0342	533,161
42	373.00	11,293,879		11,293,879	0.0170	191,996
43	<u>MAUI DISTRIBUTION</u>	<u>455,459,025</u>	<u>(83,441)</u>	<u>455,375,584</u>	<u>0.0274</u>	<u>12,487,153</u>
44						
45	389.20	-		-	0.0000	-
46	390.00	11,537,690		11,537,690	0.0245	282,673
47	<u>MAUI GENERAL</u>	<u>11,537,690</u>	<u>-</u>	<u>11,537,690</u>	<u>0.0245</u>	<u>282,673</u>
48						
49	392.10	7,674,719		7,674,719	0.0618	474,298
50	392.20	5,558,410		5,558,410	0.0618	343,510
51	<u>MAUI TRANSPORTATION</u>	<u>13,233,129</u>	<u>-</u>	<u>13,233,129</u>	<u>0.0618</u>	<u>817,807</u>
52						
53	<u>TOTAL MAUI DIVISION</u>	<u>965,275,664</u>	<u>(1,408,441)</u>	<u>963,867,223</u>	<u>0.0276</u>	<u>26,651,450</u>
54						

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF DEPRECIATION AND AMORTIZATION RATE ADJUSTMENT

Line No.	FERC Account	Recorded Depreciable/Amort. Balance (net of CIAC)	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate Dkt. 2016-0431	Annual Accrual
	(a)	(b)	(c)	(d)	(e)	(f)
		Note 1 and 4	Note 2			
55	<u>LANAI</u>					
56	340.0L	-		-	0.0000	-
57	341.0L	4,085,725		4,085,725	0.0207	84,575
58	342.0L	1,978,695		1,978,695	0.0215	42,542
59	343.0L	1,835,973		1,835,973	0.0228	41,860
60	344.0L	8,602,599		8,602,599	0.0146	125,598
61	345.0L	4,034,627		4,034,627	0.0221	89,165
62	<u>LANAI OTHER PRODUCTION</u>	<u>20,537,619</u>	<u>-</u>	<u>20,537,619</u>	<u>0.0187</u>	<u>383,740</u>
63						
64	360.1L	160,485		160,485	0.0138	2,215
65	362.0L	2,418,435		2,418,435	0.0215	51,996
66	364.0L	2,318,342		2,318,342	0.0319	73,955
67	365.0L	2,818,134		2,818,134	0.0231	65,099
68	366.0L	892,989		892,989	0.0204	18,217
69	367.0L	2,340,580		2,340,580	0.0268	62,728
70	368.0L	737,977		737,977	0.0475	35,054
71	369.1L	1,040,674		1,040,674	0.0150	15,610
72	369.2L	821,739		821,739	0.0203	16,681
73	370.0L	436,016		436,016	0.0342	14,912
74	373.0L	142,740		142,740	0.0170	2,427
75	<u>LANAI DISTRIBUTION</u>	<u>14,128,111</u>	<u>-</u>	<u>14,128,111</u>	<u>0.0254</u>	<u>358,893</u>
76						
77	389.2L	-		-	0.0000	-
78	390.0L	804,756		804,756	0.0245	19,717
79	<u>LANAI GENERAL</u>	<u>804,756</u>	<u>-</u>	<u>804,756</u>	<u>0.0245</u>	<u>19,717</u>
80						
81	392.1L	856,537		856,537	0.0618	52,934
82	392.2L	292,057		292,057	0.0618	18,049
83	<u>LANAI TRANSPORTATION</u>	<u>1,148,594</u>	<u>-</u>	<u>1,148,594</u>	<u>0.0618</u>	<u>70,983</u>
84						
85	Lanai CHP - Production	-	3,010,000	3,010,000	0.0186	55,986
86	Lanai CHP - Distribution	-	490,000	490,000	0.0255	12,495
87	<u>LANAI RATEMAKING ADJUSTMENT</u>	<u>-</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>0.0196</u>	<u>68,481</u>
88						
89	<u>TOTAL LANAI DIVISION</u>	<u>36,619,080</u>	<u>3,500,000</u>	<u>40,119,080</u>	<u>0.0225</u>	<u>901,814</u>
90						
91	<u>MOLOKAI</u>					
92	302.0M	-		-	0.0000	-
93	<u>INTANGIBLE PLANT</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0000</u>	<u>-</u>
94						
95	340.0M	-		-	0.0000	-
96	341.0M	3,000,086		3,000,086	0.0207	62,102
97	342.0M	2,010,598		2,010,598	0.0215	43,228
98	343.0M	2,825,457		2,825,457	0.0228	64,420
99	344.0M	12,253,705		12,253,705	0.0146	178,904
100	345.0M	4,909,679		4,909,679	0.0221	108,504
101	<u>MOLOKAI OTHER PRODUCTION</u>	<u>24,999,525</u>	<u>-</u>	<u>24,999,525</u>	<u>0.0183</u>	<u>457,158</u>
102						
103	350.1M	-		-	0.0000	-
104	353.0M	631,045		631,045	0.0239	15,082
105	354.0M	38,669		38,669	0.0155	599
106	355.0M	238,785		238,785	0.0254	6,065
107	356.0M	275,140		275,140	0.0303	8,337
108	<u>MOLOKAI TRANSMISSION</u>	<u>1,183,639</u>	<u>-</u>	<u>1,183,639</u>	<u>0.0254</u>	<u>30,083</u>
109						
110	360.1M	32,462		32,462	0.0138	448
111	361.1M	59,259		59,259	0.0143	847
112	362.0M	1,489,921		1,489,921	0.0215	32,033
113	363.0M	1,454,153		1,454,153	0.1093	158,939
114	364.0M	4,890,631		4,890,631	0.0319	156,011
115	365.0M	2,914,854		2,914,854	0.0231	67,333
116	366.0M	(321,556)		(321,556)	0.0204	(6,560)
117	367.0M	3,375,673		3,375,673	0.0268	90,468
118	368.0M	1,253,190		1,253,190	0.0475	59,527
119	369.1M	1,603,242		1,603,242	0.0150	24,049
120	369.2M	882,751		882,751	0.0203	17,920
121	370.0M	510,746		510,746	0.0342	17,468
122	373.0M	350,101		350,101	0.0170	5,952
123	<u>MOLOKAI DISTRIBUTION</u>	<u>18,495,427</u>	<u>-</u>	<u>18,495,427</u>	<u>0.0338</u>	<u>624,434</u>
124						
125	389.2M	56,383		56,383	0.0000	-
126	390.0M	875,631		875,631	0.0245	21,453
127	<u>MOLOKAI TOTAL GENERAL</u>	<u>932,014</u>	<u>-</u>	<u>932,014</u>	<u>0.0230</u>	<u>21,453</u>
128						
129	392.1M	617,904		617,904	0.0618	38,186
130	392.2M	266,875		266,875	0.0618	16,493
131	<u>MOLOKAI TRANSPORTATION</u>	<u>884,779</u>	<u>-</u>	<u>884,779</u>	<u>0.0618</u>	<u>54,679</u>
132						
133	<u>TOTAL MOLOKAI DIVISION</u>	<u>46,495,384</u>	<u>-</u>	<u>46,495,384</u>	<u>0.0255</u>	<u>1,187,808</u>
134						
135						
136	<u>UTILITY TOTAL DEPRECIATION</u>	<u>1,048,390,128</u>	<u>2,091,559</u>	<u>1,050,481,687</u>	<u>0.0274</u>	<u>28,741,071</u>
137						

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF DEPRECIATION AND AMORTIZATION RAM ADJUSTMENT

Line No.	FERC Account	Recorded Depreciable/Amort. Balance (net of CIAC)	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate Dkt. 2016-0431	Annual Accrual
	(a)	(b) Note 1 and 4	(c) Note 2	(d)	(e)	(f)
138	Amortization Amounts					
139						
140	MAUI					
141	316.00	3,262,494		3,262,494	0.0500	\$ 163,125
142	346.00	9,542,526		9,542,526	0.0500	477,126
143	MAUI PRODUCTION	12,805,020	-	12,805,020	0.0500	640,251
144						
145	391.10	1,268,406		1,268,406	0.2000	253,681
146	391.20	372,496		372,496	0.1000	37,250
147	391.30	997,480		997,480	0.0667	66,532
148	393.00	507,752		507,752	0.0400	20,310
149	394.00	7,190,293		7,190,293	0.0400	287,612
150	395.00	401,941		401,941	0.0667	26,809
151	396.00	169,489		169,489	0.0556	9,424
152	397.00	17,769,571		17,769,571	0.0667	1,185,230
153	398.00	1,104,097		1,104,097	0.0667	73,643
154	MAUI GENERAL	29,781,525	-	29,781,525	0.0658	1,960,491
155						
156	TOTAL MAUI DIVISION	42,586,545	-	42,586,545	0.0611	2,600,742
157						
158	LANAI					
159	346.0L	295,218		295,218	0.0500	14,761
160	LANAI OTHER PRODUCTION	295,218	-	295,218	0.0500	14,761
161						
162	391.1L	25,521		25,521	0.2000	5,104
163	391.2L	2,331		2,331	0.1000	233
164	391.3L	6,360		6,360	0.0667	424
165	394.0L	63,102		63,102	0.0400	2,524
166	397.0L	861,326		861,326	0.0667	57,450
167	398.0L	68,485		68,485	0.0667	4,568
168	LANAI GENERAL	1,027,125	-	1,027,125	0.0684	70,304
169						
170	TOTAL LANAI DIVISION	1,322,343	-	1,322,343	0.0643	85,065
171						
172						
173	MOLOKAI					
174	346.0M	175,811		175,811	0.0500	8,791
175	MOLOKAI OTHER PRODUCTION	175,811	-	175,811	0.0500	8,791
176						
177	391.1M	10,308		10,308	0.2000	2,062
178	391.2M	-		-	0.1000	-
179	391.3M	11,394		11,394	0.0667	760
180	394.0M	156,784		156,784	0.0400	6,271
181	397.0M	1,305,798		1,305,798	0.0667	87,097
182	398.0M	67,353		67,353	0.0667	4,492
183	MOLOKAI GENERAL	1,551,637	-	1,551,637	0.0649	100,682
184						
185	TOTAL MOLOKAI DIVISION	1,727,448	-	1,727,448	0.0634	109,473
186						
187	UTILITY TOTAL AMORTIZATION	45,636,336	-	45,636,336	0.0613	2,795,280
188						
189	TOTAL RAM DEPRECIATION / AMORTIZATION				Line 136 + Line 187	\$ 31,536,351
190	LESS: Vehicle Depreciation (A/C 392 above)				sum of lines 51,83,131	\$ (943,470)
191	LESS: Depreciation & Amortization in Current Revenues				Note 3	\$ (29,877,000)
192						
193	RAM Adjustment for Depreciation & Amortization					\$ 715,881
194	RAM Adjustment for CIAC Amortization				Note 4	\$ -
195	LESS: ADIT Excess Amortization				Schedule D5	\$ (453,467)
196	Total RAM Adjustment for Depreciation & Amortization					\$ 262,414
197	Times: Factor for Revenue Taxes				Schedule C Line 5	1.0975
198						
199	RAM DEPRECIATION & AMORTIZATION				Line 196 * Line 197	\$ 288,000

To Sch A1

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF DEPRECIATION AND AMORTIZATION RAM ADJUSTMENT

Line No.	FERC Account	Recorded Depreciable/Amort. Balance (net of CIAC)	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate Dkt. 2016-0431	Annual Accrual
	(a)	(b) Note 1 and 4	(c) Note 2	(d)	(e)	(f)
Footnotes:						
(1)	Depreciable Balance	\$ 1,048,390,128	Line 136			
	Amortizable Balance	<u>45,636,336</u>	Line 187			
	Total Utility Plant per Schedule	\$ 1,094,026,464				
	Add: Utility Plant Acquisition Adjustment not included in Schedule.	\$ 1,785,138				
	Add: Land, Land Rights, Franchises & Consents as of 12/31/18 not included in Schedule	<u>2,311,300</u>				
	Total Utility Plant per G/L	<u>\$ 1,098,122,903</u>	December 2018 Monthly Financial Report filed 2/28/19			
	Less: M0001890 Kaonoulu Substation					
	Land/Easement	<u>\$ (599,580)</u>	MECO-WP-D2-001			
	Adjusted Total Utility Plant	<u>\$ 1,097,523,323</u>				
(2)	Amounts are recorded, except for the following adjustments:					
	Lanai CHP (Line 87)	3,500,000	MECO-RWP-1401 (Revised 3/28/12), Dkt. No. 2011-0092, page 10			
	Asset Retirement Obligation Entries (Line 4)	<u>(1,325,000)</u>	Schedule D1, Note 1			
	Sub-Total Adjustments	<u>\$ 2,175,000</u>	Column (c)			
	Major Project Adjustments from WP-D2-001:					
	Kuihelani Substation Project (X00004)	<u>\$ (83,441)</u>	Line 32			
	Total Adjustments	<u>\$ 2,091,559</u>	Line 136, Column (c)			
(3)	Depreciation & Amortization in Current Revenues ¹ :			Depr/Amort Expense		
	Total Depreciation			33,157,000		
	LESS: Vehicle Depreciation (A/C 392)			<u>(835,000)</u>		
	Total Depreciation in Current Revenues			32,322,000		
	ADD: CIAC Amortization		Note 4	<u>(2,445,000)</u>		
	Total Depreciation & Amortization in Current Revenues			<u>\$ 29,877,000</u>		

¹ In Interim D&O No. 35631 issued on August 9, 2018, in Docket 2017-0150, the Commission approved utilizing the "Settlement Depreciation Rates" and accepted the Parties' Settlement Agreement filed on 6/15/18 (Exhibit 1, Table 26 - Depreciation & Amortization Expense using Proposed Settlement Depr. Rates per Dkt. No. 2016-0431).

(4) Effective October 2018, the Company reclassified CIAC to Plant in Service or CWIP consistent with FERC guidelines. Amounts shown in this Schedule represents balances net of CIAC.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF CHANGE IN DEFERRED INCOME TAXES

Line No.	NARUC Account (a)	Reference (b)	Projected ADIT Change (c)
1	State Tax Depreciation	Schedule F1	2,004,278
2	Amortization of Excess Deferreds	Schedule D5	453,467
3	Subtotal		<u>2,457,745</u>
4	Effective Federal Tax Rate	MECO-WP-F-001	19.7368%
5	Federal Deferred Tax on State Tax Depreciation	Line 1 * Line 4	<u>485,081</u>
6	Add back State Tax Depreciation	Line 1	(2,004,278)
7	Federal Tax Depreciation	Schedule F1	2,004,278
8	Federal/State Difference	Line 6 + Line 7	<u>-</u>
9	Tax Rate on Federal Only Adjustment	MECO-WP-F-001	21.00%
10	Federal Deferred Tax Adjustment	Line 8 * Line 9	<u>-</u>
11	Total Federal Deferred Taxes Before Proration		485,081
12	Proration Adjustment	MECO-WP-F1-003	(65,314)
13	Total Federal Deferred Taxes After Proration	Line 11 + Line 12	<u><u>419,767</u></u>
STATE DEFERRED TAXES			
14	State Tax Depreciation	Schedule F1	2,004,278
15	Amortization of Excess Deferreds	Schedule D5	453,467
16	Subtotal		<u>2,457,745</u>
17	Effective State Tax Rate	MECO-WP-F-001	6.0150%
18	Total State Deferred Taxes	Line 16 * Line 17	<u>147,834</u>
19	TOTAL FED AND STATE DEFERRED TAXES	Line 13 + Line 18	<u><u>567,601</u></u>
			<i>To Schedule D1</i>

NOTE: In accordance with the tariff, the change in ADIT in the RAM year is based on the temporary book/tax depreciation differences associated with the RAM year plant additions (major capital projects and baseline plant additions). It does not include any estimated ADIT related to the repairs deduction or CIAC on RAM year plant additions.

NOTE 2: The change in ADIT includes the tax effect of the amortization of the regulatory liability associated with the excess deferred taxes resulting from the tax rate change in the Tax Cuts and Jobs Act of 2017. This is consistent with the inclusion of the regulatory liability and the related amortization in rate base RAM.

MAUI ELECTRIC COMPANY, LTD.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF TAX DEPRECIATION

Line No.	LIFE	MECO-WP-F1-002			TOTAL	PROJECTS	PROGRAMS	TOTAL	FED YR1	FED DEPR RATE	FED YR1 TAX DEPR	STATE YR1	STATE DEPR RATE	STATE YR1 TAX DEPR
		PROJECTS	PROGRAMS	TOTAL										
1	Computers	5	177,489	177,489	0.42%	0.00%	0.42%							
2	Off/Furn/Tools	7	330,264	330,264	0.79%	0.00%	0.79%							
3	Street Lights	7	996,286	996,286	2.37%	0.00%	2.37%							
4	Non-Steam Production	15	6,448,636	6,448,636	15.34%	0.00%	15.34%							
5	Transmission > 69kv	15	366,713	366,713	0.87%	0.00%	0.87%							
6	Communication	20	649,086	649,086	1.54%	0.00%	1.54%							
7	Steam Production	20	670,183	670,183	1.59%	0.00%	1.59%							
8	General	20	767,276	767,276	1.83%	0.00%	1.83%							
9	Transmission	20	2,239,977	2,239,977	5.33%	0.00%	5.33%							
10	Distribution	20	27,947,466	27,947,466	66.48%	0.00%	66.48%							
11	Structural	39	171,378	171,378	0.41%	0.00%	0.41%							
12	ROW	50	122,838	122,838	0.29%	0.00%	0.29%							
13	Land	-	(3,842)	(3,842)	-0.01%	0.00%	-0.01%							
14	Vehicles	-	1,156,608	1,156,608	2.75%	0.00%	2.75%							
15	TOTAL	-	42,040,358	42,040,358	100.00%	0.00%	100.00%							
Project and Program % Totals by Depreciable Life:														
Vintage 2019 - Bonus Depreciation														
NOTE (1)														
Basis subject to bonus depreciation														
5 yr	0%	0.00%	0.00%	0.00%	0.42%	0.00%	0.42%							
7 yr	0.00%	0.00%	0.00%	0.00%	3.16%	0.00%	3.16%							
15 yr	0.00%	0.00%	0.00%	0.00%	16.21%	0.00%	16.21%							
20 yr	0.00%	0.00%	0.00%	0.00%	76.77%	0.00%	76.77%							
39 yr	0.00%	0.00%	0.00%	0.00%	0.41%	0.00%	0.41%							
50 yr	0.00%	0.00%	0.00%	0.00%	0.29%	0.00%	0.29%							
Land	n/a	n/a	n/a	n/a	-0.01%	0.00%	-0.01%							
Vehicles	n/a	n/a	n/a	n/a	2.75%	0.00%	2.75%							
Total	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%							
Vintage 2019 - Regular Depreciation														
Basis subject to regular depreciation														
5 yr	0.42%	0.00%	0.00%	0.42%	130,132	20.00%	20.00%	26,026	20.00%	20.00%	20.00%	20.00%	20.00%	26,026
7 yr	3.16%	0.00%	0.00%	3.16%	973,217	14.29%	14.29%	139,073	14.29%	14.29%	14.29%	14.29%	14.29%	139,073
15 yr	16.21%	0.00%	0.00%	16.21%	4,998,995	5.00%	5.00%	249,950	5.00%	5.00%	5.00%	5.00%	5.00%	249,950
20 yr	76.77%	0.00%	0.00%	76.77%	23,673,298	3.75%	3.75%	887,749	3.75%	3.75%	3.75%	3.75%	3.75%	887,749
39 yr	0.41%	0.00%	0.00%	0.41%	125,815	1.177%	1.177%	1,481	1.177%	1.177%	1.177%	1.177%	1.177%	1,481
50 yr	0.29%	0.00%	0.00%	0.29%	90,044	1.000%	1.000%	900	1.000%	1.000%	1.000%	1.000%	1.000%	900
Land	n/a	n/a	n/a	n/a										
Vehicles	n/a	n/a	n/a	n/a										
Total	97.26%	0.00%	0.00%	97.26%										
TOTAL ASSETS														
Net Depreciable Baseline Plant Adds														
Major Capital Projects from Schedule F2														
Total Depreciable Plant Adds														
Reconciliation from Baseline Plant Adds to Net Depreciable Plant Adds:														
Baseline Capital Projects Plant Adds														
Less: Repairs deduction														
Net plant add basis														
Less: Land and Vehicles (2.74% x \$30,837,054) & rdg														
MECO-WP-F1-001, pg. 1														
Schedule D2														
<supported by Special Study each year.														
42,040,358														
11,203,304														
30,837,054														
845,553														
29,991,501														
Schedule F														
Fed Tax Depreciation														
To Schedule F														
2,004,278														
699,099														
1,305,179														
Schedule F														
Fed Tax Depreciation														
To Schedule F														
2,004,278														
699,099														
1,305,179														

NOTE (1)
The 2017 Tax Cut and Jobs Act (TCJA) excludes property used in trade or business by public utility companies from bonus depreciation for otherwise qualified property acquired and placed in service after September 27, 2017.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
TAX DEPRECIATION ON MAJOR CAPITAL PROJECTS ADDITIONS

Line No.	Description	PUC Docket	Estimated In Service Date	Amount	
	(a)	(b)	(c)	(d)	(e)
1	Assumed Value of 2018 Major Capital Projects Plant Items			18,329,326	<i>Schedule D3</i>
2	Assumed Value of 2018 Major Capital Projects - CIAC nontaxable			-	
3	Assumed Value of 2018 Major Capital Projects - Total			<u>\$ 18,329,326</u>	
4	Tax Classification of Major Capital Project Additions	Tax Basis Distribution	FED YR 1 DEPR RATE	FED YR 1 TAX DEPR	STATE YR 1 DEPR RATE
5	7 yr	-	14.29%	-	14.29%
6	15 yr	2,738,700	5.00%	136,935	5.00%
7	20 yr	14,991,046	3.75%	562,164	3.75%
8	39 yr	-			
9	Land	599,580			
10	Vehicles	n/a			
11	Total	<u>\$ 18,329,326</u>		<u>\$ 699,099</u>	<u>\$ 699,099</u>
		<i>From Schedule D3</i>		<i>To Schedule F1</i>	<i>To Schedule F1</i>

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
CIAC SUMMARY

Line No.	Description	Reference	Unamortized CIAC	CIAC Amortization
	(a)	(b)	(c)	(d)

Schedule not applicable.

