STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

ANNUAL REPORT

FOR

FISCAL YEAR 2020

(July 1, 2019 – June 30, 2020)

DECEMBER 2020

Courtesy: Nikki Matsumura

2020 Overview

The Public Utilities Commission ("Commission") regulates privately owned electric, gas, water, wastewater, telecommunications, and transportation companies in the State of Hawaii. The Commission serves the public interest by protecting consumers and ensuring the provision of safe, reliable utility service and infrastructure at reasonable rates.

At the Commission, in the field and at offices on Oahu, Hawaii, Kauai, and Maui, Commissioners and staff with a broad range of expertise and experience work diligently on matters of great importance to Hawaii.

Over the course of Fiscal Year 2020, the Commission took significant actions forward on issues related to performance-based regulation, integration of renewable energy and storage, energy efficiency, electrification of transportation, grid reliability, and consumer protection, all of which significantly impact Hawaii's citizens. The Commission held public hearings across the State to engage the members of our communities.

Development of a strategic plan remained one of the Commission's highest priorities. In January 2020, the Commission held a two-day, all-staff Appreciative Inquiry Strategic Planning Retreat led by professional facilitators from the Pacific Center for Collaboration and CommUnity Works. The strategic planning process included participation by all Commission staff so that the Commission's future plans can be developed with the diverse perspectives of everyone in the organization. The retreat resulted in a comprehensive 2020-2022 PUC Strategic Plan with a new vision, mission, core values, and goals and objectives.

In this 2020 Annual Report, the Commission highlights the progress made on vital public policy initiatives across the State, including moving the State towards its clean energy goals, securing low-cost renewable energy, and increasing the reliability of Hawaii's regulated utilities.

"In terms of the hundred percent renewable goal, we're the agency that's tasked to implement it, so let's get it done. That's cutting edge. We're starting to be more involved on the national scene. Hawaii has a lot to share."

Commissioner Leo Asuncion


Courtesy: Nikki Matsumura

2020 Overview

COVID 19 Response

The COVID-19 pandemic has significantly affected the State's public utilities and the work of the Commission. Amidst the pandemic, the Commission has taken swift actions to evaluate and support the financial sustainability of public utilities, while also providing relief for ratepayers in light of the present economic conditions. The Commission is committed to using its role to benefit the people of Hawaii, including supporting the state's economic recovery and providing essential services.

On March 13, 2020, in response to the growing pandemic, the Commission issued a temporary order to allow for all electronic filings, and initiated emergency procedures to enable all Commission staff to effectively perform their duties while working remotely, and all regulated utilities and the public to utilize an electronic filing system to conduct business with the Commission. Whereas over 95% of docketed filings were on paper prior to the pandemic, the Commission is currently receiving 100% of its docketed filings through electronic means. This has allowed the Commission to conduct business safely and efficiently during this time.

As the pandemic intensified, the PUC issued a statement on March 24, 2020 laying out a plan to prioritize actions and requests that will accelerate clean energy deployment and promote economic recovery in response to the pandemic. Beginning on May 4, 2020, the Commission established a moratorium on utility disconnections for non-payment to protect customers, and authorized utilities to defer costs associated with the suspension of disconnections through at least December 31, 2020. In response to subsequent requests for regulatory flexibility from several utilities, the Commission granted additional deferred cost approval or emergency rate relief.

2020 Overview

Performance Based Regulation (2018-0088)

On April 18, 2018, the Commission opened Docket No. 2018-0088 to develop a new regulatory framework for the HECO Companies, known as Performance-Based Regulation ("PBR"). The PBR proceeding is holistically assessing the current regulatory framework to identify areas for improvement, and developing new regulatory mechanisms to drive superior utility performance. Ultimately, under a new PBR framework, the HECO Companies' financial incentives will be better aligned with customer needs and State policy goals.

During the first phase of the proceeding, the Commission conducted a collaborative stakeholder process to: (1) identify priority goals and outcomes to guide PBR development, (2) characterize and assess the existing regulatory framework, and (3) identify changes to regulatory mechansims and other measures necessary to attain identified goals and outcomes.

During the second phase of the proceeding, which concluded with a decision and order issued December 23, 2020, the Commission led regular technical workshops and working group meetings to discuss ideas and concerns and vet proposed mechanisms with stakeholders. Through a collaborative stakeholder process, Parties submitted comprehensive proposals in August 2020. These proposals were reviewed by the Commission and stakeholders through a robust process involving discovery, briefing, and an evidentiary hearing. The Commission's December 23, 2020 decision approved a new regulatory framework for Hawaiian Electric that will strengthen the utility's financial condition and benefit customers by lowering utility costs, accelerating the integration of renewable energy resources, and improving customer service and engagement.

This decision represents the culmination of over two and a half years of dedicated work by a broad spectrum of key stakeholders, including Hawaiian Electric, the State Consumer Advocate, local governments, clean energy companies, and environmental groups.

"This is our opportunity to best realign the regulatory framework to help facilitate the clean energy transition ."

Chair James Griffin

Courtesy: Nikki Matsumura

2020 Overview

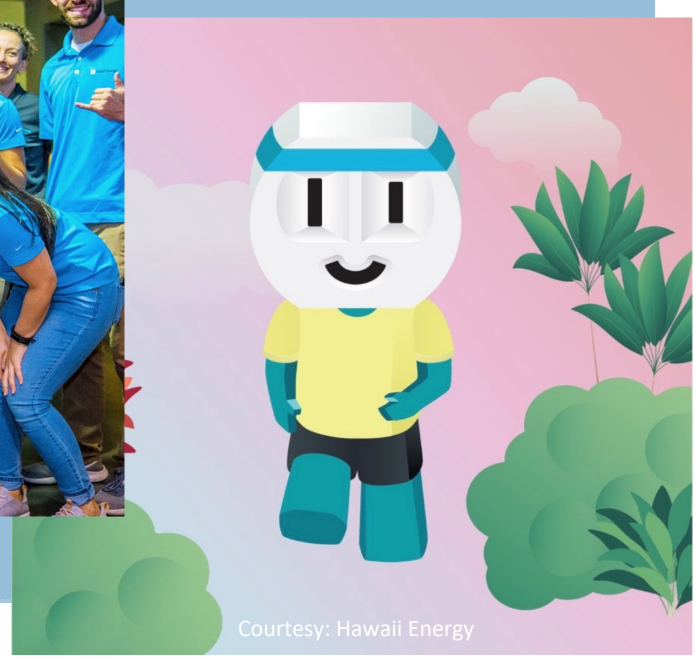
Energy Efficiency and Conservation Programs

As Hawaii's electric industry evolves from predominantly fossil fuel-based generation systems towards renewable energy, the State has adopted several laws and policies in support of this transition, requiring a reduction in fossil fuel use and an increase in renewable energy and energy efficiency, including an Energy Efficiency Portfolio Standard ("EEPS") goal of reducing statewide electricity use by 4,300 gigawatt hours by 2030.

In order to reach these goals, the Commission contracts with a third-party administrator, Hawaii Energy, to use funds collected by the Public Benefits Fee ("PBF") to design and deliver programs supporting clean energy technology, demand response technology, energy use reduction, and demand-side management infrastructure. Programs funded by the PBF seek to support the optimization of electricity use as the State's electric system evolves and grows more complex, as well as to strengthen local communities and businesses, and boost Hawaii's economy.

Hawaii Energy is currently in the middle of a three-year Triennial Plan cycle, covering program years 2019-2021. This new plan includes a significant increase in programs that benefit low-income households, small businesses, and other communities; exploring innovative clean energy technologies; and market transformation and opportunities for economic development. Hawaii Energy made significant adjustments to their Program Year 2020 plan in response to COVID-19 impacts, and provided further support to residents and businesses through increased energy efficiency incentives and enhanced community-based programming.

In 2020, the Commission also completed a statewide energy use baseline study and a forward-focused Market Potential Study. These efforts tracked Hawaii's success in meeting interim EEPS targets, as well as revealed the various opportunities to meet and exceed the 2030 EEPS goal.