See MECO-WP-D2-005 for further discussion on the Company's treatment of CIAC within the Annual Decoupling filing.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
EARNINGS SHARING CALCULATIONS

All Amounts \$000 (Except %)

Line No.	Description (a)	Reference (b)	Ratemaking Basis Return on Equity		
			Operating Income (c)	Rate Base (d)	Rate of Return (e)
1	Reported Operating Income before ratemaking adjustment	MECO-WP-H-008 & MECO-WP-H-001	\$ 27,943	\$ 462,851	
2	<u>Ratemaking Adjustments to Line 1:</u>				
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	419		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	78		
2c	Amortization of investment income differential	MECO-WP-H-003	11		
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(2,295)		
2e	Special Medical Needs Program discount (net of tax)	MECO-WP-H-005	17		
2f	Performance Incentive Mechanism	MECO-WP-H-006	681		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 26,854	\$ 462,851	
4	<u>Ratemaking Capitalization</u>		Balances	Ratios	Cost Rate
5	Short-Term Debt (12 mo. Avg)		\$ 2,183	0.45%	4.60%
6	Long-Term Debt (Simple Avg)		\$ 188,846	39.28%	4.55%
7	Hybrid Securities (Simple Avg)		\$ 9,590	1.99%	7.16%
8	Preferred Stock (Simple Avg)		\$ 4,804	1.00%	8.15%
9	Common Equity (Simple Avg)		\$ 275,392	57.28%	9.50%
10	Total Capitalization	MECO-WP-H-004	\$ 480,815	100.00%	7.47%
11	Line 3 Rate Base Amount			\$ 462,851	
12	Weighted Cost of Debt	Sum lines 5-7		1.95%	
13	Synchronized Interest Expense			\$ 9,029	
	Income Tax Factor	Note 1		1.3468	
13a	Synchronized Interest Expense, net of tax			\$ 6,704	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 20,150
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				\$ 377
18	Income Available for Common Stock				\$ 19,773
19	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				\$ 265,103
20	Return on Equity for Decoupling Earnings Sharing	Line 18/Line 19			7.46%
21	<u>Earnings Sharing Revenue Credits:</u>		Basis Points		
22	Achieved ROE (basis points)		746		
23	Authorized Return (basis points) (D&O 31288 in Dkt No. 2011-0092 filed May 31, 2013)		900		
24	ROE for sharing (basis points)		-		
25	Sharing Grid per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp
26	Distribution of Excess ROE (basis points)		0	0	0
27	Ratepayer Share of Excess Earnings		25%	50%	90%
28	Ratepayer Earnings Share - Basis Points		-	-	-
29	Revenue Credit per Basis Point (Note 2)				39
30	Earnings Sharing Revenue Credits (thousands)				\$ -

To Sch A, line 5

Footnotes:

1	Composite Federal & State Income Tax Rate	25.75%
	Income Tax Factor (1 / 1-tax rate)	1.3468
2	Ratemaking Equity Investment (line 19)	\$ 265,103
	Basis Point = 1/100 of a percent	0.01%
	Earnings Required per Basis Point (thousands)	\$ 26.51
	Times: Income Tax Conversion Factor	1.346801347
	Pretax Income Required per Basis Point (thousands)	\$ 36
	Times: Revenue Tax Conversion Factor	1.0975
	Revenue Requirement per Basis Point (thousands)	\$ 39

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS

Line No.	Description (a)	Reference (b)	Amount (c)
1	M0001977: Kuihelani Substation Land	5/21/18 Decoupling Filing, Sch D3	(895,563)
2	1/2 year convention	line 1 x 50%	(447,782)
3	Pretax Rate of Return	5/21/18 Decoupling Filing, Sch D	<u>9.15%</u>
4	Annualized Pretax Return Requirement	Line 2 x Line 3	(40,972)
5	Interest Rate	Sch B	<u>1.25%</u>
6	Annualized Interest	Line 4 x Line 5	<u>(512)</u>
7	Kuihelani Substation Land, including interest	Line 4 + Line 6	<u>(41,484)</u>
8	83 Days to credit (June 1, 2018 - August 22, 2018)		22.74%
9	Credit	Line 7 x Line 8	<u>(9,433)</u>
9	Revenue Tax Factor (1/(1-8.885%))		<u>1.0975</u>
10	Major Capital Projects Credit		<u>\$ (10,353)</u> To Sch A

Note 1 M0001977 Kuihelani Substation Land was included as a major project in Schedule D3 of the 2018 Decoupling Filing. The project was not placed in service in 2018 and is still ongoing. Therefore, in accordance with part s) of the Rate Adjustment Mechanism Provision tariff, this major project will be credited back to customers.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RAM CAP

Line No.	Description (a)	Reference (b)	Amount \$000 (c)
1	Last Rate Order Target Annual Revenues	Schedule B1	\$ 147,575
2	2019 GDP Price Index	MECO-WP-C-002	2.10%
3	2019 RAM Cap Increase excluding Exceptional & Other Matters	Line 1 x Line 2	\$ 3,099
4	Revenue Tax Factor (1/(1-8.885%))		1.0975
5	RAM Cap for 2019 RAM Revenue Adjustment (including Rev Tax)		\$ 3,401
			To Sch A1

Note 1: Target Revenues:

See Decision and Order No. 32735, filed March 31, 2015, paragraph 107, page 94:

"The RAM Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below ("Basis), times the cumulative annually compounded increase(s) in GDPPI for intervening years, adjusted to include applicable revenue taxes."

The RAM basis for the calculation of the RAM Revenue Adjustment cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
EXCEPTIONAL & OTHER MATTERS

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Amount \$000</u>
	(a)	(b)	(c)
1	Kaonoulu Substation & T&D Feeder	Note 1	\$ 776
2	2019 Revenue Adjustment for Exceptional & Other Matters		\$ 776
			<u>To Sch A1</u>

Note 1 Exceptional and Other Matters:

See Order No. 32735, filed March 31, 2015, paragraph 107, pages 94 - 95:

"The Basis used in determining the RAM Cap shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap."

Footnote 149 to the referenced paragraph 107 above stipulates that such applicable matters include adjustments accounting for CT-1 costs (for Hawaiian Electric) and CIS costs (for all of the Hawaiian Electric Companies) as provided in a stipulated agreement approved by the commission as amended in Order No. 31126 in Docket No. 2008-0083.

In Decision and Order No. 36219, filed March 18, 2019, Maui Electric's 2018 Test Year Rate Case, deferred costs related to CIS were included in the test year rate base as Unamortized System Development Costs. Accordingly, inclusion of CIS costs as an Exceptional & Other Matter is not applicable for the 2019 Annual Decoupling filing.

Adjustments for Kaonoulu Substation and Kaonoulu Sub T&D Feeders costs are included as approved by the commission in Decision and Order No. 36219 in Docket No. 2017-0150 and are being treated as Exceptional & Other Matters not subject to the RAM Cap.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
EXCEPTIONAL & OTHER MATTERS - RETURN ON INVESTMENT

\$ in thousands

			MECO 2019 RAM Rate Base (Note 1)		
Line No.	Description	Reference	Recorded at 12/31/2018	RAM Projected Amounts	Estimated at 12/31/2019
	(a)	(b)	(e)	(f)	(g)
1	M0001039 Kaonoulu Substation	MECO-WP-D3-001	\$ -	\$ 10,988	\$ 10,988
2	M0001051 Kaonoulu Sub T&D Feeder	MECO-WP-D3-001	-	4,004	4,004
	M0001051 Kaonoulu Substation				
3	Land/Easement (Note 3)	MECO-WP-D3-001	-	600	600
4	ADIT	MECO-WP-K1-001	-	(219)	(219)
5	State ITC	MECO-WP-K1-001	-	(266)	(266)
6	ADIT proration	MECO-WP-K1-001	-	25	25
7					
8	Total	Sum Lines 1 - 7	-	15,131	15,131
9	2019 Average Balance				\$ 7,565
10	Change in Rate Base				\$ 7,565
11	Pretax Rate of Return	Schedule D Line 7			9.34%
12	Pretax Return Requirement	Line 10 x Line 11			\$ 707
13	Revenue Requirement \$000	Line 12 x Line 16			<u>\$ 776</u>
14	Kaonoulu Depreciation	N/A			-
15	Revenue Requirement \$000	Line 14 x Line 16			<u>\$ -</u>
16	Revenue Tax Factor (1/(1-8.885%))	Schedule D Line 11			<u>1.0975</u>
17	Total Return on/of Investment \$000	Line 13 + Line 16			<u>\$ 776</u>

To Sch K

Note 1 See Order No. 32735, paragraph 107, Page 94 - 95, filed March 31, 2015, in which the commission noted that the basis used in determining the RAM Cap shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap. Accordingly, adjustments for Kaonoulu Substation and Kaonoulu Sub T&D Feeders costs are included as approved by the commission in Decision and Order No. 36219 in Docket No. 2017-0150 and are being treated as Exceptional & Other Matters not subject to the RAM Cap.

Note 2 Per Decision and Order No. 36219, Docket No. 2017-0150, filed March 18, 2019 the Commission ordered the removal of the Ka'ono'ulu Project, including the land (M0001890) which was purchased and placed in to service in September 2018. The land was adjusted out of the 2018 recorded net cost of plant in service balance and is being added here as a 2019 major project addition. The substation and T&D Feeder is expected to be placed in service in June 2019. Therefore, it is being included as a major project in accordance with the RAM Provision tariff. The project was originally approved in Decision and Order No. 33261 in Docket No. 2015-0071, filed October 13, 2015.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
MAJOR PROJECT INTERIM RECOVERY

Line No.	Description	Reference	Amount \$000
	(a)	(b)	(c)
1	None		\$ -
2	Revenue Tax Factor (1/(1-8.885%))		<u>1.0975</u>
3	Major Project Interim Recovery Total		<u>\$ -</u> To Sch B1

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
2018 SERVICE QUALITY PIMS

	2018 Annual Total *	2018 Target **	Variance (c)=(a)-(b)	Deadband ** (d)	Maximum \$ ** (e)	(Penalty)/Reward Amount 1.0 * (((b - a)/d) * e + e)
<u>Normalized T&D SAIFI</u>	1.890	1.431	0.459	0.235	\$ 514,259	\$ (490,675)
<u>Normalized T&D SAIDI</u>	208.19	114.752	93.438	22.972	\$ 514,259	\$ (514,259)
<u>Call Center Performance (Excludes Blocked Calls)</u>	89.04%	89.86%	-0.82%	3.00%	\$ 205,706	\$ -
<u>Phase 1 Renewable Energy RFP PIM</u>						
First Allocation ***						\$ 610,017
					Total	\$ (394,917)
						To Sch A

Note:

Exclusion represents 25kV Proactive Work

* See MECO-WP-M-002

** See MECO-WP-M-001

*** See MECO-WP-M-004

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
ON-BILL FINANCING COST RECOVERY

Line	Company	Note 1 Customer	Allocation	Cost Recovery (excluding Rev tax)			Cost Recovery (including Rev tax)		
		Count		Total Recovery	2019 Recovery	2020 Recovery	Total with Rev Tax	2019 Rec with Rev Tax	2020 Rec with Rev Tax
		a	b = a/total a	c = \$2,330,408 allowed x b			d = c * 1.0975		
1	HE	305,456	66%	1,537,150	768,575	768,575	1,687,022	843,511	843,511
2	HL	85,758	19%	431,561	215,780	215,781	473,638	236,819	236,819
3	ME	71,875	16%	361,697	180,849	180,848	396,963	198,481	198,482
				To Sch B	To Sch A		To Sch B1		
4	Total	463,089	100%	2,330,408	1,165,204	1,165,204	2,557,623	1,278,811	1,278,812

Note 1 Statistical Report as of December 31, 2018.

See Decision and Order No. 36212, Docket No. 2017-0102 filed March 11, 2019, pages 18 - 19. The Commission allowed the Companies to recover Program implementation costs over a period of two years, commencing with the 2019 RBA Rate Adjustment which will, if there are no major issues with the standard RBA Review Transmittal process, become effective on June 1, 2019.

Maui Electric Company, Ltd.
(Consolidated) Sales Forecast for June 2019 to May 2020
in GWh

	2019							2020					Total
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
R	29.0	31.6	32.9	29.8	32.8	30.5	32.5	31.2	28.2	29.1	26.4	27.0	360.9
G	6.5	6.9	6.9	6.7	7.0	6.7	6.6	6.4	6.1	6.2	6.1	6.4	78.5
J	22.4	23.6	23.8	23.0	23.6	22.6	22.4	21.7	20.9	21.5	21.1	22.3	269.0
P	28.6	30.2	31.1	28.9	30.0	28.3	28.1	27.2	25.8	27.1	26.7	28.0	340.0
F	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.6
Total	86.8	92.5	95.0	88.7	93.7	88.2	89.8	86.6	81.1	84.1	80.6	83.9	1,051.0

Source: Maui Electric Company, Ltd. May 2018 Sales Forecast.

Maui Electric Company, Ltd.
Adjustment for Prior Year RBA Accrual
Recovery of December 31, 2016 RBA Balance

Line		2018					Total
		January	February	March	April	May	
1	Billed RBA Revenues	1,419,008	1,370,483	1,365,042	1,405,777	1,363,560	6,923,870
2	Net Unbilled Revenues	7,229	(99,915)	7,519	22,507	32,363	(30,296)
3	Total billed + Unbilled	1,426,238	1,270,568	1,372,561	1,428,284	1,395,923	6,893,574
4	x % Share for RBA	16.9538%	16.9538%	16.9538%	16.9538%	16.9538%	
5	RBA Revenues (Recovery of 12/31/16 RBA balance)	241,802	215,410	232,702	242,149	236,663	1,168,726
6		Schedule B2					
7	Less: Revenue Taxes	(21,484)	(19,139)	(20,676)	(21,515)	(21,028)	(103,842)
8	RBA Revenues (Recovery of 12/31/16 RBA balance),	220,318	196,271	212,026	220,634	215,635	1,064,884
9	net of Revenue Taxes	Schedule B					

* Differences are due to rounding

Note 1: RBA rate adjustment revenues per the Billed reports and Unbilled reports include both RBA and RAM revenues. Therefore, an allocation % is utilized to determine RBA revenues.

Note 2:

RBA Rate Adjustment Allocation for June 1, 2017 - May 31, 2018 is per Transmittal No. 17-04 (Decoupling) - RBA Rate Adjustment (Filed May 22, 2017), Schedule A, Note (1).

Maui Electric Company, Ltd.
Adjustment for Prior Year RBA Accrual
Recovery of December 31, 2017 RBA Balance

2018									
		August							
		June	July	August (Note 3)	September	October	November	December	Total
Line									
1	Billed RBA Revenues	1,638,087	1,797,865		711,844	319,146	300,472	292,812	5,060,226
2	Net Unbilled Revenues	116,428	101,991		(427,307)	13,029	(7,735)	(5,145)	(208,739)
3	Total billed + Unbilled	1,754,515	1,899,856	-	284,536	332,175	292,737	287,667	4,851,487
4	x % Share for RBA	30.8179%	30.8179%		183.5008%	183.5008%	183.5008%	183.5008%	
5	RBA Revenues (Recovery of 12/31/17 RBA balance)	540,704	585,495	590,230	522,126	609,544	537,175	527,872	3,913,146
6				Schedule B2					
7	Less: Revenue Taxes	(48,042)	(52,021)		(46,391)	(54,158)	(47,728)	(46,901)	(295,241)
8	RBA Revenues (Recovery of 12/31/17 RBA balance),	492,662	533,474	537,788	475,735	555,386	489,447	480,971	3,565,463
9	net of Revenue Taxes			Schedule B					

* Differences are due to rounding

Note 1: RBA rate adjustment revenues per the Billed reports and Unbilled reports include both RBA and RAM revenues. Therefore, an allocation % is utilized to determine RBA revenues.

Note 2:

RBA Rate Adjustment Allocation for June 1, 2018 - August 22, 2018 is per Transmittal No. 18-03 (Decoupling) - RBA Rate Adjustment (Filed May 21, 2018), Schedule A, Note (1).

RBA Rate Adjustment Allocation for August 23, 2018 - May 30, 2019 is per Maui Electric Correction to Attachment 6B in Statement of Probable Entitlement (Filed August 2, 2018), Docket No. 2017-0150 - Maui Electric 2018 Test Year Rate Case. Attachment 6B, Note (1).

Note 3:

For the month of August, interim rates became effective on August 23, 2018. As a result, the calculation of the recovery of the December 31, 2017 was modified to use the rate adjustment centres per kWh applied to the total kWh sales.

	August Total	Aug 1-Aug 22	Aug 23-Aug 31
Total kwh for August	101,044,286	71,708,848	29,335,438
RBA kwh rate (¢/kwh)		0.58413024	0.58413024
RBA Revenues to be reversed	590,230	418,873	171,357
Less: Revenue Taxes	(52,442)	(37,217)	(15,225)
RBA Revenues (Recovery of 12/31/17 RBA balance),	537,788	381,656	156,132
net of Revenue Taxes			

Note 4:

RBA Rate Adjustment cents per kWh for August 1, 2018 - August 22, 2018 is per Transmittal No. 18-03 (Decoupling) - RBA Rate Adjustment (Filed May 21, 2018), Schedule A, Note (1).

RBA Rate Adjustment cents per kWh for August 23, 2018 - August 31, 2018 is per Maui Electric Correction to Attachment 6B in Statement of Probable Entitlement (Filed August 2, 2018), Docket No. 2017-0150 - Maui Electric 2018 Test Year Rate Case. Attachment 6B, Note (1).

Maui Electric Company, Ltd.
Bargaining Unit Wage Increase per Collective Bargaining Agreements

Wage Increases:	1/1/2019	3.00%	(Note 1)
(non-compounded)	1/1/2020	3.00%	(Note 1)
	1/1/2021	3.00%	(Note 1)

<u>Increase effective</u>			<u>Increase Amount</u>	<u>Wage Rate With Increase</u>	<u>Labor Cost Escalation Rate</u>	
			(a)	(b)	(c)	
				prev (b) + (a)	(b) / prev (b) - 1	
1.00	3.00%	1/1/2019	0.0300	1.0300		
	3.00%	1/1/2020	0.0300	1.0600	0.0291	2.91%
	3.00%	1/1/2021	0.0300	1.0900	0.0283	2.83%

Note 1: Agreement ratified by the IBEW, Local 1260 on July 31, 2018, reflects a 3.00% increase effective 1/1/2019, 1/1/2020 and 1/1/2021 based on 1/1/2018 rates. See also MECO-WP-C-003.

Blue Chip Economic Indicators®

Top Analysts' Forecasts of the U.S. Economic Outlook for the Year Ahead

Vol. 44, No. 2, February 10, 2019

2019 Real GDP Forecast Drops to 2.5%

FEBRUARY 2019 Forecast For 2019 SOURCE:	Percent Change 2019 From 2018 (Full Year-Over-Prior Year)										Average For 2019			Total Units-2019		2019
	1	2	3	4	5	6	7	8	9		10	11	12	13	14	15
	Real GDP	GDP	Nominal	Consumer	Indust.	Dis. Pers.	Personal	Non-Res.	Corp.		Treas.	Treas.	Unempl.	Housing	Auto&Light	Net
	(Chained (2012\$)	Price Index	GDP (Cur.\$)	Price Index	Prod. (Total)	Income (2012\$)	Cons. Exp. (2012\$)	Fix. Inv. (2012\$)	Profits (Cur.\$)		Bills 3-mo.	Notes 10-Year	Rate (Civ.)	Starts (Mil.)	Truck Sales (Mil.)	Exports (2012\$)
Action Economics	2.9 H	2.0	5.0	1.9	3.5	2.8	3.1 H	4.9	7.5		2.7	3.0	3.7	1.28	17.1	-967.9
Amherst Pierpont Securities	2.9 H	2.4	5.4 H	2.5 H	3.5	2.8	3.1 H	4.8	7.5		2.6	3.2	3.6	1.29	16.9	-960.0
MUFG Union Bank	2.9 H	2.4	5.3	1.8	3.2	na	2.9	3.8	5.5		2.4	3.0	3.7	1.29	17.2 H	-960.0
Barclays, US*	2.8	1.9	4.8	1.4	2.8	na	2.9	5.1	na		na	na	3.7	na	na	-1024.5
RDQ Economics	2.8	2.0	4.9	2.1	3.7 H	2.5	2.9	5.6	8.5 H		2.7	3.1	3.5	1.30	17.2 H	-1021.6
SOM Economics, Inc.	2.8	2.0	4.8	2.0	3.1	2.5	2.5	4.2	5.0		2.6	2.9	3.6	1.25	16.8	-938.0
U.S. Chamber of Commerce	2.8	2.1	4.9	2.1	3.2	2.6	2.9	5.2	4.5		2.6	2.9	3.9	1.30	na	-932.7
Credit Suisse	2.7	2.0	4.7	1.8	na	na	2.9	3.0	na		na	na	3.7	na	na	-966.2
Moody's Analytics, US	2.7	2.3	5.1	2.1	2.9	2.2	2.8	5.3	6.1		2.6	3.1	3.6	1.38 H	17.0	-1080.7 L
NatWest Markets	2.7	2.0	4.8	1.8	2.4	2.5	3.0	5.8 H	5.0		2.7	2.8	3.5	1.20	16.5	-980.0
PNC Financial Services Group	2.7	1.7	4.4	1.8	2.9	1.3 L	2.7	4.6	na		2.5	2.9	3.6	1.30	17.0	-1013.0
RBC Capital Markets	2.7	2.1	4.8	1.7	na	na	2.9	5.2	na		na	3.1	3.6	1.28	17.0	-980.0
The Conference Board, US*	2.7	na	4.8	2.1	na	2.5	2.8	4.4	6.2		2.5	2.8	3.7	1.24	17.2 H	-1020.3
Comerica**	2.6	2.0	4.6	1.9	3.5	2.9	2.6	4.1	na		2.5	2.9	3.7	1.24	16.6	-942.4
Georgia State University*	2.6	2.4	5.0	2.0	2.6	2.5	2.8	5.1	4.4		2.5	3.2	4.1	1.24	16.3	-1021.3
High Frequency Economics	2.6	2.0	4.7	1.9	2.8	2.9	3.0	3.3	1.7		2.4	2.9	3.8	1.22	16.9	-953.1
Naroff Economic Advisors*	2.6	2.1	4.8	2.0	2.6	2.3	2.6	2.9	4.3		2.8	3.2	3.7	1.30	16.7	-977.0
Point72 Asset Management*	2.6	1.9	4.5	1.9	3.1	2.3	2.8	5.4	6.2		2.5	2.8	3.7	1.20	16.7	-1058.8
Regions Financial Corporation	2.6	2.5 H	5.1	1.7	2.9	2.3	3.0	4.4	4.5		2.6	2.8	3.7	1.25	16.9	-954.4
Turning Points (Micrometrics)	2.6	2.4	5.0	2.1	2.6	2.4	2.7	4.5	2.8		2.8	3.4 H	3.8	1.18 L	16.7	-985.0
ACT Research	2.5	2.0	4.5	1.9	2.8	3.0	2.7	5.0	na		2.4	2.8	3.7	1.31	16.6	-1012.7
Bank of America-Merrill Lynch, US**	2.5	2.0	4.6	1.6	2.7	na	2.6	3.4	na		2.4	2.8	3.7	1.29	16.6	-969.1
Eaton Corporation	2.5	2.3	4.8	2.0	2.5	2.7	2.6	4.1	na		2.6	3.0	3.7	1.30	16.8	-1006.2
Econoclast	2.5	2.0	4.5	2.0	2.8	2.2	2.8	3.5	5.2		2.4	2.8	3.8	1.25	16.3	-989.0
Fannie Mae	2.5	2.3	4.8	2.0	2.5	2.4	2.6	3.9	1.5		2.5	2.7	3.7	1.26	16.7	-1020.9
FedEx Corporation, US	2.5	2.1	4.5	1.9	2.7	2.5	2.6	4.6	3.9		2.6	3.0	3.6	1.27	16.8	-1008.0
Ford Motor Company*	2.5	2.1	4.5	2.2	2.6	2.5	2.5	3.9	na		na	2.7	3.7	1.27	na	-1003.0
General Motors Corporation, US	2.5	2.1	4.6	2.0	2.8	2.6	2.7	3.8	1.8		2.6	2.9	3.6	1.28	na	-857.3
Inforum - Univ. of Maryland	2.5	2.1	4.7	2.0	2.7	2.4	2.6	4.3	4.5		2.7	3.0	3.7	1.27	16.7	-980.4
Moody's Capital Markets, US*	2.5	1.9	4.5	1.6	3.5	2.6	2.8	3.8	4.3		2.4	2.8	3.6	1.28	16.9	-967.7
National Assn. of Home Builders	2.5	2.3	4.5	2.0	1.7 L	2.6	2.6	4.0	na		2.7	3.0	3.6	1.27	16.8	-1020.0
UCLA Business Forecasting Proj.*	2.5	2.2	4.7	2.2	2.5	2.5	2.6	4.3	4.0		2.5	3.0	3.6	1.31	16.6	-1035.0
Wells Fargo, US	2.5	1.9	4.4	2.1	3.0	2.9	2.9	3.8	4.4		2.6	3.0	3.7	1.30	16.7	-1010.7
AIG	2.4	2.3	4.7	2.0	2.5	2.7	2.5	3.8	4.8		2.4	2.8	3.5	1.27	16.7	-1009.2
BMO Capital Markets*	2.4	2.1	4.5	2.0	3.3	2.1	2.7	3.3	5.9		2.5	2.8	3.6	1.24	16.4	-1009.0
Daiwa Capital Markets America	2.4	2.0	4.5	1.9	2.5	2.2	2.9	3.6	5.0		2.4	2.8	3.8	1.19	16.7	-1012.0
Goldman Sachs & Co.**	2.4	2.0	4.3	1.8	1.7 L	3.4 H	2.8	3.3	na		2.7	2.9	3.7	1.27	na	-975.5
Macroeconomic Advisers by IHS Markit**	2.4	2.1	4.5	2.0	2.7	2.5	2.6	3.6	1.5		2.6	2.9	3.6	1.28	16.8	-1021.1
MacroFin Analytics & Rutgers Bus School	2.4	2.2	4.6	2.0	3.1	2.3	2.5	3.8	4.7		2.6	2.9	3.9	1.26	16.8	-943.8
Nomura Securities, US	2.4	2.3	4.7	1.7	2.7	2.1	2.9	2.7	na		na	2.7	3.4 L	1.25	16.9	-1044.3
Northern Trust Company*	2.4	1.8	4.2	2.0	2.7	2.2	2.7	3.1	4.1		2.7	3.2	3.6	1.28	16.6	-989.9
Oxford Economics, US	2.4	1.7	4.2	1.7	2.9	2.4	2.8	3.3	-2.4 L		2.5	2.8	3.7	1.29	17.0	-996.9
Societe Generale	2.4	1.9	4.3	1.6	na	2.5	2.8	4.1	3.2		2.6	2.8	3.6	1.23	16.7	-1011.4
UBS	2.4	2.0	4.5	1.5	2.4	3.2	2.4	3.0	na		2.5	na	3.7	1.33	na	-1010.9
Economist Intelligence Unit, UK	2.3	1.8	4.1	2.2	2.6	2.0	2.3	3.0	na		2.6	2.7	4.1	1.26	16.2	-915.0
Grant Thornton/Diane Swonk	2.3	2.1	4.4	1.9	2.6	2.5	2.6	3.4	1.2		2.4	2.8	3.7	1.24	16.6	-1010.4
JP MorganChase, US	2.3	1.8	4.1	1.4	2.0	2.7	2.9	3.4	3.5		na	3.1	3.7	1.28	17.0	-1058.0
MacroPolicy Perspectives	2.3	1.7	4.0	1.3 L	na	na	2.9	3.6	2.0		2.6	2.8	3.8	1.22	16.7	-1051.0
Morgan Stanley, US**	2.3	2.0	4.3	1.8	3.4	2.6	2.5	2.6	na		2.9 H	2.5	3.5	1.28	na	-988.4
S&P Global, US*	2.3	2.1	4.4	2.2	2.5	1.8	2.6	3.5	0.7		2.7	3.0	3.6	1.30	16.8	-1006.3
Swiss Re	2.2	1.6 L	3.8 L	1.9	2.4	2.8	2.7	3.2	4.5		2.5	3.0	3.9	1.27	16.9	-1019.1
BNP Paribas North America	2.1	na	na	1.4	2.4	2.6	2.5	3.0	na		2.8	3.4 H	3.6	na	na	-1008.0
ACIMA Private Wealth, US	1.7 L	2.1	3.8 L	1.8	2.0	1.5	1.5 L	1.6 L	na		2.1 L	2.3 L	4.2 H	1.20	15.7 L	-832.5 H
2019 Consensus: February Avg.	2.5	2.1	4.6	1.9	2.8	2.5	2.7	3.9	4.1		2.6	2.9	3.7	1.27	16.7	-991.1
Top 10 Avg.	2.8	2.4	5.1	2.2	3.4	2.9	3.0	5.3	6.4		2.8	3.2	3.9	1.31	17.1	-922.9
Bottom 10 Avg.	2.2	1.8	4.1	1.5	2.2	2.0	2.4	2.8	1.4		2.4	2.7	3.5	1.21	16.4	-1041.6
January Avg.	2.6	2.1	4.7	1.9	2.7	2.5	2.7	4.1	4.6		2.6	3.0	3.6	1.27	16.8	-989.7
Historical data	2015	2.9	1.0	4.0	0.1	-1.0	4.1	3.7	1.8	-2.9	0.1	2.1	5.3	1.11	17.4	-724.9
	2016	1.6	1.1	2.7	1.3	-1.9	1.7	2.7	0.5	-1.1	0.3	1.8	4.9	1.17	17.5	-786.2
	2017	2.2	1.9	4.2	2.1	1.6	2.6	2.5	5.3	3.2	0.9	2.3	4.4	1.20	17.1	-858.7
	2018	2.9 f	2.2 f	5.2 f	2.4	4.1	2.8 f	2.7 f	6.8 f	7.8 f	2.0	2.9	3.9	1.26 f	17.2	-908.4 f
<i>f=Dec 2018 Consensus Forecasts</i>																
Number of Forecasts Changed From a Month Ago:																
Down	18	17	26	18	10	8	14	19	12		25	26	6	9	13	14
Same	28	24	14	17	13	26	31	20	16		16	15	23	30	23	21
Up	3	6	8	14	22	11	4	9	3		2	2	20	6	1	13
February Median	2.5	2.0	4.6	1.9	2.7	2.5	2.7	3.8	4.5		2.6	2.9	3.7	1.27	16.8	-1006.2
February Diffusion Index	35 %	38 %	31 %	46 %	63 %	53 %	40 %	40 %	35 %		23 %	22 %	64 %	47 %	34 %	49 %

*Former winner of annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy. **Denotes two-time winner.

MAUI ELECTRIC COMPANY, LIMITED.
EXHIBIT A

MECO-WP-C-003

PAGE 1 OF 1

<u>JOB CODE</u>	<u>JOB TITLE</u>	<u>3.00%</u> <u>1/1/2019</u>	<u>3.00%</u> <u>1/1/2020</u>	<u>3.00%</u> <u>1/1/2021</u>
TL2	VEHICLE ATTENDANT			
	1st 3 mos.	22.46	23.11	23.76
	Next 3 mos.	23.59	24.28	24.97
	Next 6 mos.	24.71	25.43	26.15
	Next 6 mos.	25.95	26.71	27.47
	Next 6 mos.	27.20	27.99	28.78
	Thereafter	28.55	29.38	30.21
CL4	CASHIER			
	1st 3 mos.	24.19	24.89	25.59
	Next 3 mos.	25.31	26.05	26.79
	Next 3 mos.	26.60	27.37	28.14
	Next 6 mos.	27.91	28.72	29.53
	Next 6 mos.	29.26	30.11	30.96
	Thereafter	30.71	31.60	32.49
CL26	PLANNER AID			
	1st 3 mos.	22.46	23.11	23.76
	Next 3 mos.	23.59	24.28	24.97
	Next 3 mos.	24.71	25.43	26.15
	Next 6 mos.	27.20	27.99	28.78
	Next 6 mos.	28.55	29.38	30.21
	Next 6 mos.	29.99	30.86	31.73
	Thereafter	31.40	32.31	33.22
CL6	METER READER	1/1/2018		
	1st 3 mos.	23.99	24.71	25.43
	Next 3 mos.	25.19	25.95	26.71
	Next 6 mos.	27.72	28.55	29.38
	Next 6 mos.	29.12	29.99	30.86
	Next 6 mos.	30.49	31.40	32.31
	Thereafter	32.03	32.99	33.95
		x 1.03	x 1.0291	x 1.0283
CL9	ACCOUNTS CLERK			
	1st 3 mos.	26.60	27.37	28.14
	Next 3 mos.	27.91	28.72	29.53
	Next 3 mos.	29.26	30.11	30.96
	Next 6 mos.	30.71	31.60	32.49
	Next 6 mos.	32.27	33.21	34.15
	Thereafter	33.87	34.86	35.85
CL06	DISTRIBUTION DIVISION CLERK			
	1st 3 mos.	27.91	28.72	29.53
	Next 3 mos.	29.26	30.11	30.96
	Next 6 mos.	30.71	31.60	32.49
	Next 6 mos.	32.27	33.21	34.15
	Thereafter	33.87	34.86	35.85
T142	ENVIRONMENTAL TECHNICIAN			
	1st 12 mos.	35.52	36.55	37.58
	Thereafter	36.54	37.60	38.66

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
1	Sept	2009	3,500,000	3,010,000	490,000	3.19%	2.30%	-	-	3,500,000
2	Oct	2009	3,500,000	3,010,000	490,000	3.19%	2.30%	-	-	3,500,000
3	Nov	2009	3,500,000	3,010,000	490,000	3.19%	2.30%	-	-	3,500,000
4	Dec	2009	3,500,000	3,010,000	490,000	3.19%	2.30%	-	-	3,500,000
5	Jan	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	8,941	3,491,059
6	Feb	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	17,882	3,482,118
7	Mar	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	26,823	3,473,177
8	Apr	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	35,764	3,464,236
9	May	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	44,705	3,455,295
10	Jun	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	53,646	3,446,354
11	Jul	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	62,587	3,437,413
12	Aug	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	71,528	3,428,472
13	Sep	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	80,469	3,419,531
14	Oct	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	89,410	3,410,590
15	Nov	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	98,351	3,401,649
16	Dec	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	107,292	3,392,708
17	Jan	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	116,233	3,383,767
18	Feb	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	125,174	3,374,826
19	Mar	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	134,115	3,365,885
20	Apr	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	143,056	3,356,944
21	May	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	151,997	3,348,003
22	Jun	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	160,938	3,339,062
23	Jul	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	169,879	3,330,121
24	Aug	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	178,820	3,321,180
25	Sep	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	187,761	3,312,239
26	Oct	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	196,702	3,303,298
27	Nov	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	205,643	3,294,357
28	Dec	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	214,584	3,285,416
29	Jan	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	223,525	3,276,475
30	Feb	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	232,466	3,267,534
31	Mar	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	241,407	3,258,593
32	Apr	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	250,348	3,249,652
33	May	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	259,289	3,240,711
34	Jun	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	268,230	3,231,770
35	Jul	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	277,171	3,222,829
36	Aug	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	286,112	3,213,888
37	Sep	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	295,053	3,204,947
38	Oct	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	303,994	3,196,006
39	Nov	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	312,935	3,187,065
40	Dec	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	321,876	3,178,124
41	Jan	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	330,817	3,169,183
42	Feb	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	339,758	3,160,242
43	Mar	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	348,699	3,151,301
44	Apr	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	357,640	3,142,360
45	May	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	366,581	3,133,419
46	Jun	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	375,522	3,124,478
47	Jul	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	384,463	3,115,537
48	Aug	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	393,404	3,106,596
49	Sep	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	402,345	3,097,655
50	Oct	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	411,286	3,088,714
51	Nov	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	420,227	3,079,773
52	Dec	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	429,168	3,070,832
53	Jan	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	438,109	3,061,891
54	Feb	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	447,050	3,052,950
55	Mar	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	455,991	3,044,009
56	Apr	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	464,932	3,035,068
57	May	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	473,873	3,026,127
58	Jun	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	482,814	3,017,186
59	Jul	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	491,755	3,008,245
60	Aug	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	500,696	2,999,304
61	Sep	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	509,637	2,990,363
62	Oct	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	518,578	2,981,422
63	Nov	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	527,519	2,972,481
64	Dec	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	536,460	2,963,540
65	Jan	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	545,401	2,954,599

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
66	Feb	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	554,342	2,945,658
67	Mar	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	563,283	2,936,717
68	Apr	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	572,224	2,927,776
69	May	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	581,165	2,918,835
70	Jun	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	590,106	2,909,894
71	Jul	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	599,047	2,900,953
72	Aug	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	607,988	2,892,012
73	Sep	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	616,929	2,883,071
74	Oct	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	625,870	2,874,130
75	Nov	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	634,811	2,865,189
76	Dec	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	643,752	2,856,248
77	Jan	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	652,693	2,847,307
78	Feb	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	661,634	2,838,366
79	Mar	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	670,575	2,829,425
80	Apr	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	679,516	2,820,484
81	May	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	688,457	2,811,543
82	Jun	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	697,398	2,802,602
83	Jul	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	706,339	2,793,661
84	Aug	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	715,280	2,784,720
85	Sep	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	724,221	2,775,779
86	Oct	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	733,162	2,766,838
87	Nov	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	742,103	2,757,897
88	Dec	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	751,044	2,748,956
89	Jan	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	759,985	2,740,015
90	Feb	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	768,926	2,731,074
91	Mar	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	777,867	2,722,133
92	Apr	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	786,808	2,713,192
93	May	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	795,749	2,704,251
94	Jun	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	804,690	2,695,310
95	Jul	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	813,631	2,686,369
96	Aug	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	822,572	2,677,428
97	Sep	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	831,513	2,668,487
98	Oct	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	840,454	2,659,546
99	Nov	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	849,395	2,650,605
100	Dec	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	858,336	2,641,664
101	Jan	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	867,277	2,632,723
102	Feb	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	876,218	2,623,782
103	Mar	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	885,159	2,614,841
104	Apr	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	894,100	2,605,900
105	May	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	903,041	2,596,959
106	Jun	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	911,982	2,588,018
107	Jul	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	920,923	2,579,077
108	Aug	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	929,864	2,570,136
109	Sep	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	938,805	2,561,195
110	Oct	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	947,746	2,552,254
111	Nov	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	956,687	2,543,313
112	Dec	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	965,628	2,534,372
113	Jan	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	974,569	2,525,431
114	Feb	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	983,510	2,516,490
115	Mar	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	992,451	2,507,549
116	Apr	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,001,392	2,498,608
117	May	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,010,333	2,489,667
118	Jun	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,019,274	2,480,726
119	Jul	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,028,215	2,471,785
120	Aug	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,037,156	2,462,844
121	Sep	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,046,097	2,453,903
122	Oct	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,055,038	2,444,962
123	Nov	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,063,979	2,436,021
124	Dec	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,072,920	2,427,080
125	Jan	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,081,861	2,418,139
126	Feb	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,090,802	2,409,198
127	Mar	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,099,743	2,400,257
128	Apr	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,108,684	2,391,316
129	May	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,117,625	2,382,375
130	Jun	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,126,566	2,373,434

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
131	Jul	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,135,507	2,364,493
132	Aug	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,144,448	2,355,552
133	Sep	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,153,389	2,346,611
134	Oct	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,162,330	2,337,670
135	Nov	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,171,271	2,328,729
136	Dec	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,180,212	2,319,788
137	Jan	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,189,153	2,310,847
138	Feb	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,198,094	2,301,906
139	Mar	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,207,035	2,292,965
140	Apr	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,215,976	2,284,024
141	May	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,224,917	2,275,083
142	Jun	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,233,858	2,266,142
143	Jul	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,242,799	2,257,201
144	Aug	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,251,740	2,248,260
145	Sep	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,260,681	2,239,319
146	Oct	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,269,622	2,230,378
147	Nov	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,278,563	2,221,437
148	Dec	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,287,504	2,212,496
149	Jan	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,296,445	2,203,555
150	Feb	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,305,386	2,194,614
151	Mar	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,314,327	2,185,673
152	Apr	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,323,268	2,176,732
153	May	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,332,209	2,167,791
154	Jun	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,341,150	2,158,850
155	Jul	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,350,091	2,149,909
156	Aug	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,359,032	2,140,968
157	Sep	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,367,973	2,132,027
158	Oct	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,376,914	2,123,086
159	Nov	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,385,855	2,114,145
160	Dec	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,394,796	2,105,204
161	Jan	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,403,737	2,096,263
162	Feb	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,412,678	2,087,322
163	Mar	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,421,619	2,078,381
164	Apr	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,430,560	2,069,440
165	May	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,439,501	2,060,499
166	Jun	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,448,442	2,051,558
167	Jul	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,457,383	2,042,617
168	Aug	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,466,324	2,033,676
169	Sep	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,475,265	2,024,735
170	Oct	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,484,206	2,015,794
171	Nov	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,493,147	2,006,853
172	Dec	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,502,088	1,997,912
173	Jan	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,511,029	1,988,971
174	Feb	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,519,970	1,980,030
175	Mar	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,528,911	1,971,089
176	Apr	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,537,852	1,962,148
177	May	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,546,793	1,953,207
178	Jun	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,555,734	1,944,266
179	Jul	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,564,675	1,935,325
180	Aug	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,573,616	1,926,384
181	Sep	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,582,557	1,917,443
182	Oct	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,591,498	1,908,502
183	Nov	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,600,439	1,899,561
184	Dec	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,609,380	1,890,620
185	Jan	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,618,321	1,881,679
186	Feb	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,627,262	1,872,738
187	Mar	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,636,203	1,863,797
188	Apr	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,645,144	1,854,856
189	May	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,654,085	1,845,915
190	Jun	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,663,026	1,836,974
191	Jul	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,671,967	1,828,033
192	Aug	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,680,908	1,819,092
193	Sep	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,689,849	1,810,151
194	Oct	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,698,790	1,801,210
195	Nov	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,707,731	1,792,269