Courtesy: Hawaii Energy

Distributed Energy Resources and Advanced Rate Design

Distributed Energy Resources ("DER") programs offer customers with on-site rooftop solar PV systems, battery energy storage, and ongoing opportunities to utilize their investments to contribute to grid management and achievement of the State's clean energy goals. On September 24, 2019, the Hawaii Public Utilities Commission opened a proceeding to investigate the technical, economic, and policy issues associated with DER and rate design, as they pertain to the Hawaiian Electric Companies. In doing so, the Commission observed that this proceeding would continue the work begun in Docket No. 2014-0192 and Docket No. 2015-0412 which investigated policies and programs for customer-sited DER and customer grid service offerings.

The proceeding is divided into three tracks: 1. "DER Program Track"; 2. "Advanced Rate Design Track" and 3. "Technical Track." The Commission continues to host working group meetings in the Advanced Rate Design Track and technical conferences in the DER Program Track and the Technical Track. In these meetings, parties present and exchange information as well as make requests for clarification and additional data collection as needed to inform party proposals.

The Commission is currently reviewing Parties' proposed advanced rate designs, the Companies' proposed Advanced Inverter Work Plan, and the Companies' proposed revisions to their Rule No. 14H tariffs, and proposed Utility-Required Profile Ranges of Adjustment, intended to address the Technical Track primary objectives of harmonizing the Companies' Rule 14H tariffs with the IEEE 1547-2018 standard (the "national standard"), and (2) streamlining and improving the interconnection process for DERs. Decisions and Orders are anticipated in years 2020 and 2021.

"Hawaiian Electric continues to evolve components of their grid services portfolio, aiming to recognize opportunities for utilization of customer-sited distributed energy resources to increase renewable energy integration while enhancing grid stability and reliability."

-Commissioner Jennifer Potter

Competitive Bidding for Renewable Energy and Storage

In 2019, the Commission approved six solar-plus-storage projects with over 1 gigawatt-hour ("GWh") of storage and 247 megawatts ("MW") of solar procured via a competitive bidding process. Most of these systems were contracted at between $0.08/kWh and $0.10/kWh. These projects, are expected to be completed in 2022 and 2023, will collectively boost compliance with Hawaii's RPS by 7.3%.

Given the success of this first competitive procurement process, the Commission directed the HECO Companies to launch a second solicitation for more resources, including grid services from aggregated DERs. The market responded with more than 75 proposals that included solar, wind, storage, and other technologies with over 200 variations on how the resources could be configured. Of the 75 proposals, 16 projects were selected to provide nearly 460 MW of generation and 2.85 GWh of storage. If approved, these projects would collectively contribute another 14% towards RPS compliance.

The Commission appointed independent observers and a technical advisor to ensure that all proposals were fairly and objectively reviewed. The success of the competitive procurement process enables older, fossil fuel generation units to retire.

On September 16, 2020, the HECO and MECO submitted eight contracts for new grid-scale renewable energy and storage projects on Oahu and Maui to the Commission for review and approval.

The Oahu projects are expected to provide generation and storage needed to retire the state's only coal plant, the 180- MW plant at Campbell Industrial Park owned by AES, by September 2022. On Maui, the successful completion of renewable energy projects will help enable the retirement of the 38 MW oil-fired Kahului plant in 2024.

In addition to the projects planned by independent developers, Hawaiian Electric plans to build two standalone energy storage projects, one on Maui and one on Hawaii Island. Those projects were submitted earlier to the PUC for review and approval.

The eight contracts submitted for regulatory review represent nearly 300 MW of new renewable generation and about 2,000 megawatt hours (MWh) of storage. If completed on schedule in 2022 and 2023, they are estimated to add approximately 9% points to the renewable portfolio on the five islands served by Hawaiian Electric.

The Commission is in the process of reviewing the HECO Companies' applications for Purchased Power Agreement contracts and self-build applications for these projects. On December 31, 2020, the Commission approved the first three Oahu applications.