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
196	Dec	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,716,672	1,783,328
197	Jan	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,725,613	1,774,387
198	Feb	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,734,554	1,765,446
199	Mar	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,743,495	1,756,505
200	Apr	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,752,436	1,747,564
201	May	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,761,377	1,738,623
202	Jun	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,770,318	1,729,682
203	Jul	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,779,259	1,720,741
204	Aug	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,788,200	1,711,800
205	Sep	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,797,141	1,702,859
206	Oct	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,806,082	1,693,918
207	Nov	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,815,023	1,684,977
208	Dec	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,823,964	1,676,036
209	Jan	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,832,905	1,667,095
210	Feb	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,841,846	1,658,154
211	Mar	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,850,787	1,649,213
212	Apr	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,859,728	1,640,272
213	May	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,868,669	1,631,331
214	Jun	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,877,610	1,622,390
215	Jul	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,886,551	1,613,449
216	Aug	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,895,492	1,604,508
217	Sep	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,904,433	1,595,567
218	Oct	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,913,374	1,586,626
219	Nov	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,922,315	1,577,685
220	Dec	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,931,256	1,568,744
221	Jan	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,940,197	1,559,803
222	Feb	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,949,138	1,550,862
223	Mar	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,958,079	1,541,921
224	Apr	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,967,020	1,532,980
225	May	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,975,961	1,524,039
226	Jun	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,984,902	1,515,098
227	Jul	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,993,843	1,506,157
228	Aug	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,002,784	1,497,216
229	Sep	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,011,725	1,488,275
230	Oct	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,020,666	1,479,334
231	Nov	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,029,607	1,470,393
232	Dec	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,038,548	1,461,452
233	Jan	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,047,489	1,452,511
234	Feb	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,056,430	1,443,570
235	Mar	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,065,371	1,434,629
236	Apr	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,074,312	1,425,688
237	May	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,083,253	1,416,747
238	Jun	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,092,194	1,407,806
239	Jul	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,101,135	1,398,865
240	Aug	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,110,076	1,389,924
241	Sep	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,119,017	1,380,983
242	Oct	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,127,958	1,372,042
243	Nov	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,136,899	1,363,101
244	Dec	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,145,840	1,354,160
245	Jan	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,154,781	1,345,219
246	Feb	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,163,722	1,336,278
247	Mar	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,172,663	1,327,337
248	Apr	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,181,604	1,318,396
249	May	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,190,545	1,309,455
250	Jun	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,199,486	1,300,514
251	Jul	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,208,427	1,291,573
252	Aug	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,217,368	1,282,632
253	Sep	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,226,309	1,273,691
254	Oct	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,235,250	1,264,750
255	Nov	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,244,191	1,255,809
256	Dec	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,253,132	1,246,868
257	Jan	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,262,073	1,237,927
258	Feb	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,271,014	1,228,986
259	Mar	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,279,955	1,220,045
260	Apr	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,288,896	1,211,104

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
261	May	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,297,837	1,202,163
262	Jun	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,306,778	1,193,222
263	Jul	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,315,719	1,184,281
264	Aug	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,324,660	1,175,340
265	Sep	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,333,601	1,166,399
266	Oct	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,342,542	1,157,458
267	Nov	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,351,483	1,148,517
268	Dec	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,360,424	1,139,576
269	Jan	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,369,365	1,130,635
270	Feb	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,378,306	1,121,694
271	Mar	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,387,247	1,112,753
272	Apr	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,396,188	1,103,812
273	May	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,405,129	1,094,871
274	Jun	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,414,070	1,085,930
275	Jul	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,423,011	1,076,989
276	Aug	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,431,952	1,068,048
277	Sep	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,440,893	1,059,107
278	Oct	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,449,834	1,050,166
279	Nov	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,458,775	1,041,225
280	Dec	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,467,716	1,032,284
281	Jan	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,476,657	1,023,343
282	Feb	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,485,598	1,014,402
283	Mar	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,494,539	1,005,461
284	Apr	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,503,480	996,520
285	May	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,512,421	987,579
286	Jun	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,521,362	978,638
287	Jul	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,530,303	969,697
288	Aug	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,539,244	960,756
289	Sep	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,548,185	951,815
290	Oct	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,557,126	942,874
291	Nov	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,566,067	933,933
292	Dec	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,575,008	924,992
293	Jan	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,583,949	916,051
294	Feb	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,592,890	907,110
295	Mar	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,601,831	898,169
296	Apr	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,610,772	889,228
297	May	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,619,713	880,287
298	Jun	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,628,654	871,346
299	Jul	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,637,595	862,405
300	Aug	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,646,536	853,464
301	Sep	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,655,477	844,523
302	Oct	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,664,418	835,582
303	Nov	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,673,359	826,641
304	Dec	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,682,300	817,700
305	Jan	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,691,241	808,759
306	Feb	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,700,182	799,818
307	Mar	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,709,123	790,877
308	Apr	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,718,064	781,936
309	May	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,727,005	772,995
310	Jun	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,735,946	764,054
311	Jul	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,744,887	755,113
312	Aug	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,753,828	746,172
313	Sep	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,762,769	737,231
314	Oct	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,771,710	728,290
315	Nov	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,780,651	719,349
316	Dec	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,789,592	710,408
317	Jan	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,798,533	701,467
318	Feb	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,807,474	692,526
319	Mar	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,816,415	683,585
320	Apr	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,825,356	674,644
321	May	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,834,297	665,703
322	Jun	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,843,238	656,762
323	Jul	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,852,179	647,821
324	Aug	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,861,120	638,880
325	Sep	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,870,061	629,939

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
326	Oct	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,879,002	620,998
327	Nov	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,887,943	612,057
328	Dec	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,896,884	603,116
329	Jan	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,905,825	594,175
330	Feb	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,914,766	585,234
331	Mar	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,923,707	576,293
332	Apr	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,932,648	567,352
333	May	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,941,589	558,411
334	Jun	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,950,530	549,470
335	Jul	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,959,471	540,529
336	Aug	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,968,412	531,588
337	Sep	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,977,353	522,647
338	Oct	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,986,294	513,706
339	Nov	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,995,235	504,765
340	Dec	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,004,176	495,824
341	Jan	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,013,117	486,883
342	Feb	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,022,058	477,942
343	Mar	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,030,999	469,001
344	Apr	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,039,940	460,060
345	May	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,048,881	451,119
346	Jun	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,057,822	442,178
347	Jul	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,066,763	433,237
348	Aug	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,075,704	424,296
349	Sep	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,084,645	415,355
350	Oct	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,093,586	406,414
351	Nov	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,102,527	397,473
352	Dec	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,111,468	388,532
353	Jan	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,120,409	379,591
354	Feb	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,129,350	370,650
355	Mar	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,138,291	361,709
356	Apr	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,147,232	352,768
357	May	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,156,173	343,827
358	Jun	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,165,114	334,886
359	Jul	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,174,055	325,945
360	Aug	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,182,996	317,004
361	Sep	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,191,937	308,063
362	Oct	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,200,878	299,122
363	Nov	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,209,819	290,181
364	Dec	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,218,760	281,240
365	Jan	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,227,701	272,299
366	Feb	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,236,642	263,358
367	Mar	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,245,583	254,417
368	Apr	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,254,524	245,476
369	May	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,263,465	236,535
370	Jun	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,272,406	227,594
371	Jul	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,281,347	218,653
372	Aug	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,290,288	209,712
373	Sep	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,299,229	200,771
374	Oct	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,308,170	191,830
375	Nov	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,317,111	182,889
376	Dec	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,326,052	173,948
377	Jan	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,334,993	165,007
378	Feb	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,343,934	156,066
379	Mar	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,352,875	147,125
380	Apr	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,361,816	138,184
381	May	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	2,187	3,364,003	135,997
382	Jun	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,364,942	135,058
383	Jul	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,365,881	134,119
384	Aug	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,366,820	133,180
385	Sep	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,367,759	132,241
386	Oct	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,368,698	131,302
387	Nov	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,369,637	130,363
388	Dec	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,370,576	129,424
389	Jan	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,371,515	128,485
390	Feb	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,372,454	127,546

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
391	Mar	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,373,393	126,607
392	Apr	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,374,332	125,668
393	May	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,375,271	124,729
394	Jun	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,376,210	123,790
395	Jul	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,377,149	122,851
396	Aug	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,378,088	121,912
397	Sep	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,379,027	120,973
398	Oct	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,379,966	120,034
399	Nov	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,380,905	119,095
400	Dec	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,381,844	118,156
401	Jan	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,382,783	117,217
402	Feb	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,383,722	116,278
403	Mar	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,384,661	115,339
404	Apr	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,385,600	114,400
405	May	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,386,539	113,461
406	Jun	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,387,478	112,522
407	Jul	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,388,417	111,583
408	Aug	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,389,356	110,644
409	Sep	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,390,295	109,705
410	Oct	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,391,234	108,766
411	Nov	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,392,173	107,827
412	Dec	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,393,112	106,888
413	Jan	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,394,051	105,949
414	Feb	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,394,990	105,010
415	Mar	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,395,929	104,071
416	Apr	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,396,868	103,132
417	May	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,397,807	102,193
418	Jun	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,398,746	101,254
419	Jul	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,399,685	100,315
420	Aug	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,400,624	99,376
421	Sep	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,401,563	98,437
422	Oct	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,402,502	97,498
423	Nov	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,403,441	96,559
424	Dec	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,404,380	95,620
425	Jan	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,405,319	94,681
426	Feb	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,406,258	93,742
427	Mar	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,407,197	92,803
428	Apr	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,408,136	91,864
429	May	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,409,075	90,925
430	Jun	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,410,014	89,986
431	Jul	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,410,953	89,047
432	Aug	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,411,892	88,108
433	Sep	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,412,831	87,169
434	Oct	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,413,770	86,230
435	Nov	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,414,709	85,291
436	Dec	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,415,648	84,352
437	Jan	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,416,587	83,413
438	Feb	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,417,526	82,474
439	Mar	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,418,465	81,535
440	Apr	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,419,404	80,596
441	May	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,420,343	79,657
442	Jun	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,421,282	78,718
443	Jul	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,422,221	77,779
444	Aug	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,423,160	76,840
445	Sep	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,424,099	75,901
446	Oct	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,425,038	74,962
447	Nov	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,425,977	74,023
448	Dec	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,426,916	73,084
449	Jan	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,427,855	72,145
450	Feb	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,428,794	71,206
451	Mar	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,429,733	70,267
452	Apr	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,430,672	69,328
453	May	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,431,611	68,389
454	Jun	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,432,550	67,450
455	Jul	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,433,489	66,511

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
456	Aug	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,434,428	65,572
457	Sep	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,435,367	64,633
458	Oct	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,436,306	63,694
459	Nov	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,437,245	62,755
460	Dec	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,438,184	61,816
461	Jan	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,439,123	60,877
462	Feb	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,440,062	59,938
463	Mar	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,441,001	58,999
464	Apr	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,441,940	58,060
465	May	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,442,879	57,121
466	Jun	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,443,818	56,182
467	Jul	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,444,757	55,243
468	Aug	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,445,696	54,304
469	Sep	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,446,635	53,365
470	Oct	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,447,574	52,426
471	Nov	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,448,513	51,487
472	Dec	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,449,452	50,548
473	Jan	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,450,391	49,609
474	Feb	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,451,330	48,670
475	Mar	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,452,269	47,731
476	Apr	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,453,208	46,792
477	May	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,454,147	45,853
478	Jun	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,455,086	44,914
479	Jul	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,456,025	43,975
480	Aug	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,456,964	43,036
481	Sep	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,457,903	42,097
482	Oct	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,458,842	41,158
483	Nov	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,459,781	40,219
484	Dec	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,460,720	39,280
485	Jan	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,461,659	38,341
486	Feb	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,462,598	37,402
487	Mar	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,463,537	36,463
488	Apr	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,464,476	35,524
489	May	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,465,415	34,585
490	Jun	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,466,354	33,646
491	Jul	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,467,293	32,707
492	Aug	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,468,232	31,768
493	Sep	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,469,171	30,829
494	Oct	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,470,110	29,890
495	Nov	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,471,049	28,951
496	Dec	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,471,988	28,012
497	Jan	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,472,927	27,073
498	Feb	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,473,866	26,134
499	Mar	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,474,805	25,195
500	Apr	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,475,744	24,256
501	May	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,476,683	23,317
502	Jun	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,477,622	22,378
503	Jul	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,478,561	21,439
504	Aug	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,479,500	20,500
505	Sep	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,480,439	19,561
506	Oct	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,481,378	18,622
507	Nov	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,482,317	17,683
508	Dec	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,483,256	16,744
509	Jan	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,484,195	15,805
510	Feb	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,485,134	14,866
511	Mar	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,486,073	13,927
512	Apr	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,487,012	12,988
513	May	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,487,951	12,049
514	Jun	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,488,890	11,110
515	Jul	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,489,829	10,171
516	Aug	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,490,768	9,232
517	Sep	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,491,707	8,293
518	Oct	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,492,646	7,354
519	Nov	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,493,585	6,415
520	Dec	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,494,524	5,476

Maui Electric Company, Ltd.
 CHP Investment
 Estimated Book Depreciation
 Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
521	Jan	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,495,463	4,537
522	Feb	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,496,402	3,598
523	Mar	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,497,341	2,659
524	Apr	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,498,280	1,720
525	May	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,499,219	781
526	Jun	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	781	3,500,000	-

Maui Electric Company, Ltd.
Revenue Decoupling - Rate Base RAM
2018 Major Projects and Other Plant Additions, Net of CIAC

NET CALCULATION									
Grand parent	Project #	Project	Plant Addition Date	[1]		[2]		[3]	
				Net Plant Adds Thru 12/31/17	Total Project Cost	CIAC & Adjs	Net Project Cost	Net Plant Adds Thru 12/31/18	Over/(Under) Net PUC Approved
				(A)	(B)	(C)	(D)=(B)+(C)	(E)=(A)+(D)	(F)
									(E) - (F)
2018 Major Projects									
1	X00004	M0000107	Kuihelani Substation	2018 straggling	7,847,533	-	618,944	8,466,477	7,987,560
2	X00004	M0001304	Kuihelani T&D	Apr-18	-	-	1,976,900	1,976,900	1,900,481
3	X00004	M0001305	Kuihelani Communication	Apr-18	-	-	973,521	973,521	1,445,416
4	X00004		Total Kuihelani Project		3,569,365	-	3,569,365	11,416,898	11,333,457
5	MZ.005207	Joint Pole Capital Transfer Price	Dec-18	-	4,195,974	-	4,195,974	4,195,974	-
6	X00003	M0001890	Kaonoulu Substation Land/Easement	Sep-18	-	599,580	599,580	599,580	599,580
7		Total All Projects			8,364,919	-	8,364,919	16,212,452	15,529,431
									683,021
									To Sch D1

[1] Transmittal No. 18-03 (Decoupling) - Maui Electric Company RBA Rate Adjustment, Schedule D2, filed on May 29, 2018.

[2] Hawaiian Electric Companies' Exemption From and Modification of General Order No. 7 Paragraph No. 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2017, in Docket No. 03-0257, filed on March 27, 2019. See Schedule D2.

[3] Per the Final Decision & Order and Dissenting Opinion of Leslie H. Kondo, Commissioner, filed on August 31, 2010, in Docket No. 2008-0274, on page 54, "for purposes of calculating the Rate Base for the RAM, the costs on Major Capital Projects shall be limited to those amounts most recently approved, e.g., when authorized in the commission's decision approving the HECO Companies' application in compliance with General Order No. 7 or in an interim or final decision and order issued by the commission in the HECO companies' rate cases."

[3a] Net PUC Approved amount was derived from the Maui Electric 2018 Test Year Rate Case, filed in Docket No. 2017-0150, in response to CA-IR-183 which updated 2018 Plant Additions for actuals through December 31, 2017 and revised forecast for 2018. The individual subprojects are shown for illustrative purposes. However, the determination of whether the actual project costs are in excess of the amounts approved by the Commission are calculated on a total project basis.

[3b] Per Decision and Order No. 35768, Docket No. 2018-0075, For Approval of the Transfer of Equity Ownership Interest in Certain Joint Poles, to Commit Funds in Excess of \$2,500,000, Accounting and Ratemaking Treatment, Amendments to Joint Pole Agreements Between the Applicants, Asset Transfer Agreement, and Pole Licensing Agreement, filed October 16, 2018. The Commission approved the acquisition of Hawaiian Telcom's joint pole equity ownership shares, valued at \$47,970,902, of which \$4,195,974 was related to Maui Electric.

[4] Per Decision and Order No. 36219, Docket No. 2017-0150, filed March 18, 2019 the Commission ordered the removal of the Kaono'ulu Project, including the land (M0001890) which was purchased and placed in to service in September 2018. Inclusion on this workpaper is to adjust the cost of the land out of the 2018 recorded net cost of plant in service balance in Schedule D1. The project was originally approved in Decision and Order No. 33261 in Docket No. 2015-0071, filed October 13, 2015.

Maui Electric Company, Ltd.
 CIAC Reconciliation
 As of December 31, 2018

Line No.	Description (a)	Reference (b)	CIAC, Including Developer Advances (c)
1	12/31/17 Balance	5/21/18 Decoupling, Sch G1	(102,683,611)
2	9/30/18 Balance	GL #271, #271L, #271M	(103,494,738)
3	Add: Developer Advances		<u>(360,896)</u>
4	9/30/18 Balance - Utility CIAC		(103,855,634)
5	CIAC Change Thru 9/30/18 - Utility	Line 1 - Line 4	(1,172,023)
6	Add Back: 2018 CIAC Amortization through 9/30/18	GL#27100004, #27100L04, #27100M04	<u>(1,722,908)</u>
7	CIAC Additions Thru 9/30/18		(2,894,931)
8	<u>Oct to Dec 2018 Activity</u>		
9	CIAC-Cash Tax	GL #60005200	(356,971)
10	CIAC-Cash Non-Tax	GL #60005201	-
11	CIAC-Settlement	GL #60050221	58,163
12	CIAC-In-Kind	GL #60005206	<u>(623,403)</u>
			<u>(922,211)</u>
13	2018 CIAC Additions, included within Net Plant in Service, CWIP, Developer Advances		<u><u>(3,817,142)</u></u>
			To Sch D2

Purpose:

Starting October 1, 2018, the Company adopted FERC guidelines resulting in CIAC being netted with Plant via Plant Additions or CWIP. This workpaper calculates the 2018 CIAC additions by summing the CIAC activity from January 1 to September 30, 2018 (per Ellipse) with the CIAC activity from October 1 to December 31, 2018 (per SAP and Powerplan WBS) for inclusion in the Baseline Plant Additions calculation at Schedule D2. Beginning with calendar year 2019, Baseline Plant Additions will be shown net of CIAC.

Note 1:

See MECO-WP-D2-005 for documentation on the treatment of CIAC in the 2019 Decoupling filing.

SCHEDULE G1

PAGE 1 OF 1

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
BASELINE CAPITAL PROJECTS CIAC ADDITIONS

Source of CIAC balance and amort.: December Monthly Reports filed (non-confidential basis) with the PUC dated:

Line No.	Description (a)	2/21/2014		2/26/2015		2/23/2016		2/24/2017		3/1/2018	
		2013	(b)	2014	(c)	2015	(d)	2016	(e)	2017	(f)
1	CIAC Balance, January 1 (Dec Rpt. pg. 10)	(82,211,127)		(85,047,271)		(88,217,709)		(91,061,643)		(97,870,217)	
2	Less: CIAC Amortization (Dec Rpt. pg. 1)	1,733,766		1,816,855		1,907,533		1,993,924		2,153,969	
3	Less: CIAC Balance, December 31 (Dec Rpt. pg. 10)	85,047,271		88,217,709		91,061,643		97,870,217		102,683,611	
4											
5	Total CIAC Additions	4,569,910		4,987,293		4,751,467		8,802,498		6,967,363	
6											
7	<u>Less Major Projects:</u>		<u>Dkt No.</u>	<u>Item No.</u>							
8											
9	<u>2010 In-service:</u>										
10	6th Increment Distribution Rebuild		01-0148	M0000266	-	-					
11											
12	<u>2013 In-Service:</u>										
13	Major Overhaul of M16		2012-0038	M0001571		-					
14											
15	<u>2017 In-service:</u>										
16	Kuihelani Substation		2015-0070	M0000107						-	
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27	Total Net CIAC Additions	4,569,910		4,987,293		4,751,467		8,802,498		6,967,363	
28											
29	Last Five-Year Average									6,015,706	

Schedule D2

To Schedule D1

GENERAL NOTE:

The CIAC amounts of the major projects are from the respective year's GO7 plant addition annual reports. Refer to the Baseline Plant Additions Calculation workpaper for the dates of the report filings. The total CIAC additions reflect actual contributions received in the year, and therefore may not include the total major project CIAC from the GO 7 report to the extent that the CIAC was received in advance, or in multiple payments over a span of more than one year.

CIAC Treatment
Resulting from FERC Adoption

Adoption of FERC USOA required a change in presentation change to Contributions in Aid of Construction (CIAC)

Prior to October 2018, and in establishing rates in previous test year rate cases, the Company's presentation of contributions in aid of construction ("CIAC") followed the guidelines of the National Associate of Regulatory Utility Commissioners Uniform System of Accounts (NARUC USOA). Under the NARUC reporting system, CIAC is reported under an exclusive account, account 271, which includes donations or contributions in cash, services or property from states, municipalities, or other governmental agencies, individuals and others for construction purposes. All CIAC was incorporated as a deduction in the calculation of rate base in part because the Companies' systems did not facilitate on-going reporting of CIAC related to plant in service separate from CIAC related to construction work in progress ("CWIP").

The Commission approved the Companies' request to change to Federal Energy Regulatory Commission Uniform System of Accounts (FERC USOA), beginning with the implementation of the Companies' new ERP/EAM, in Decision and Order No. 31757, issued December 19, 2013 in Docket No. 2013-0007.

Beginning in October 2018 with the transition to FERC, the net balance of CIAC in account 271 less the CIAC amortization to be recorded for October to December 2018, was credited against the account balances charged with the cost of construction, i.e., gross plant in service and CWIP, resulting in the account becoming zero (i.e. "0") at December 31, 2018.

Ratemaking treatment for CIAC

The Company's ratemaking treatment of contributions in aid of construction is summarized below:

- *CIAC associated with Plant in Service* – When a utility capital project is placed into service, the plant in service net of the associated CIAC is included as net cost of plant in service in rate base. The plant in service net of the CIAC is included as part of the basis for the depreciation accrual the year after it is placed into service (i.e. January 1 of the year after it is placed into service).
- *CIAC associated with CWIP* – For book purposes, CIAC that is received while projects are still under construction (i.e. in CWIP) will offset the costs incurred and is presented net in CWIP. The CWIP net of the associated CIAC is subject to the AFUDC accrual if there is a net CWIP balance. In the next rate case, the Company will request CIAC associated with CWIP be excluded from the rate base calculation since CWIP net of

CIAC earns AFUDC. CIAC associated with CWIP is however, included in rate base in this RAM calculation for consistency with the 2017 Test Year treatment. See further discussion of Company's requested treatment of CIAC associated with CWIP below.

- *Developer Advances* - Cash contributions received in advance of construction of a utility capital project that are temporarily not classified as CIAC because the funds received are in excess of the specific project expenditures. The balance of developer advances is presented as funds from non-investors, included in its own exclusive account, and deducted in the calculation of rate base. As project costs are incurred for a utility capital project, an equal portion of developer advances associated with the project will be reclassified as CIAC and credit the accounts charged with the cost of construction. Developer Advances were included as a part of CIAC as a reduction to rate base in the 2017 Test Year.

Treatment of CIAC within the 2019 Annual Decoupling Filing

For the 2019 Decoupling Filing, the Company treated CIAC consistently with prior filings resulting in no impact to rate base.

Schedule D1, Determination of Rate Base RAM Adjustment – Change in Rate Base

Plant in Service - There is no change in rate base for plant in service and CIAC associated with plant in service. Under NARUC, in rate base, plant in service was the gross cost of plant (net of accumulated depreciation), and CIAC was a separate reduction to rate base. Under FERC, the plant in service amounts are net of (i.e., already reduced by) CIAC, and presented net of accumulated depreciation in the calculation of rate base. There is no separate CIAC line item reducing rate base because it is already net in utility plant. Therefore, there is no net rate base impact. The difference between NARUC and FERC for plant in service is a matter of where the costs are classified in rate base, and not a matter of inclusion or exclusion of costs in rate base.

CIAC associated with CWIP - There is no change in rate base for CIAC associated with CWIP. Previously, presentation of CIAC aligned with NARUC and all CIAC, including amounts associated with projects in CWIP, were included as a reduction to rate base under account 271. The 2019 estimated balance continues the treatment of including the CIAC in CWIP to be consistent with the recorded balance at 2018 year-end because all 2019 estimated CIAC additions have been included at Schedule D2 and included as part of net cost of plant at Schedule D1. Although the treatment described above was used in the 2019 annual decoupling filing, see Company's requested treatment to exclude CIAC associated with CWIP from rate base in future filings in the discussion below.

Developer Advances - With the transition to FERC, CIAC is credited when received against the related project costs in CWIP. To the extent funds are not yet expended for a project in

CWIP, the CIAC will be classified as developer advances and deducted in the calculation of rate base at Schedule D1. The recorded balance at 2018 year-end is not adjusted for 2019 activity as it is incorporated in Schedule D2.

Schedule D2, Determination of Baseline Capital Projects Additions

Schedule D2 was revised to incorporate the baseline and major project CIAC (including Developer Advances) for 2014 to 2017 into the baseline average calculation of net plant in service, consistent with the presentation of rate base. The 2018 CIAC additions calculated at HECO-WP-D2-003 includes additions to CIAC from all sources, i.e. Plant, CWIP and Developer Advances, which were used in the 5-year baseline calculation. As a result, the estimated 2019 additions to CIAC in CWIP and Developer Advances balances at Schedule D1 for the Change in Rate Base are not required as they are already included in the net cost of plant line item.

Schedule E, Determination of Depreciation & Amortization RAM Adjustment

FERC Uniform System of Accounts Electric Plant Instructions, 2. Electric Plant To Be Recorded at Cost. D. states, "The electric plant accounts shall not include the cost or other value of electric plant contributed to the company." Therefore, the Recorded Depreciable/Amortizable Balances at December 31, 2018 in Schedule E represents plant in service net of CIAC which is used as the basis to estimate the 2019 annual accrual amount. In calculating the 2019 RAM Depreciation and Amortization, Depreciation and Amortization in Current Revenues also includes CIAC amortization approved in the 2017 Test Year.

Schedule F & F1, Determination of Change in Deferred Income Taxes & Tax Depreciation

The methodology for computing the deferred taxes related to RAM year tax depreciation was not changed within the 2019 annual decoupling filing. Gross plant additions are used as the basis for calculating tax depreciation. However, see the CIAC impact to ADIT section below for the Company's preferred treatment considering the effects of netting CIAC against plant in service.

Schedule G-series, CIAC

Schedule G, G1 and G2 were removed from the Decoupling filings and instead incorporated into either Plant in Service, CIAC in CWIP or Developer Advances. The December 31, 2018 balances for CIAC associated with CWIP and Developer Advances were extracted from PowerPlan. Additionally, as noted above, the calculation of the 5-year baseline average of CIAC and amortization was incorporated within Schedule D2 and Schedule E, respectively.

The Company will continue to include CIAC associated with CWIP and Developer Advances as a reduction to rate base until the FERC presentation of rate base is approved in the Company's next rate case.

Company's requested CIAC treatment

The Company requests to reflect the following changes to the treatment of CIAC within the annual decoupling filings.

CIAC associated with CWIP

In Mr. Franklin's T-12 direct testimony in Hawaii Electric Light's 2019 Test Year rate case, the Company proposes to remove CIAC associated with CWIP from the calculation of rate base due to the fact that CWIP net of associated CIAC earns AFUDC, therefore the CWIP and its associated CIAC should be excluded from rate base.

Excluding CWIP net of CIAC, to better align the source of funds with its use (i.e. the CIAC funds received were applied against the costs incurred for the project) and is therefore properly excluded from the calculation of rate base. In addition, and as mentioned previously, any material CIAC received in advance of construction expenditures will continue to be deductions in the calculation of rate base as Developer Advances.

CIAC impact to ADIT

ADIT associated with CIAC in CWIP should be divided between nontaxable and taxable CIAC. Nontaxable CIAC (primarily interconnection CIAC) is treated as a reduction in basis for both book and tax purposes. On the other hand, although taxable CIAC is also a reduction in basis for book purposes, for tax purposes, the receipt of taxable CIAC creates tax basis by way of the recognition of taxable income and reverses by way of tax depreciation.

Nontaxable CIAC does not create ADIT since there is no book tax difference. Consequently, the regulatory netting of nontaxable CIAC against the plant assets should not create any issue with respect to the ADIT beginning balance for the rate base RAM calculation

Taxable CIAC generates a Deferred Tax Asset (DTA) as it is received and recorded into CWIP under the new FERC accounting. Prior NARUC accounting treatment with account 271 created DTA as CIAC was booked to 271, which is equivalent to what is now booked to CWIP. The origination and timing of the DTA under the FERC method will be equivalent to the NARUC method. However, under the old method, the DTA was immediately recognized as part of rate base, consistent with the treatment of the account 271 inclusion. However, under the FERC method, the generation of the DTA must be inventoried and tracked to match up with the amount of CIAC in CWIP and the amounts closed to plant in service. This tracking is necessary to ensure that the amount of DTA related to CWIP is excluded from rate base. Once CWIP costs are closed to plant, the related DTA will be included in rate base and will begin reversal through tax depreciation taken on the CIAC tax basis.

FERC accounting imbeds the book treatment of CIAC within CWIP and the ultimate plant and related depreciation. The separation will disappear and the Company asserts that the ADIT

effects will be the same with respect to the beginning balance of ADIT for the annual decoupling filing except to the extent CIAC is still in CWIP. This issue will be addressed along with the rate base treatment of CIAC associated with CWIP as mentioned above.

FERC accounting nets CIAC against Plant in Service for purposes of computing baseline and major plant additions. For RAM year tax depreciation and the related ADIT calculated for the change in RAM year ADIT, adopting the net plant additions as the RAM year tax additions will be a change that will result in a smaller amount of tax depreciation and ADIT “change” since the Company previously has assumed the gross additions to be the RAM year tax depreciable base. The Company asserts this is reasonable for the following reasons:

- 1) Under the old method, to the extent nontaxable CIAC was included in the RAM year numbers (through major projects or baseline projects), tax depreciable basis was overstated since there is no tax basis for assets funded by nontaxable CIAC.
- 2) With respect to taxable CIAC, the funded assets do have depreciable tax basis and it is accounted for in the RAM year additions tax depreciation. However, the receipt of taxable CIAC generates taxable income and deferred tax assets that increase rate base. The effect of this DTA from taxable CIAC was never recognized in the RAM tariff, which resulted in an overstatement of RAM year ADIT change, as it related to the projected plant additions.

For purposes of the 2019 RAM calculation, ADIT has been calculated on gross plant additions, consistent with the 2017 Test Year treatment and prior decoupling filings, however the Company is requesting treatment of CIAC in deferred tax to follow FERC accounting.

Summary

In summary, Maui Electric prepared the 2019 annual decoupling filings in accordance with the historical treatment of CIAC. Historically, due to system constraints, CIAC records were not maintained with matching of the separate components (plant in service, CWIP, developer advances). As a result, the entire amount of CIAC was treated as a reduction to rate base and the Return on Investment was understated. As stated in Mr. Franklin’s T-12 direct testimony in Hawaii Electric Light’s 2019 Test Year rate case, the Companies propose to exclude the CIAC associated with CWIP in its calculation of rate base in the rate base RAM filings. Should the Commission approve Hawaii Electric Light’s proposal, Maui Electric will implement this change in the annual decoupling filing in the year following the Commission’s approval.

Maui Electric Company
2019 Plant Additions - Major Projects Support

Project	Functional Category	Plant Addition Date	PUC Approved, Net	CIAC Received/ Estimated	Gross Plant Adds thru 12/31/18	2019 Gross Plant Adds	Estimated Gross Plant Adds thru 12/31/18	Over/ (Under) PUC Approved	2019 Plant Addition Qualifying for RB RAM (Note A)
			<u>[1]</u>	<u>B</u>	<u>[2]</u>	<u>E</u>	<u>F = D + E</u>	<u>G = F - C</u>	
			<i>A</i>						
M00001039: Kaonoulu Substation	Distribution	2019/06	10,987,527	-	-	12,114,900	12,114,900	1,127,373	10,987,527
M00001051: Kaonoulu T&D Feeder	Distribution	2019/06	4,003,519	-	-	4,351,800	4,351,800	348,281	4,003,519
M0001890: Kaonoulu Substation Land/Easement		2018/09	-	-	-	599,580	599,580	599,580	599,580
									<u>15,590,626</u>
									<u>To Sch D3</u>
M00001718: M17 Overhaul	Production- Other	2019/07	2,738,700	-	-	2,762,326	2,762,326	23,626	2,738,700
									<u>To Sch D3</u>

NOTE A:

Amount qualifying for 2019 rate base RAM recovery is limited to the lower of the 2019 gross plant addition (column E) or the PUC approved amount (column C). In the case of straggling costs, the amount qualifying for 2019 rate base RAM recovery is limited to the lower of the 2019 gross plant addition (column E) or the remaining unused balance of the PUC approved amount.

[1] Per Decision and Order No. 36219, Docket No. 2017-0150, filed March 18, 2019 the Commission ordered the removal of the Ka'ono'ulu Project, including the land (M0001890) which was purchased and placed in to service in September 2018. The land was adjusted out of the 2018 recorded net cost of plant in service balance and is being added here as a 2019 major project addition. The substation and T&D Feeder is expected to be placed in service in June 2019. Therefore, it is being included as a major project in accordance with

Per Decision and Order No. 35537, filed on June 20, 2018, in Docket No. 2017-0230 For Approval to Commit Funds in Exces of \$2,500,000 for Item M0001718, Perform Major Overhaul On Maalaea Unit 17.

[2] Source: Schedule D2 & Attachment 3, page 9 of the Capital Projects Completed in 2018 report filed on March 27, 2019.

[3] Source: UIPlanner Budget files. Ka'ono'ulu Substation: PUC-MECO-IR-8, 2018 Test Year Rate Case Docket No. 2017-0150, filed January 25, 2019. Also, CA-IR-183, Attachment 1 (Supplement 3/2/18) Docket No. 2017-0150.

Maui Electric Company
Accumulated Deferred Taxes

		FEDERAL	STATE	COMBINED
	Description	12/31/18 Balance	12/31/18 Balance	12/31/18 Balance
	ACCOUNT 282			
1	Accelerated Depreciation	(53,825,960)	(11,087,910)	(64,913,870)
2	Excess AccDep -Reg Asset 2017 Adj	-	-	-
3	Excess AccDep -Reg Liab 2017 Adj	9,689,257	2,952,916	12,642,173
4	TOTAL ACCOUNT 282 - UTILITY DEPR	<u>(44,136,702)</u>	<u>(8,134,995)</u>	<u>(52,271,697)</u>
	ACCOUNT 283			
5	Bad Debts	28,953	8,823	37,776
6	Bonuses - Non-executives	22,688	23,364	46,052
7	BPI Project Costs	0	(3)	(2)
8	Capital loss carryforward	2,622	488	3,110
9	Capitalized Interest	1,166,201	467,777	1,633,978
10	Charitable Deduction Limitation CF	-	0	0
11	CHP Direct Lease vs. Book Depreciation	(1,082)	(330)	(1,412)
12	CIAC	6,615,207	3,125,188	9,740,395
13	Cost of Removal	5,897,188	1,797,239	7,694,427
14	Customer Advances	869,916	265,116	1,135,032
15	CWIP Debt (AFUDC Debt)	(1,358,817)	(414,115)	(1,772,931)
16	CWIP Debt Transition	(16,168)	(4,927)	(21,096)
17	Emissions Fees	107,189	32,668	139,856
18	Exec Comp - EICP	29,862	9,101	38,963
19	Exec Comp - LTIP	46,473	14,164	60,637
20	Exec Comp - RSUs	14,754	4,498	19,253
21	Fed ITC	47,063	14,343	61,406
22	Fed Energy Tax Credit	45,792	13,954	59,746
23	FIN 48 - Interest Component	6,818	2,078	8,896
24	FIN 48 - Tax Component	120,981	120,254	241,235
25	Franchise Taxes	111,105	33,861	144,966
26	Gain/(Loss) on Post-'80 Vint Ret	(1,857,573)	(636,682)	(2,494,255)
27	Gain Paia Land Sale	499,636	152,270	651,906
28	Hawaii R&D Credit	449	137	586
29	HT Joint Pole Revenue	202,908	61,839	264,746
30	Interest - RAR	46,137	(3,988)	42,149
31	IRP/DSM Costs - DSM Fast Demand Response	(137)	(42)	(179)
32	IRP/DSM Costs - IRP	(0)	(16,047)	(16,047)
33	Legal Fees Capitalized (PPA)	49,222	15,002	64,224
34	Liability Reserves - Brownfield Site	557,566	169,925	727,491
35	Liability Reserves - Other	(2,271)	(694)	(2,965)
36	Manele Bay Direct Financing Lease	191,666	58,413	250,078
37	NOL	-	-	-
38	OPEB	(195,339)	(59,535)	(254,874)
39	OPEB Executive Life	347,225	105,822	453,047
40	OPEB Trackers	822,847	250,772	1,073,619
41	Other	(1,600)	20,733	19,134
42	Pension (Qualified)	(19,601)	(5,981)	(25,582)
43	Pension Excess (Non-qualified)	(1,110)	(337)	(1,446)
44	Pension Tracker	(2,501,188)	(762,269)	(3,263,456)
45	Percentage Repair Allowance (PRA)	(207,259)	(166,706)	(373,964)
46	Post Norm Cap OH's - Depr	(3,110)	(947)	(4,057)
47	Prepays	(225,264)	(68,651)	(293,915)
48	PSC PUC Accrual	473,935	144,437	618,373
49	PSC PUC - 481(a) Adjustment	871,261	265,527	1,136,788
50	QUIPS Amortization	(46,241)	(14,092)	(60,334)
51	Rate Case Costs	(164,898)	(50,256)	(215,154)
52	RBA Revenues	245,767	74,900	320,667
53	RBA Revenues - §481(a) Adjustment	(1,066,472)	(325,020)	(1,391,492)
54	Regulatory Liab - Tax Reform Act	227,705	69,396	297,101
55	Repairs Allowance	(12,510,337)	(3,812,702)	(16,323,039)
56	Repairs - §481(a) Adjustment	(2,379,120)	(1,043,187)	(3,422,307)
57	Rev Bond Differential/Redemptions	(237,403)	(87,857)	(325,260)
58	Software - CIS	10,601	(592)	10,009
59	Software - CIS 2013 Carrying Costs	(1,641)	(501)	(2,142)

Maui Electric Company
Accumulated Deferred Taxes

		FEDERAL	STATE	COMBINED	
		12/31/18	12/31/18	12/31/18	
	Description	Balance	Balance	Balance	
60	Software - ERP	(101,277)	(60,078)	(161,355)	
61	Software - HR Suites	(59,277)	(18,066)	(77,343)	
62	Software - IVR	(34,924)	(10,643)	(45,567)	
63	Software - UI Planner (Budget System Replacement)	(29,648)	(9,037)	(38,685)	
64	Software - Other Computer Software Costs	37	(2,240)	(2,202)	
65	Solar Saver	3,203	978	4,181	
66	State ITC (State Cap Goods Tax Credit)	2,874,404	876,008	3,750,412	
67	State Energy Credit	8,674	2,645	11,319	
68	SunPower for Schools	2,283	696	2,979	
69	Vacation Accrual	(44,989)	(18,312)	(63,301)	
70	Workers Compensation	(27,487)	45,506	18,019	
71	Rounding	(5)	1	(4)	
	FAS 109: Regulatory Assets/Liabilities		-	-	
72	Reg Asset - SFAS 109 Flow Through	(142)	(43)	(186)	
73	Reg Asset - Plant Transition (AFUDC)	(90,773)	(27,664)	(118,438)	
74	Reg Asset - CWIP Equity Gr Up	(1,469,475)	(447,841)	(1,917,316)	
75	Reg Asset - CWIP Equity Net	(2,363,032)	(720,162)	(3,083,194)	
76	Reg Asset - CWIP Equity Transition	(39,175)	(11,939)	(51,113)	
77	Reg Liab - Fed ITC	25,570	7,793	33,363	
78	Reg Liab - Fed Energy Credit	10,269	7,020	17,289	
79	Reg Asset - Deficit Def - Oth	3,852	1,174	5,026	
80	Reg Liab - Excess Def - Oth	-	-	-	
81	Reg Asset - Excess ADIT 2017 (Oth)	(2,203,826)	(671,643)	(2,875,469)	
82	Reg Liab - Excess ADIT 2017 (Oth)	2,529,053	770,760	3,299,813	
83	TOTAL ACCOUNT 283 - UTILITY	<u>(4,123,576)</u>	<u>(438,459)</u>	<u>(4,562,035)</u>	
84	TOTAL ADIT BEFORE RATE BASE ADJUSTMENTS	(48,260,278)	(8,573,453)	(56,833,731)	
	RATE BASE CALCULATION				
85	Account 283 - Utility	(4,123,576)	(438,459)	(4,562,035)	
	Less:				
86	Bad Debts	28,953	8,823	37,776	
87	Bonuses - Non-executives (fka included in Exec Incen Comp)	22,688	23,364	46,052	
88	Exec Comp - EICP	29,862	9,101	38,963	
89	Exec Comp - LTIP	46,473	14,164	60,637	
90	Exec Comp - RSUs	14,754	4,498	19,253	
91	IRP/DSM Costs	(138)	(16,089)	(16,226)	
92	FIN 48 Interest	6,818	2,078	8,896	
93	FIN 48 Adj	120,981	120,254	241,235	
94	Franchise Taxes on Unbilled Revenues	111,105	33,861	144,966	
95	General Liability Reserve	555,294	169,231	724,526	
96	Interest - CIS Carrying Costs at Full Debt rate	(15,378)	(4,688)	(20,066)	
97	Interest - RAR	46,137	(3,988)	42,149	
98	OPEB Executive Life	347,225	105,822	453,047	
99	Pension Excess (Non-qualified)	(1,110)	(337)	(1,446)	
100	PSC PUC Accrual	473,935	144,437	618,373	
101	PSC PUC - 481(a) Adjustment	871,261	265,527	1,136,788	
102	Regulatory Liab - Tax Reform Act	227,705	69,396	297,101	
100	Rate Case Costs	(164,898)	(50,256)	(215,154)	
103	RBA Revenue	(820,706)	(250,119)	(1,070,825)	
104	Software - ERP	(101,277)	(60,078)	(161,355)	
105	Solar Saver	3,203	978	4,181	
106	Vacation Accrual	(44,989)	(18,312)	(63,301)	
107	Workers Compensation	(27,487)	45,506	18,019	
108	Subtotal Account 283 Adjustments	<u>1,730,416</u>	<u>613,174</u>	<u>2,343,589</u>	
109	Total Account 283 for Rate Base	(5,853,992)	(1,051,632)	(6,905,624)	To Schedule D4
110	Account 282 - Utility	(44,136,702)	(8,134,995)	(52,271,697)	To Schedule D4
111	TOTAL ADIT AFTER RATE BASE ADJUSTMENTS	<u>(49,990,694)</u>	<u>(9,186,627)</u>	<u>(59,177,321)</u>	To Schedule D4

MAUI ELECTRIC CO., LTD.
ADIT ON EXCESS DEPRECIATION
DECEMBER 31, 2018

	source	KUIHELANI SUBSTATION	TOTAL
FEDERAL DEFERRED TAXES			
1 State Tax Depreciation	MECO-WP-D4-002 p.2	37,702	37,702
2 Book Depreciation	MECO-WP-E-001	(1,794)	(1,794)
3 Subtotal	Line 1 + Line 2	35,908	35,908
4 Effective Federal Tax Rate	MECO-WP-F-001	19.7368%	19.7368%
5 Federal Deferred Tax on State Depreciati	Line 3 * Line 4	7,087	7,087
6 Addback State Tax Depreciation	Line 3	(35,908)	(35,908)
7 Federal Tax Depreciation	MECO-WP-D4-002 p.2	37,702	37,702
8 Book Depreciation	Line 2	(1,794)	(1,794)
9 Federal State Difference	Line 6 + 7 + 8	-	-
10 Tax Rate on Federal Only Adjustment	MECO-WP-F-001	21%	21%
11 Federal Deferred Tax Adjustment	Line 9 * Line 10	-	-
12 Total Federal Deferred Taxes	Line 5 + Line 11	7,087	7,087
			to Sch D4
STATE DEFERRED TAXES			
13 State Tax Depreciation	Line 1	37,702	37,702
14 Book Depreciation	Line 2	(1,794)	(1,794)
15 Subtotal	Line 1 + Line 2	35,908	35,908
16 Effective State Tax Rate	MECO-WP-F-001	6.0150376%	6.0150376%
17 Total State Deferred Taxes	Line 15 * Line 16	2,160	2,160
			to Sch D4
18 TOTAL DEFERRED TAXES	Line 12 + Line 17	9,247	9,247
			to Sch D4

MAUI ELECTRIC CO., LTD.
EXCESS TAX DEPRECIATION
KUIHELANI SUBSTATION

			Less: PUC							
Project No.	DIS	Description	Total Basis	Approved Amount	Disallowed Costs	Plant Acct	Life	Bonus	2017	2018
FEDERAL										
M0000107	v2017	Kuihelani Substation	8,466,477	7,987,560	478,917	Distr	20	0	17,959	34,573
M0001304	v2018	Kuihelani T&D	1,976,900	1,900,481	76,419	Distr	20	0		2,866
M0001305	v2018	Kuihelani Communication	973,521	1,445,416	(471,895)	Comm	20	0		(17,696)
Total			11,416,898	11,333,457	83,441				17,959	19,743
Cumulative									17,959	37,702

to page 1

HAWAII										
M0000107	v2017	Kuihelani Substation	8,466,477	7,987,560	478,917	Distr	20	0	17,959	34,573
M0001304	v2018	Kuihelani T&D	1,976,900	1,900,481	76,419	Distr	20	0		2,866
M0001305	v2018	Kuihelani Communication	973,521	1,445,416	(471,895)	Comm	20	0		(17,696)
Total			11,416,898	11,333,457	83,441				17,959	19,743
Cumulative									17,959	37,702

to page 1

Maui Electric Company, Ltd.
2018 Major Projects Excess Cost, Net of CIAC

Grandparent # or Project #	Project	Date In Service	Net Plant Adds Thru 12/31/17	Net Plant Adds Thru 12/31/18	Plant Acct	Docket No 2016-0431	2018 Depr (D) = (A) * (C)	2019 Depr (E) = (B) * (C)	Net PUC Approved	2017 Net Cost in Excess of Docket	2018 Net Cost in Excess of Docket	Prior Years Depr Related to Excess	[2] (J) = (G) / (A) * (D)	[1] (H) = (B) - (F)	2019 Depr Related to Excess	To Sch D1 Cumulative Depr Related to Excess	2019 Depr Related to Excess
X00004	Total Kuihelani Project (Note 3)		7,847,533	11,416,898	362	2.15%	168,722	245,463	11,333,457	-	83,441	-	-	-	-	-	1,794
M0001890	Kaonoulu Substation Land/Easement	2018/09	-	599,580	N/A	0.00%	-	-	-	-	599,580	-	-	-	-	-	-
	Total All Projects		7,847,533	12,016,478			168,722	245,463	11,333,457	-	683,021	-	-	-	-	-	1,794
																	To WP-D4-002

[1] Source: MECO-WP-D2-001

[2] Source: Transmittal No. 18-03 (Decoupling) - Maui Electric Company RBA Rate Adjustment, Schedule D2, filed on May 29, 2018.

[3] As shown on MECO-WP-D2-001, Project X00004 is comprised of three separate sub-projects and are included for illustrative purposes. As noted in Footnote 3A of MECO-WP-D2-001 the determination of whether the actual project costs are in excess of the amounts approved by the Commission are calculated on a total project basis. While each of the sub-projects are recorded in different plant accounts, for purposes of the depreciation calculated on this worksheet it is calculated on a net project basis and at the depreciation rate applicable to the largest sub-project.

Maui Electric Company
Calculation of Composite Effective Income Tax Rates
Federal and State

Composite Federal and State Effective Income Tax Rate

	<u>Eff 1/1/2018</u>	<u>2017 & Prior</u>
Federal Effective Income Tax Rate	19.7368421%	32.8947368%
State Effective Income Tax Rate	6.0150376%	6.0150376%
	<u>25.7518797%</u>	<u>38.9097744%</u>

Calculation of Effective Rates

Assumptions:

ST = State Income Tax Expense

FT = Federal Income Tax Expense

Pre-Tax Income = \$1.00

State Statutory Income Tax Rate*

Federal Statutory Income Tax Rate**

	<u>Eff 1/1/2018</u>	<u>2017 & Prior</u>
State Statutory Income Tax Rate*	6.4%	6.4%
Federal Statutory Income Tax Rate**	21.0%	35.0%

Calculation of State Effective Income Tax Rate

State Income Tax Expense = Statutory Rate x (Pre-Tax Income - State Income Tax Expense)

ST = .064 x (1 - ST)

ST = .064 - .064(ST)

1.064(ST) = .064

ST = .060150376 or 6.0150376% of Pre-Tax Income

Calculation of Federal Effective Income Tax Rate

Federal Income Tax Expense = Statutory Rate x (Pre-Tax Income - State Income Tax Expense)

Effective 1/1/18

FT = .21 x (1 - ST)

FT = .21 x (1 - .060150376)

FT = .21 - .01263157896

FT = .197368421 or 19.7368421% of Pre-Tax Income

2017 & Prior

FT = .35 x (1 - ST)

FT = .35 x (1 - .060150376)

FT = .35 - .01263157896

FT = .328947368 or 32.8947368% of Pre-Tax Income

* Hawaii Revised Statutes §235.71 was amended for tax years beginning after 1986.

** The Tax Cuts and Jobs Act of 2017 changed the Federal tax rate for tax years ending after December 31, 2017.

**MAUI ELECTRIC COMPANY, Ltd.
TAX REPAIRS ADJUSTMENT
2019**

			A	B	C = A x B	D = A - C
		MECO-WP- F1-002		MECO-WP- F1-001 pg.2		
	LIFE	5-Year AVERAGE	Plant Adds	Repairs Allocation	Repairs Deduction	Depreciable Basis
Structural	39	171,378				
Steam Production	20	670,183	670,183	34.32%	230,026	440,157
Non-Steam Production	15	6,448,636	6,448,636	34.32%	2,213,360	4,235,276
ROW	50	122,838				
Transmission	20	2,239,977	2,239,977	38.38%	859,735	1,380,242
Transmission > 69kv	15	366,713	366,713	38.38%	140,750	225,963
Distribution	20	27,947,466	27,947,466	26.81%	7,492,342	20,455,124
Distribution - Street Lights	7	996,286	996,286	26.81%	267,091	729,195
Computer Data	5	177,489				
Comp/Off/Furn/Tools	7	330,264				
Vehicles	-	1,156,608				
General	20	767,276				
Communication	20	649,086				
Land	-	(3,842)				
TOTAL		<u>42,040,358</u> <i>from Sch D2</i>	<u>38,669,261</u>		<u>11,203,304</u> <i>to Sch F1</i>	<u>27,465,957</u>

NOTE> This schedule calculates the estimated amount of deductible tax repairs related to baseline plant additions for the RAM year. The deductible tax repairs amounts are carried forward to Schedule F1 and serve to reduce the depreciable tax basis for the baseline plant additions. The repairs percentages (column B) are calculated on MECO-WP-F1-001, page 2.

**MAUI ELECTRIC COMPANY, LTD.
REPAIRS DEDUCTION
2019**

Repairs %:		Notes 1 & 2	Distribution	Transmission	Generation
Book basis repairs					
1	2014		14,013,631	1,683,160	3,499,360
2	2015		7,612,680	1,040,218	1,904,525
3	2016		8,198,634	587,979	2,139,964
4	2017		3,508,825	686,401	2,964,781
5	2018		9,389,195	1,004,665	1,680,703
6	Total book basis repairs		42,722,965	5,002,423	12,189,333
Book basis adds					
7	2014	MECO WP-F1-002	33,671,758	2,573,753	7,469,382
8	2015	MECO WP-F1-002	23,291,027	2,733,604	4,613,674
9	2016	MECO WP-F1-002	27,633,351	1,347,355	7,893,380
10	2017	MECO WP-F1-002	33,404,290	2,542,099	8,171,646
11	2018	MECO WP-F1-002	41,362,120	3,836,635	7,365,606
12	Total book basis adds		159,362,546	13,033,446	35,513,688
Repairs % (Line 6 / Line 12)			26.808661%	38.381430%	34.322914%
			to MECO-WP-F1-001, pg. 1	to MECO-WP-F1-001, pg. 1	to MECO-WP-F1-001, pg. 1

Note 1> Price Waterhouse Coopers (PWC) assisted MECO in its analysis of identifying deductible repairs for tax accounting purposes. The repairs percentage for each functional group represents the five year weighted average of repairs costs included in book additions.

Note 2> 2018 amounts are estimates. A complete analysis identifying deductible repairs has not yet been completed.

MAUI ELECTRIC COMPANY, Ltd.
BASELINE PLANT ADDITIONS BY TAX CLASSIFICATION

Description	Life	2018	2017	2016	2015	2014	Less: Major Projects	Total	Average
							From D2		
Structural	39	(107,312)	155,816	467,558	87,886	252,940	-	856,888	171,378
Steam Production	20	605,363	1,552,979	155,199	561,616	475,757	-	3,350,914	670,183
Other Production	15	6,760,243	6,618,667	7,738,181	4,052,058	6,993,626	80,406 (1)	32,243,181	6,448,636
Right of Way	50	102,949	203,382	106,996	102,817	98,048	-	614,192	122,838
Transmission	20	3,670,301	2,025,727	1,410,003	1,520,099	2,573,753	-	11,199,883	2,239,977
Transmission >69kv	15	166,334	516,372	(62,648)	1,213,505	-	-	1,833,563	366,713
Distribution	20	40,761,035	31,001,400	27,045,130	22,384,247	33,189,303	(14,643,786) (2)	139,737,329	27,947,466
Distribution - Street Lights	7	601,085	2,402,890	588,221	906,780	482,454	-	4,981,430	996,286
Computers	5	122	182,615	97,571	45,595	561,542	-	887,445	177,489
Office Furniture & Eq	7	88,526	101,971	85,495	684,735	690,592	-	1,651,319	330,264
Transportation		2,524,632	1,307,662	692	840,243	1,109,813	-	5,783,042	1,156,608
General	20	938,247	277,499	312,285	440,457	1,867,898	-	3,836,386	767,276
Communications	20	1,918,188	357,083	148,054	428,142	1,367,483	(973,521) (3)	3,245,429	649,086
Land		599,580	33,282	(22,272)	677	(30,898)	(599,580) (4)	(19,211)	(3,842)
Total (net of Major Projects)		58,629,293	46,737,345	38,070,465	33,268,857	49,632,311	(16,136,481)	210,201,790	42,040,358

WP-F1-001 p. 1

Notes:

Major Projects		Plant Additions	
(1)	M16 Capital Overhaul adjustment	(80,406)	Schedule D2 (2014)
		<u>Total</u>	<u>(80,406)</u>
(2)	6th Increment Distribution Rebuild - 2015	4,435	Schedule D2 (2015)
	Kuihelani Substation - 2017	7,847,533	Schedule D2 (2017)
	Kuihelani Substation - 2018	618,944	Schedule D2 (2018)
	Kuihelani T&D - 2018	1,976,900	Schedule D2 (2018)
	Joint Pole transfer settlement - 2018	4,195,974	Schedule D2 (2018)
		<u>Total</u>	<u>14,643,786</u>
(3)	Kuihelani Comm - 2018	<u>973,521</u>	Schedule D2 (2018)
(4)	Kaonoulou Substation Land - 2019	<u>599,580</u>	Schedule D2 (2019)

Maui Electric
Proration Adjustment for Normalization Compliance
2019

	Federal ADIT													
ADIT account 282 --Federal accelerated depreciation	DR/(CR)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
Beginning balance	Sch D4	(44,129,615)												
Effective date of rates--6/1/19														
Federal Tax Depreciation	Sch F	2,004,278												
Effective Federal Tax Rate	MECO-WP-F-001	19.7368%												
Federal ADIT accrued		(395,580)												
Monthly Accrued evenly over 12 months		(32,965)												

WITHOUT PRORATION

	Beg of Yr	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	End of Yr
Federal 282 ADIT Balance	(44,129,615)													
Monthly Additions		(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	
Cumulative Balance	(44,129,615)	(44,162,580)	(44,195,545)	(44,228,510)	(44,261,475)	(44,294,440)	(44,327,405)	(44,360,370)	(44,393,335)	(44,426,300)	(44,459,265)	(44,492,230)	(44,525,195)	(44,558,160)
														Simple Year Average--rate base methodology (44,327,405)

WITH PRORATION

# of future days rates effective	6/1/2019	214												
Revised Monthly Additions		(32,965)	(32,965)	(32,965)	(32,965)	(32,965)	(28,498)	(23,722)	(18,947)	(14,326)	(9,551)	(4,929)	(154)	
Cumulative ADIT balance with proration		(44,129,615)	(44,162,580)	(44,195,545)	(44,228,510)	(44,261,475)	(44,294,440)	(44,322,938)	(44,346,660)	(44,365,608)	(44,379,934)	(44,389,484)	(44,394,414)	(44,394,568)
														Simple Year Average--rate base methodology (44,262,091)

Adjustment to ADIT (65,314)
To Sch F

Days new rate in effect	335	307	276	246	215	185	154	123	93	62	32	1		
Days in the month	31	28	31	30	31	30	31	31	30	31	30	31		365

Methodology based on IRS Private Letter Ruling 9313008

MAUI ELECTRIC COMPANY, LIMITED
AVERAGE RATE BASE AND RATE OF RETURN
(\$ Thousands)

<u>RATE BASE</u>	<u>Reference</u>	<u>Month End</u>	
		<u>Dec-18</u>	<u>Dec-17</u>
TOTAL UTILITY PLANT	Note 2	622,371	685,697
Adjustments:			
Construction Work in Progress	#10700000	(30,364)	(25,322)
Retirement Work in Progress	#10830000	-	(2,639)
Reg Asset - Asset Retirement Obligation	#18670151	162	-
Asset Retirement Obligation	#25301000	(1,641)	(1,581)
Regulatory Liability for Cost of Removal	#25400001	(29,998)	(29,793)
Unbilled Pole Credits	within #25300000	1,028	-
DEPRECIATED COST OF UTILITY PLANT IN SERVICE	Note 1	561,558	626,362
REGULATORY ASSETS - ASC 740	Note 2	4,908	4,687
REGULATORY ASSETS - 2017 EXCESS ADIT		11,166	12,205
REG ASSET- CONTRIB vs. NPPC	#18676030	-	3,100
REGULATORY ASSET - PENSION NPPC vs. Rates	#18676040	12,673	12,684
REGULATORY ASSET - PENSION Non-Service Costs	#18676045	261	-
REGULATORY ASSET - OPEB NPBC vs. Rates	#18677040	-	17
MATERIALS & SUPPLIES INVENTORIES	Note 2	16,376	16,881
FUEL STOCK	Note 2	14,631	13,190
UNAMORTIZED DEFERRED IVR	#18670400	177	200
UNAMORTIZED DEFERRED HR SUITE-PHASE 1	#18606004	350	477
UNAMORTIZED DEFERRED BUDGET SYSTEM PROJE	#18607704	158	189
UNAMORTIZED DEFERRED CIS COSTS	MECO-WP-D1-001	1,496	1,729
CHP LEASE RECEIVABLE, NET	Note 3	2,529	2,668
WORKING CASH:	MECO-WP-H-007	4,335	6,240
DEDUCTIONS:			
Unamortized Contributions in Aid of Construction	Note 4	895	102,684
Customer Advances for Construction	Note 6	10,706	9,764
Developer Advances	Note 6	323	-
Deferred Income Taxes	Schedule D4	59,177	56,481
Unamortized Investment Tax Cr - 1962 Revenue Act & S	#25520000	14,608	14,695
Unamortized Federal EV Credit	#25503000	26	-
Customer Deposits	#23501000	2,423	2,568
Unamortized Gain on Sale	#25400110	2,531	-
Regulatory Liability other	#25400007/10	44	71
Regulatory Liability - 2017 Excess ADIT - Dep	#25400023, Note 5	61,906	47,322
Regulatory Liability - 2017 Excess ADIT - Other	#25400024, Note 5	-	14,118
Regulatory Liability OPEB True-up	#25400002	2,657	2,544
TOTAL DEDUCTIONS		155,296	250,247
MONTH ENDED RATE BASE		475,319	450,382
SIMPLE AVERAGE RATE BASE		462,851	

To Schedule H Line 1

Footnotes:

- 1 Includes Property Held for Future Use balance of \$1,302,500 at December 31, 2018 and 2017.
- 2 See Maui Electric Company, Ltd. Monthly Financial Report - December 2018, filed February 28, 2019.
 - Regulatory Assets - ASC740 + Regulatory Assets - 2017 Excess ADIT ties to Monthly Financial Report p.21 Regulatory asset established under ASC740 of \$16,074.
 - Materials & Supplies inventory includes an adjustment of (\$517) and (\$301) representing payment lag in 2018 and 2017, respectively.
 - Fuel Stock excludes Hana inventory balance of \$14 and \$13 for 2018 and 2017, respectively.
- 3 CHP Lease Receivable, net is computed as follows:

CHP Lease Receivable			
Current	17401800	418	422
Non-current	18601800	3,820	4,238
CHP Unearned Interest			
Current	24201800	(267)	(282)
Non-current	25301800	(1,442)	(1,709)
		<u>2,529</u>	<u>2,668</u>

- 4 For 2018, CIAC is netted with Plant in Service & CWIP, resulting from the Company's transition to FERC treatment in October 2018. See further discussion of the Company's treatment of CIAC at MECO-WP-D2-005.
- 5 As a result of the 2017 Tax Reform Act, Regulatory Liability accounts were created to isolate the impact of the 2017 excess accumulated deferred taxes effective in actuals as of December 2017. These Regulatory Liabilities have been included as a reduction to Rate Base. Deferred tax asset related to excess accumulated deferred taxes is included in Unamortized Net ASC 740 Reg Asset.
- 6 The Company reclassified cash received from Developers, subject to refund, to Customer Advances. Amount has been isolated for greater transparency with the rate base calculation. See further discussion at MECO-WP-D2-005.

MAUI ELECTRIC COMPANY, LTD.
Ratemaking Adjustments for Incentive Compensation and Other Non-Recoverable Expenses
2018

Line	Account/Order No.	Description	2018	Tax @ 25.75%	Net of Tax	Rounded 000s
		<u>Executive Compensation and Incentive Compensation</u>				
1	700047/#60003110	LTIP and EICP expense	422,578			
2	700048/#60004000/#60003110	Other incentive awards	92,721			
3	Provided by HEI	HEI charges for incentive compensation	49,611			
4		Subtotal	564,910	145,475	419,435	419
						To Sch H, Line 2a
5		<u>Discretionary and Other Expenses Not Recoverable</u>				
		Executive Life insurance (COLI) expense				
6	#60004009	(credit) <i>not tax deduct</i>	(62,635)			
7	Provided by HEI	EEI Dues (allowed portion) <i>not tax deduct</i>	12,251			
8	Provided by HEI	OPEB (Executive life portion only)	56,894			
9	HR000067,89,143	HEIRS	46,238			
		HEI charges for non-incentive compensation and outside services (plan admin, legal fees, audit fees) - Executives (non-labor)	54,239			
10	Provided by HEI					
11	AD000249	Service awards	391			
	#60018015	Payroll taxes related to incentive compensation	15,525			
12	#60004035	Non-qualified pension expense	0			
13		Subtotal	122,903	44,624	78,278	78
14						To Sch H, Line 2b
15		Total adjustment to operating income	687,813	190,100	497,713	
			To MECO-WP-H-007			

MAUI ELECTRIC COMPANY, LTD.
Income Tax on Items to be Replaced by Synchronized Interest
2018

Line	Description	Source	2018	Rounded 000s	
1	Total Interest Charges	RONE70	\$ 9,550,255		
2					
3	Add Back: RBA Interest Income	GL# 41900002	66,866		
4					
5	Less:				
6	Interest on Customer Deposits	GL# 60016050	(143,286)		
7	AFUDC-Debt	RONE69	(572,316)		
8					
9	Add:				
10	Amort of Inv Inc Differential	within GL# 60001010	10,655	11	To Sch H, Line 2c
11					
12	Total		8,912,174		
13		Tax rate	25.75%		
14					
15			2,295,052	(2,295)	To Sch H, Line 2d

MAUI ELECTRIC COMPANY, LTD.
Ratemaking Capitalization
2018

		Simple Average <u>Balance*</u> (\$ Thousands)	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost of Debt</u>
Short-Term Debt	To Sch H lines 5 - 10	2,183	0.45%	4.60%	0.02%
Long-Term Debt		188,846	39.28%	4.55%	1.79%
Hybrid Securities		9,590	1.99%	7.16%	0.14%
Preferred Stock		4,804	1.00%	8.15%	0.08%
Common Equity (Note 1)		275,392	57.28%	9.50%	5.44%
		<u>480,815</u>	<u>100.00%</u>		<u>7.47%</u>

	<u>NARUC/ GL Code</u>	<u>YTD Dec 2018</u>	<u>Rounded (000s)</u>	<u>Cost Rate</u>
Short-Term Debt:				
Interest on Debt Assoc Co	60016060/61	766,874		
Less: Interest on QUIDS	QUIDS (See below)	(650,000)		
Int Exp-Commercial Paper	within 60016100	0		
Int Inc-Assoc Cos.	41908000	(16,341)		
		<u>100,533</u>	101	4.60%
Long-Term Debt:				
Amort of Debt Disc & Exp	60002100	507,807		
Less: Hybrid Sec Amort of Iss Exp	see a below	(36,168)		
Interest on Long-Term Debt	60016000	8,108,112		
Int Exp-SCF Loans	within 60016100	0		
Amort Inv Inc Differential	within 60001010	10,654		
		<u>8,590,405</u>	8,590	4.55%
Hybrid Securities:				
Interest on QUIDS	60016060	650,000		
Amort Exp-QUID1 Iss Exp	within 60002100	13,548		
Amort Exp-QUID2 Iss Exp	within 60002100	12,252		
Amort Exp-QUID3 Iss Exp	within 60002100	10,368		
Equity in Net Inc of Trust	42107000	0		
		<u>686,168</u>	686	7.16%
Preferred Stock:				
Amort of Pfd Stk Iss Exp	60002000	10,060		
Preferred Stock dividends	60016501	381,240		
		<u>391,300</u>	391	8.15%

* Short-Term Debt based on a 12 month average.

Note 1: Per Decision and Order No. 36219, Docket No. 2017-0150 filed March 18, 2019, page 26. Also see Parties' Settlement on ROE and Notification regarding Evidentiary Hearing filed August 20, 2018, Docket No. 2017-0150.

MAUI ELECTRIC COMPANY, LIMITED
Special Medical Needs Program Discount (net of tax)
2018
(\$ thousands)

Special Medical Needs Program Discount	\$	25
Revenue Taxes @ 8.885%	\$	(2)
		<u>23</u>
Income Taxes @ 25.75%		(6)
Reduction to operating income	\$	<u>17</u>
To Sch H, line 2e		

Source: CIS Special Medical Needs (SMN) report.

MAUI ELECTRIC COMPANY, LIMITED
Performance Incentive Mechanism
2018
(\$ thousands)

Gross (Reward)/Penalty Amount	GL#25400030	\$	1,007
Revenue Taxes @ 8.885%			(89)
			<u>918</u>
Income Taxes @25.75%			(236)
Reduction to operating income			<u><u>\$ 681</u></u>
			To Sch H, Line 2f

Note:

During the preparation of the 2019 Decoupling filing, the Company became aware of minor rounding inconsistencies between the Hawaiian Electric Companies when reporting SAIFI Performance scores. As a result, Maui Electric subsequently revised its PIMS Regulatory Liability balance from \$1,007,124 to \$1,004,934 as shown at Schedule M. The recorded PIMS Regulatory Liability balance of \$1,007,124 was used to determine the Earnings Sharing Calculations at Schedule H.

The Company trued-up the Regulatory Liability balance with the February 2019 close.

MAUI ELECTRIC COMPANY, LIMITED
Working Cash
2018

Line No.	Description	2018 Expenses	Reference	Net Collection Lag (Days) 2018TY (Note 1)	Amount
	(a)	(b)	(c)	(d)	(e)=(c)/365x(d)
1	Fuel Oil				
			#50000000-#50000003 +		
2	Maui	133,889,847	Fuel Handling - Hana fuel	20.0	7,336,430
3	Lanai	6,292,504	GL #50000002	21.5	370,654
4	Molokai	5,836,935	GL #50000002	16.3	260,663
5					
6	Purchased Power				
			#55500000+#55508001		
7	Maui	48,615,319	+#55508051+#55508052	(9.4)	(1,252,011)
8	Lanai	402,908	#55500000	(7.4)	(8,169)
9	Molokai	1,116	#55508001+#55508051	(13.3)	(41)
10					
11	Current Income Taxes				
12	Income Tax	3,414,377	#60020000+#60020010		
13	Inc Tax on Disallowed Items	190,100	MECO-WP-H-002		
14	Income Tax Adjustment	959,414	MECO-WP-H-008		
15	Reversal of Tax Related to Int Synch Replacement	2,295,052	Sch H-Line 2d		
16	Tax Eff of AFUDC Equity	(412,964)	#60020060		
17	Tax Related to Int Synch	(2,321,523)	Sch H Line 13 - Line 13a		
18	Total	4,124,456	Sum of Lines 12 - 16	(4.4)	(49,719)
19					
20	Revenue Taxes				
21	Franchise Tax	9,112,459	#60017000		
22	PSC Tax	21,796,565	#60017002		
23	PUC Fee	1,851,875	#60017001		
24	Total	32,760,899	Sum of Lines 19 - 29	(50.2)	(4,505,746)
25					
26	Total O&M Non-Labor				
27	Total Operations & Maintenance	273,296,475	PUC Monthly Report		
28	Less: Fuel & PP Expense	(195,038,629)	Lines 2-4 + 7-9		
29	Less: Fuel Handling	(21,954)	Production Stats		
30	Add: Hana fuel	10,965	Plant Report		
31	Less: O&M Labor	(26,095,793)	Line 41		
32	Less: Bad Debt Expense	(216,613)	#60010000		
33	Less: Pension/OPEB Reg Asset/Liab Amort	(1,015,415)	MECO-WP-H007, p.2		
34	Less: Sys Develop Amortization	(394,301)	MECO-WP-H007, p.2		
			#60018000/001/015, 60019100, 60050001,60050238/242		
35	Add: Payroll Taxes	1,924,850	/245/251,		
36	Add: Interest on Customer Deposits	143,286	#60016050		
37		52,592,871		2.5	360,225
38					
39	Total O&M Labor	26,110,868	Labor in O&M report		
40	Less: Fuel O&M Labor	(15,075)	Labor in O&M report		
41	Total O&M Labor Excl Fuel Labor	26,095,793		25.5	1,823,131
42					
43	Working Cash				4,335,417
					To WP-H-001

Footnotes:

Note 1 2018 Test Year, Docket No. 2017-0150, Parties' Joint Statement of Probable Entitlement, July 6, 2018, Attachment 2, page 13 (Maui), page 26 (Lanai) and page 39 (Molokai). Effective August 23, 2018.

MAUI ELECTRIC COMPANY, LIMITED
O&M Non-Labor - Amortizations
2018

	#60002200 Pension Regulatory Asset Amortization	#60002200 OPEB Regulatory Asset Amortization	#60004032 Reg Asset - Pension Non- Service	Note 1 O&M % Portion 2012 TY 76.00%	Note 2 O&M % Portion 2018 TY 70.10%	Total
	(a)	(b)	(c)	(d)	(e)	Sum(a-c) x (d) or (e)
January	82,564	4,921	-	66,489		66,489
February	82,564	4,921	-	66,489		66,489
March	82,564	4,921	-	66,489		66,489
April	82,564	4,921	-	66,489		66,489
May	82,564	4,921	-	66,489		66,489
June	82,564	4,921	-	66,489		66,489
July	82,564	4,921	-	66,489		66,489
August	121,183	(10,419)	(415)	83,865		83,865
September	215,583	(47,917)	(1,429)		116,532	116,532
October	215,583	(47,917)	(1,429)		116,532	116,532
November	215,583	(47,917)	(1,429)		116,532	116,532
December	215,583	(47,916)	(1,429)		116,533	116,533
	1,561,463	(167,639)	(6,131)	549,285	466,129	1,015,415

To WP-H-007 p 1, line 33

System Development Amortization

#18605005 <u>CIS</u>	#18606004 <u>HRS Ph 1</u>	#18607704 <u>Budg. Sys.</u>	#18670400 <u>IVR</u>	Total
212,630	127,264	31,074	23,333	394,301

To WP-H-007 p 1, line 34

Note 1 2012 Test Year, Docket No. 2011-0092, MECO-RWP-1707.

Note 2 2018 Test Year, Docket No. 2017-0150, Parties' Stipulated Settlement Letter, June 15, 2018, MECO T-12, Attachment 1, page 3. For purposes of this calculation the O&M % was changed in September.

MAUI ELECTRIC COMPANY, LIMITED
MONTHLY FINANCIAL REPORT
December 2018

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII
OPERATING INCOME BEFORE RATEMAKING ADJUSTMENTS TO BE USED FOR THE EARNINGS SHARING CALCULATION
(in thousands)

Operating income per Monthly Financial Report, page 2	28,671 ¹	
Less: Interest on Customer Deposits	(143)	
Add: Gain on Sale Amortization	<u>374 ²</u>	
Operating income before ratemaking adjustments & synchronized interest - earnings sharing calculation	<u>28,902</u>	
Income Tax Adjustments	<u>(959)</u>	
Adjusted Operating income before ratemaking adjustments & synchronized interest - earnings sharing calculation	<u>27,943</u>	To Sch H

¹ Starting October 2018, Operating Income per the Monthly Financial Report includes income tax on AFUDC Equity.

² Included with Other Income and added back for ratemaking purposes.

NOTE:

Included to support Operating Income on Schedule H since PUC Page 2A was excluded from the December 2018 Monthly PUC Report submitted on February 28, 2019.

Maui Electric Company, Limited
Summary of changes for Final D&O affecting ADIT
TY 2018

	Kaonoulou	Kuihelani	Total
	Yr 1	Yr 1	
Depreciation			
Tax Depr			
Basis	<i>WP-K1-001 p.2</i> (15,619,766)	(895,563)	(16,515,329)
Rate	3.75%	0.00%	
Tax Depr	(585,741)	-	(585,741)
Book Depr			
Basis	<i>WP-K1-001 p.2</i> (15,619,766)	(895,563)	
Rate	0	0	
Book Depr	-	-	-
Diff	(585,741)	-	(585,741)
Tax Rate	25.75%	25.75%	25.75%
Subtotal - Incr/(Decr) to ADIT Depr	(150,828)	-	(150,828) <i>To WP-K1-001 p.3</i>
SITC			
	Yr 1	Yr 1	
Plant Addition	<i>WP-K1-001 p.2</i> (15,619,766)	(895,563)	(16,515,329)
5Yr Avg % Qualifying Basis	42.57%	0.00%	
SITC Basis	(6,649,557)	-	(6,649,557)
ITC %	4%	4%	
SITC	(265,982)	-	
Amort	-	-	
Diff	(265,982)	-	(265,982) <i>To WP-K1-001 p.2</i> <i>To Schedule K1</i>
Tax Rate	25.75%	25.75%	25.75%
Subtotal - Incr/(Decr) to ADIT SITC	(68,490)	-	(68,490)
Total Incr/(Decr) to ADIT	(219,319)		(219,319) <i>To WP-K1-001 p.2</i> <i>To Schedule K1</i>

Maui Electric Company, Limited
Summary of changes for Final D&O
TY 2018

From Final D&O, Docket 2017-0150 Att. 3

Kaonoulu substation project excluded from final rates.

M0001039 Kaonoulu Substation	(10,987,527)	
M0001051 Kaonoulu Sub T&D Feeder	(4,003,519)	
M0001890 Kaonoulu Sub Land/Easement	<u>(628,720)</u>	(15,619,766)

Kuihelani substation land component excluded from final rates

Total reduction in plant additions	<u>(895,563)</u>	
	<u><u>(16,515,329)</u></u>	

To WP-K1-001 p.1

	Kaonoulu / Kuihelani		
	BOY	EOY	Avg
Original Cost of Plant	-	(16,515,329)	(8,257,665)
Accum Depr	-	-	-
Net Cost of Plant	-	(16,515,329)	(8,257,665)
Deductions			
ADIT	<i>WP-K1-001 p.1</i>	- (219,319)	(109,659)
ADIT proration adjustment	<i>WP-K1-001 p.3</i>	- (24,903)	(12,452)
State ITC	<i>WP-K1-001 p.1</i>	- (265,982)	(132,991)
Subtotal Deductions		- (510,204)	(255,102)
Total Rate Base		<u>- (16,005,125)</u>	<u>(8,002,562)</u>

Maui Electric
Proration Adjustment for Normalization Compliance
2019

Federal ADIT	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
ADIT account 282 --Federal accelerated depreciation	DR/(CR)											
Effective date of rates--6/1/18												
Federal ADIT adjustment	(150,828)											
Monthly Accrued evenly over 12 months	(12,569)											
WITHOUT PRORATION												
Federal 282 ADIT Balance	-											
Monthly Additions	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)
Cumulative Balance	-	(12,569)	(25,138)	(37,707)	(50,276)	(62,845)	(75,414)	(87,983)	(100,552)	(113,121)	(125,690)	(150,828)
										Simple Year Average--rate base methodology		
												(75,414)
WITH PRORATION												
# of future days rates effective	214											
Revised Monthly Additions	(12,569)	(12,569)	(12,569)	(12,569)	(12,569)	(10,866)	(9,045)	(7,224)	(5,462)	(3,641)	(1,879)	(59)
Cumulative ADIT balance with proration	-	(12,569)	(25,138)	(37,707)	(50,276)	(62,845)	(73,711)	(82,756)	(89,980)	(95,442)	(99,084)	(101,022)
										Simple Year Average--rate base methodology		
												(50,511)
Adjustment to ADIT (24,903)												
Days new rate in effect	335	307	276	246	215	185	154	123	93	62	32	1
Days in the month	31	28	31	30	31	30	31	31	30	31	30	31

Methodology based on IRS Private Letter Ruling 9313008

Note: Amount used for proration includes a component of State deferred income taxes. The amount is not material to this calculation and will be updated at the next opportunity.

MAUI ELECTRIC COMPANY, LTD.
2018 WEIGHTED AVERAGE PIM TARGET, DEADBAND, INCENTIVE CALCULATIONS

Period (a)	# of Days (b)	Max Penalty (c)	2018 Target (d)	Deadband (e)	Range for No Penalty		2018 Annual Total (h)	2018 Annual Total (i)	Delta vs Target (h) - (d)	(Penalty) / Reward (j)
					Lower (f)	Upper (g)				
SAIFI	1/1/18-8/22/18	234	506,965	1.436	1.195	1.677	1.890	MECO-WP-M-002	0.454	
	8/23/18-12/31/18	131	527,289	1.422	1.198	1.646	1.890		0.468	
	Annual (Weighted Avg)	365	514,259	1.431	1.196	1.666	1.890		0.459	(490,675) To Sch M
SAIDI	1/1/18-8/22/18	234	506,965	112.670	89.450	135.890	208.190	MECO-WP-M-002	95.520	
	8/23/18-12/31/18	131	527,289	118.470	95.940	141.000	208.190		89.720	
	Annual (Weighted Avg)	365	514,259	114.752	91.779	137.724	208.190		93.438	(514,259) To Sch M
Call Center	1/1/18-8/22/18	234	202,789	91.34%	88.34%	94.34%	89.04%	MECO-WP-M-004		
	8/23/18-12/31/18	131	210,916	87.22%	84.22%	90.22%	89.04%			
	Annual Totals	365	205,706	89.86%	86.86%	92.86%	89.04%		-0.82%	- To Sch M

Reference: See Maui Electric Proposed PIM Tariff Revisions, filed on August 21, 2018 in Docket No. 2017-0150. The PIM Tariff Revisions were approved by the Commission in Interim Decision and Order No. 35631, filed on August 9, 2018.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hours Interrupted	13,248.28	8,628.38	19,677.67	16,070.37	15,710.20	36,887.62	10,828.80	33,241.00	49,877.52	10,613.87	22,010.53	11,887.30	248,681.53
Customer Interruptions	8,605	5,754	21,188	8,526	10,396	14,397	3,298	15,213	17,217	7,517	11,146	12,231	135,488
SAIDI (Minutes)	11.09	7.22	16.47	13.45	13.15	30.88	9.07	27.83	41.76	8.89	18.43	9.95	208.19
SAIFI (Occurrences)	0.120	0.080	0.296	0.119	0.145	0.201	0.046	0.212	0.240	0.105	0.156	0.171	1.890

MECO-WP-M-001
MECO-WP-M-001

Total Customer Minutes Interrupted	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
	794,897	517,703	1,180,660	964,222	942,612	2,213,257	649,728	1,994,460	2,992,651	636,832	1,320,632	713,238	14,920,892

MAUI ELECTRIC COMPANY, LTD.
Call Center Performance (Service Level) Results
2018

Call Center Performance (Service Level)
Excludes Blocked Calls

Month	Total Calls Accepted *	Calls Answered Within 30 Seconds	Service Level	Weighted Total	Weighted Service Level
Jan-18	6,761	6,257	92.55%	10.07%	9.32%
Feb-18	5,626	5,049	89.74%	8.38%	7.52%
Mar-18	5,392	4,808	89.17%	8.03%	7.16%
Apr-18	5,415	4,824	89.08%	8.06%	7.18%
May-18	5,642	4,962	87.94%	8.40%	7.39%
Jun-18	5,199	4,212	81.02%	7.74%	6.27%
Jul-18	5,633	4,291	76.18%	8.39%	6.39%
Aug-18	5,319	4,863	91.43%	7.92%	7.24%
Sep-18	4,901	4,743	96.78%	7.30%	7.06%
Oct-18	6,530	5,967	91.37%	9.72%	8.88%
Nov-18	5,645	5,183	91.82%	8.40%	7.72%
Dec-18	5,101	4,641	90.98%	7.59%	6.91%

Total 89.04%

To MECO-WP-M-001

* All customer calls handled by a Customer Service Representative (including abandoned calls)

Source: Generated from Genesys Interactive Insights system.

MAUI ELECTRIC COMPANY, LTD.
Phase 1 Renewable Energy RFP PIM
2018

Awarded Projects	Reference	BAFO Levelized Price (\$/MWh) a	Net Energy Potential (MWh) b	PIM Calculation c = (x or y-a)*b	PIM Calculation (20% utility share) d = c * 20%
AES Kuihelani Solar (with battery storage)	Docket No. 2018-0436 D&O No. 36235	77.79	163,939	\$ 6,100,170	\$ 1,220,034
Total Final Variable Requests for Proposals				\$ 6,100,170	\$ 1,220,034
				50% Year 1	\$ 610,017 <i>To Sch M</i>

Note 1

PIM Benchmark	¢/kWh	\$/MWh
Energy Only	9.5	95.00
Paired with Storage	11.5	115.00

Note 1:

See Order No. 35405, Establishing a Performance Incentive Mechanism for Procurement in Phase 1 of the Hawaiian Electric Companies' Final Variable Requests for Proposals, issued April 6, 2018, for cents per kWh benchmarks. Additionally, the performance incentive design does not include a penalty for failure to successfully execute the procurement process.

Continued in Order No. 35405, page 12:

"PPA submitted by the end of 2018, and subsequently approved by the commission shall receive a performance incentive equivalent to 20% of the estimated first-year savings compared to the applicable benchmark, up to a cap of \$3,500,000. The estimated first-year savings will be calculated by multiplying the forecasting first-year energy production (in kWh) of the project by the difference between the applicable benchmark price and the equivalent PPA price (in cents per kWh)."

Per Order No. 35664, Docket No. 2017-0352, filed September 6, 2018:

The Commission ruled on the treatment of the Additional PPAs proposed in the Companies' June 20, 2018 Letter indicating that the additional PIM for these PPAs will function in a similar manner to the original PIM. The Companies shall receive a performance incentive equivalent to 20% of the estimated first-year savings compared to the applicable benchmark, up to a cap of \$3,000,000, for the Additional PPAs filed with the commission by December 31, 2018. For any Additional PPAs submitted after December 31, 2018, until March 31, 2019, the Companies' share of the savings pursuant to the PIM will be reduced in accordance with the proposal in the Companies' June 20, 2018 Letter.

Note 2:

Timing of Incentive Award as discussed in Order No. 35405, page 14:

First Allocation: First 50% of the total PIM based on the equivalent PPA prices and the forecasted first-year energy production.

Second Allocation: Following the first year of commercial operations for each project, the Companies shall submit a report of the actual energy utilized for each of the PPAs approved by the Commission. The Commission will provide the Companies with a portion, or all, of the remaining 50% of the PIM, dependent upon the actual amount of energy output utilized.

ATTACHMENT 3

CIAC Treatment
Resulting from FERC Adoption

Adoption of FERC USOA required a change in presentation change to Contributions in Aid of Construction (CIAC)

Prior to October 2018, and in establishing rates in previous test year rate cases, the Company's presentation of contributions in aid of construction ("CIAC") followed the guidelines of the National Associate of Regulatory Utility Commissioners Uniform System of Accounts (NARUC USOA). Under the NARUC reporting system, CIAC is reported under an exclusive account, account 271, which includes donations or contributions in cash, services or property from states, municipalities, or other governmental agencies, individuals and others for construction purposes. All CIAC was incorporated as a deduction in the calculation of rate base in part because the Companies' systems did not facilitate on-going reporting of CIAC related to plant in service separate from CIAC related to construction work in progress ("CWIP").

The Commission approved the Companies' request to change to Federal Energy Regulatory Commission Uniform System of Accounts (FERC USOA), beginning with the implementation of the Companies' new ERP/EAM, in Decision and Order No. 31757, issued December 19, 2013 in Docket No. 2013-0007.

Beginning in October 2018 with the transition to FERC, the net balance of CIAC in account 271 less the CIAC amortization to be recorded for October to December 2018, was credited against the account balances charged with the cost of construction, i.e., gross plant in service and CWIP, resulting in the account becoming zero (i.e. "0") at December 31, 2018.

Ratemaking treatment for CIAC

The Company's ratemaking treatment of contributions in aid of construction is summarized below:

- *CIAC associated with Plant in Service* – When a utility capital project is placed into service, the plant in service net of the associated CIAC is included as net cost of plant in service in rate base. The plant in service net of the CIAC is included as part of the basis for the depreciation accrual the year after it is placed into service (i.e. January 1 of the year after it is placed into service).
- *CIAC associated with CWIP* – For book purposes, CIAC that is received while projects are still under construction (i.e. in CWIP) will offset the costs incurred and is presented net in CWIP. The CWIP net of the associated CIAC is subject to the AFUDC accrual if there is a net CWIP balance. In the next rate case, the Company will request CIAC associated with CWIP be excluded from the rate base calculation since CWIP net of

CIAC earns AFUDC. CIAC associated with CWIP is however, included in rate base in this RAM calculation for consistency with the 2017 Test Year treatment. See further discussion of Company's requested treatment of CIAC associated with CWIP below.

- *Developer Advances* - Cash contributions received in advance of construction of a utility capital project that are temporarily not classified as CIAC because the funds received are in excess of the specific project expenditures. The balance of developer advances is presented as funds from non-investors, included in its own exclusive account, and deducted in the calculation of rate base. As project costs are incurred for a utility capital project, an equal portion of developer advances associated with the project will be reclassified as CIAC and credit the accounts charged with the cost of construction. Developer Advances were included as a part of CIAC as a reduction to rate base in the 2017 Test Year.

Treatment of CIAC within the 2019 Annual Decoupling Filing

For the 2019 Decoupling Filing, the Company treated CIAC consistently with prior filings resulting in no impact to rate base.

Schedule D1, Determination of Rate Base RAM Adjustment – Change in Rate Base

Plant in Service - There is no change in rate base for plant in service and CIAC associated with plant in service. Under NARUC, in rate base, plant in service was the gross cost of plant (net of accumulated depreciation), and CIAC was a separate reduction to rate base. Under FERC, the plant in service amounts are net of (i.e., already reduced by) CIAC, and presented net of accumulated depreciation in the calculation of rate base. There is no separate CIAC line item reducing rate base because it is already net in utility plant. Therefore, there is no net rate base impact. The difference between NARUC and FERC for plant in service is a matter of where the costs are classified in rate base, and not a matter of inclusion or exclusion of costs in rate base.

CIAC associated with CWIP - There is no change in rate base for CIAC associated with CWIP. Previously, presentation of CIAC aligned with NARUC and all CIAC, including amounts associated with projects in CWIP, were included as a reduction to rate base under account 271. The 2019 estimated balance continues the treatment of including the CIAC in CWIP to be consistent with the recorded balance at 2018 year-end because all 2019 estimated CIAC additions have been included at Schedule D2 and included as part of net cost of plant at Schedule D1. Although the treatment described above was used in the 2019 annual decoupling filing, see Company's requested treatment to exclude CIAC associated with CWIP from rate base in future filings in the discussion below.

Developer Advances - With the transition to FERC, CIAC is credited when received against the related project costs in CWIP. To the extent funds are not yet expended for a project in

CWIP, the CIAC will be classified as developer advances and deducted in the calculation of rate base at Schedule D1. The recorded balance at 2018 year-end is not adjusted for 2019 activity as it is incorporated in Schedule D2.

Schedule D2, Determination of Baseline Capital Projects Additions

Schedule D2 was revised to incorporate the baseline and major project CIAC (including Developer Advances) for 2014 to 2017 into the baseline average calculation of net plant in service, consistent with the presentation of rate base. The 2018 CIAC additions calculated at HECO-WP-D2-003 includes additions to CIAC from all sources, i.e. Plant, CWIP and Developer Advances, which were used in the 5-year baseline calculation. As a result, the estimated 2019 additions to CIAC in CWIP and Developer Advances balances at Schedule D1 for the Change in Rate Base are not required as they are already included in the net cost of plant line item.

Schedule E, Determination of Depreciation & Amortization RAM Adjustment

FERC Uniform System of Accounts Electric Plant Instructions, 2. Electric Plant To Be Recorded at Cost. D. states, "The electric plant accounts shall not include the cost or other value of electric plant contributed to the company." Therefore, the Recorded Depreciable/Amortizable Balances at December 31, 2018 in Schedule E represents plant in service net of CIAC which is used as the basis to estimate the 2019 annual accrual amount. In calculating the 2019 RAM Depreciation and Amortization, Depreciation and Amortization in Current Revenues also includes CIAC amortization approved in the 2017 Test Year.

Schedule F & F1, Determination of Change in Deferred Income Taxes & Tax Depreciation

The methodology for computing the deferred taxes related to RAM year tax depreciation was not changed within the 2019 annual decoupling filing. Gross plant additions are used as the basis for calculating tax depreciation. However, see the CIAC impact to ADIT section below for the Company's preferred treatment considering the effects of netting CIAC against plant in service.

Schedule G-series, CIAC

Schedule G, G1 and G2 were removed from the Decoupling filings and instead incorporated into either Plant in Service, CIAC in CWIP or Developer Advances. The December 31, 2018 balances for CIAC associated with CWIP and Developer Advances were extracted from PowerPlan. Additionally, as noted above, the calculation of the 5-year baseline average of CIAC and amortization was incorporated within Schedule D2 and Schedule E, respectively.

The Company will continue to include CIAC associated with CWIP and Developer Advances as a reduction to rate base until the FERC presentation of rate base is approved in the Company's next rate case.

Company's requested CIAC treatment

The Company requests to reflect the following changes to the treatment of CIAC within the annual decoupling filings.

CIAC associated with CWIP

In Mr. Franklin's T-12 direct testimony in Hawaii Electric Light's 2019 Test Year rate case, the Company proposes to remove CIAC associated with CWIP from the calculation of rate base due to the fact that CWIP net of associated CIAC earns AFUDC, therefore the CWIP and its associated CIAC should be excluded from rate base.

Excluding CWIP net of CIAC, to better align the source of funds with its use (i.e. the CIAC funds received were applied against the costs incurred for the project) and is therefore properly excluded from the calculation of rate base. In addition, and as mentioned previously, any material CIAC received in advance of construction expenditures will continue to be deductions in the calculation of rate base as Developer Advances.

CIAC impact to ADIT

ADIT associated with CIAC in CWIP should be divided between nontaxable and taxable CIAC. Nontaxable CIAC (primarily interconnection CIAC) is treated as a reduction in basis for both book and tax purposes. On the other hand, although taxable CIAC is also a reduction in basis for book purposes, for tax purposes, the receipt of taxable CIAC creates tax basis by way of the recognition of taxable income and reverses by way of tax depreciation.

Nontaxable CIAC does not create ADIT since there is no book tax difference. Consequently, the regulatory netting of nontaxable CIAC against the plant assets should not create any issue with respect to the ADIT beginning balance for the rate base RAM calculation

Taxable CIAC generates a Deferred Tax Asset (DTA) as it is received and recorded into CWIP under the new FERC accounting. Prior NARUC accounting treatment with account 271 created DTA as CIAC was booked to 271, which is equivalent to what is now booked to CWIP. The origination and timing of the DTA under the FERC method will be equivalent to the NARUC method. However, under the old method, the DTA was immediately recognized as part of rate base, consistent with the treatment of the account 271 inclusion. However, under the FERC method, the generation of the DTA must be inventoried and tracked to match up with the amount of CIAC in CWIP and the amounts closed to plant in service. This tracking is necessary to ensure that the amount of DTA related to CWIP is excluded from rate base. Once CWIP costs are closed to plant, the related DTA will be included in rate base and will begin reversal through tax depreciation taken on the CIAC tax basis.

FERC accounting imbeds the book treatment of CIAC within CWIP and the ultimate plant and related depreciation. The separation will disappear and the Company asserts that the ADIT

effects will be the same with respect to the beginning balance of ADIT for the annual decoupling filing except to the extent CIAC is still in CWIP. This issue will be addressed along with the rate base treatment of CIAC associated with CWIP as mentioned above.

FERC accounting nets CIAC against Plant in Service for purposes of computing baseline and major plant additions. For RAM year tax depreciation and the related ADIT calculated for the change in RAM year ADIT, adopting the net plant additions as the RAM year tax additions will be a change that will result in a smaller amount of tax depreciation and ADIT “change” since the Company previously has assumed the gross additions to be the RAM year tax depreciable base. The Company asserts this is reasonable for the following reasons:

- 1) Under the old method, to the extent nontaxable CIAC was included in the RAM year numbers (through major projects or baseline projects), tax depreciable basis was overstated since there is no tax basis for assets funded by nontaxable CIAC.
- 2) With respect to taxable CIAC, the funded assets do have depreciable tax basis and it is accounted for in the RAM year additions tax depreciation. However, the receipt of taxable CIAC generates taxable income and deferred tax assets that increase rate base. The effect of this DTA from taxable CIAC was never recognized in the RAM tariff, which resulted in an overstatement of RAM year ADIT change, as it related to the projected plant additions.

For purposes of the 2019 RAM calculation, ADIT has been calculated on gross plant additions, consistent with the 2017 Test Year treatment and prior decoupling filings, however the Company is requesting treatment of CIAC in deferred tax to follow FERC accounting.

Summary

In summary, Maui Electric prepared the 2019 annual decoupling filings in accordance with the historical treatment of CIAC. Historically, due to system constraints, CIAC records were not maintained with matching of the separate components (plant in service, CWIP, developer advances). As a result, the entire amount of CIAC was treated as a reduction to rate base and the Return on Investment was understated. As stated in Mr. Franklin’s T-12 direct testimony in Hawaii Electric Light’s 2019 Test Year rate case, the Companies propose to exclude the CIAC associated with CWIP in its calculation of rate base in the rate base RAM filings. Should the Commission approve Hawaii Electric Light’s proposal, Maui Electric will implement this change in the annual decoupling filing in the year following the Commission’s approval.

ATTACHMENT 4

PRELIMINARY

Maui Electric Company, Ltd.

Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates

Total Company Results of Operations 2018 (\$ Thousands)				Revenue Requirements to Produce 7.43% Return on Average Rate Base
	Revenues at Current Effective Rates	Additional Amount		
Electric Sales Revenue	323,658	12,105		335,763
Other Operating Revenue	1,800	94		1,894
Gain on Sale of Land	958			958
TOTAL OPERATING REVENUES	326,416	12,199		338,615
Fuel	103,385			103,385
Purchased Power	54,970			54,970
Production	31,854			31,854
Transmission	3,928			3,928
Distribution	10,323			10,323
Customer Accounts	7,017			7,017
Allowance for Uncoll. Accounts	169	0		169
Customer Service	3,519			3,519
Administration & General	21,332			21,332
Customer Benefit Adjustment	(411)			(411)
Operation and Maintenance	236,086	0		236,086
Depreciation & Amortization	29,591			29,591
Amortization of State ITC	(1,469)			(1,469)
Taxes Other Than Income	30,776	1,082		31,858
Interest on Customer Deposits	145			145
Income Taxes	5,764	2,863		8,627
TOTAL OPERATING EXPENSES	300,893	3,945		304,838
OPERATING INCOME	25,523	8,254		33,777
AVERAGE RATE BASE	454,498	(172)		454,326
RATE OF RETURN ON AVERAGE RATE BASE	5.62%			7.43%

PRELIMINARY

Maui Electric Company, Ltd.

Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates
Total CompanyCOMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2018 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	6,718	1.37	3.00%	0.041%
Long-Term Debt	189,712	38.68	4.54%	1.757%
Hybrid Securities	9,590	1.96	7.16%	0.140%
Preferred Stock	4,804	0.98	8.15%	0.080%
Common Equity	279,655	57.02	9.50%	5.417%
Total	490,479	100.00		
Estimated Composite Cost of Capital				7.434%
			or	<u>7.43%</u>

PRELIMINARY

Maui Electric Company, Ltd.

Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates
Total Company
2018 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	630,341	663,148	646,745
Property Held for Future Use	1,303	1,303	1,303
Fuel Inventory	9,375	9,375	9,375
Materials & Supplies Inventories	16,799	16,799	16,799
Unamort. Net ASC 740 Reg. Asset	4,686	4,881	4,784
Pension Reg Asset	12,682	12,071	12,377
Pension Non-Service Cost	0	270	135
Unamort Sys Dev Costs	2,595	2,179	2,387
Contributions in Excess of NPPC Regulatory Asset	1,034	1,034	1,034
Total Investments in Assets	678,815	711,060	694,938
Funds From Non-Investors			
Unamortized CIAC	102,684	108,860	105,772
Customer Advances	9,764	10,775	10,270
Customer Deposits	2,569	2,274	2,422
Accumulated Def. Income Taxes	56,265	58,134	57,200
Unamort. ASC 740 Reg. Liab. - Excess ADIT	49,234	48,780	49,007
Unamort State ITC (Gross)	14,695	14,199	14,447
Unamortized Gain on Sales	0	1,916	958
Pension Liability	0	0	0
OPEB Reg Liability	2,513	2,684	2,599
Total Deductions	237,724	247,622	242,673
Difference			452,265
Working Cash at Current Effective Rates			2,233
Rate Base at Current Effective Rates			454,498
Change in Rate Base - Working Cash			(172)
Rate Base at Proposed Rates			454,326

PRELIMINARY

Maui Electric Company, Ltd.

Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates
Total Company

COMPUTATION OF INCOME TAX EXPENSE

2018

(\$ Thousands)

	Revenues at Current Effective Rates	Adjustment	Revenues at Proposed Rates
Operating Revenues	326,416	12,198	338,614
Operating Expenses:			
Fuel and Purchased Power	158,355		158,355
Other Operation & Maintenance Expense	77,732	0	77,732
Depreciation	29,591		29,591
Amortization of State ITC	(1,469)		(1,469)
Taxes Other than Income	30,776	1,082	31,858
Interest on Customer Deposits	145		145
Total Operating Expenses	295,130	1,082	296,212
Operating Income Before Income Taxes	31,286	11,116	42,402
Tax Adjustments:			
Interest Expense	(8,804)		(8,804)
Meals and Entertainment	12		12
	(8,792)	0	(8,792)
Taxable Income at Ordinary Rates	22,494	11,116	33,610
Income Tax Exp at Ordinary Rates	5,793	2,863	8,656
Tax Benefit of Domestic Production Activities Deduction	0		0
Tax Effect of Deductible Preferred Stock Dividends	0		0
R&D Credit	29		29
Total Adjustments to Income Tax Expense	29	0	29
TOTAL INCOME TAX EXPENSE	5,764	2,863	8,627

PRELIMINARY

Maui Electric Company, Ltd.
Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates
Total Company
TAXES OTHER THAN INCOME TAX
2018
(\$ Thousands)

	Rate	Revenues at Current Effective Rates	Adjustment	Revenues at Proposed Rates
Public Service Tax	5.885%	19,200	718	19,918
Public Utility Fee	0.500%	1,631	61	1,692
Franchise Tax	2.500%	8,087	303	8,390
Payroll Tax		1,858		1,858
TOTAL TAXES OTHER THAN INCOME TAX		30,776	1,082	31,858

PRELIMINARY

Maui Electric Company, Ltd.
Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates
Total Company
SUPPORT WORKSHEET
2018

OPERATING REVENUES:

Electric Sales Revenues	323,658
Other Operating Revenues	1,800
Gain on Sale of Land	958

TOTAL OPERATING REVENUES

326,416

FUEL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	103,057
Fuel Related Non-labor Exp	319
Fuel Handling Labor Expense	9

Fuel Expense
103,385

Purchased Power Expense
54,970

TOTAL FUEL AND PURCHASE POWER EXPENSES

158,355

OTHER OPERATION & MAINTENANCE EXPENSES:

Production	31,854
Transmission	3,928
Distribution	10,323
Customer Account	7,017
Allowance for Uncollectible Accounts	169
Customer Service	3,519
Administration & General	21,332
Customer Benefit Adjustment	(411)

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES

77,732

PRELIMINARY

Maui Electric Company, Ltd.
Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates
Total Company
SUPPORT WORKSHEET
2018

TOTAL FUEL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)

Fuel Expense	103,385
Purchase Power Expense	54,970
O&M Labor Expense	23,771
Total Nonlabor Expense	
O&M Nonlabor Expense	53,961
Bad Debt Expense	(169)
Other Excluded Items	(2,212)
	51,580

REVENUE TAX

Public Service Tax	
Electric Sales Revenues	323,658
Other Operating Revenues	1,800
Less: Bad Debt Expense	(169)
Operating Revenues subject to PSC Tax	325,289
Public Service Tax Rate	x 5.885%
Total PSC Tax	19,200

PUC Fees

Electric Sales Revenues	323,658
Other Operating Revenues	1,800
Less: Bad Debt Expense	(169)
Operating Revenues subject to PSC Tax	325,289
PUC Tax Rate	x 0.500%
Total PUC Tax	1,631

PRELIMINARY

Maui Electric Company, Ltd.
Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates
Total Company
SUPPORT WORKSHEET
2018

Franchise Tax		
Electric Sales Revenues		323,658
Less: Bad Debt Expense		(169)
		<hr/>
		323,489
Franchise Tax Rate	x	2.500%
Total Franchise Tax		8,087
TOTAL REVENUE TAX		<hr/>
		28,918
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.041%
Long-Term Debt		1.757%
Hybrid Securities		0.140%
Total		<hr/>
		1.938%
Rate Base at Proposed Rates	x	<hr/>
		454,326
TOTAL INTEREST EXPENSE		<hr/>
		8,804
INCOME TAX EXPENSE SUMMARY		
Current		2,922
Deferred		1,869
State ITC		973
Pension Asset Amortization		0
TOTAL INCOME TAX EXPENSE		<hr/>
		5,764
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02481
PSC Tax Rate adjusted for Bad Debt		0.05885
PUC Tax Rate adjusted for Bad Debt		0.00500
REVENUE TAX RATE		<hr/>
		0.08866
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.21000
State Tax Rate		0.06015
Federal Tax Rate	x	0.21000
Federal Tax Effect on State Tax		<hr/>
		(0.01263)
COMPOSITE INCOME TAX RATE		<hr/>
		0.25752

PRELIMINARY

Maui Electric Company, Ltd.
Revenues at Current Effective Rates with Dkt. 2016-0431 Depreciation Rates
Total Company
SUPPORT WORKSHEET
2018

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:


State Capital Gains Tax Rate		0.04000
Federal Tax Rate		0.21000
State Capital Gains Tax Rate		0.04000
Federal Tax Rate	x	0.21000
Federal Tax Effect on State Capital Gains Tax Rate		(0.00840)
COMPOSITE CAPITAL GAINS TAX RATE		0.24160

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02481
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Revenue Tax and Bad Debt rate		0.08866
Rev Tax & Bad Debt Reciprocal	(1 - 0.08866)	0.91134
Composite Income Tax Rate	x	0.25752
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		0.23469

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev		0.02481
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Effective Income Tax Rate after considering revenue tax & bad debt		0.23469
		0.32334
OPERATING INCOME DIVISOR	(1 - 0.32334)	0.67666


Brian Y. Hiyane

Deborah Ichishita
DEBORAH ICHISHITA

My Commission expires July 18, 2020

Doc. Date: 3/29/2019 # of pages 292

Doc. Description: Maui Electric

Elvora Ichikita 3/27/19
Notary Signature Date

CERTIFICATE OF SERVICE


I hereby certify that the foregoing Transmittal No. 19-03 was served on the date of filing
by hand delivery, as indicated below.

Dean Nishina
Executive Director
Division of Consumer Advocacy
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 326
Honolulu, Hawai'i 96813

2 copies
via Hand Delivery

Dated: Honolulu, Hawai'i, March 29, 2019.

HAWAIIAN ELECTRIC COMPANY, INC.



Michael Chu