2020 Overview

HECO Rate Case

Docket No. 2019-0085

Closed

On August 21, 2019, Hawaiian Electric Company, Inc. ("HECO") filed an Application for a rate increase of $77,554,000 (4.12%) over revenues at current rates based on a revenue requirement of $1,960,400,000 for a normalized 2020 test year, which included: 1) a rate of return of 7.97%; 2) return on common equity of 10.5% on an average rate base of $2,476,801,000; 3) modification to the ECRC and RBA Tariffs; and 4) accounting changes regarding contributions in aid of construction ("CIAC") and developer advances. A public hearing on HECO's Application was held on November 14, 2019 at 6:00p.m. at the Public Utilities Commission's Hearing Room. On May 27, 2020, HECO and the Consumer Advocate submitted a proposed joint stipulation which would resolve all issues in the rate case and maintain rates at current levels, i.e., no rate increase for customers. This was attributed, in part, to the Commission's decision to order an independent management audit of HECO, which identified several operational inefficiencies and cost-saving opportunities for the utility. In tandem with its proposed joint stipulation, HECO has independently begun to address the management audit's findings and recommendations. On October 22, 2020, the Commission issued a final decision affirming the settlement reached in May between HECO and the State Division of Consumer Advocacy for no rate increase.

HELCO Rate Case

Docket No. 2018-0368

Closed

Hawaii Electric Light Company, Inc. ("HELCO") filed a rate case application requesting an increase of $13,709,000 (3.52%) over revenues at current effective rates, based on a revenue requirement of $403,042,000, which incorporated a rate of return of 8.30% and a return on common equity of 10.5% on an average rate base of $540,519,000 for a normalized 2019 test year. On November 13, 2019, the Commission filed an interim decision and order that denied HELCO's requested increase in revenues on an interim basis above current effective rates. On July 28, 2020, the Commission issued Decision and Order No. 37237 which maintained the Commission's interim decision to deny HELCO's request for a rate increase, i.e., no rate increase for customers.

Table of Contents

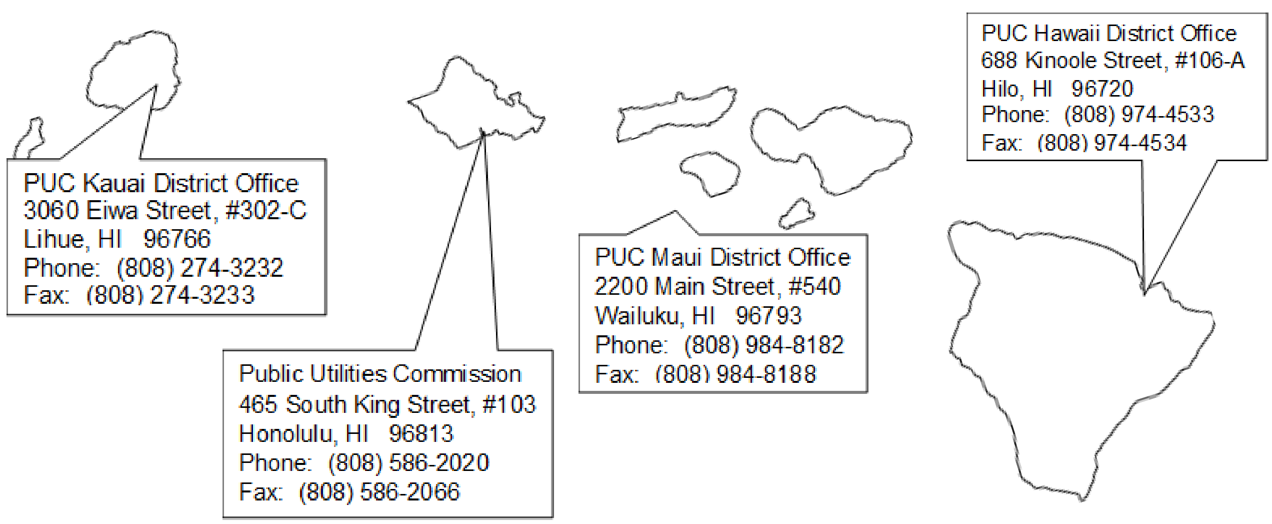
I. Introduction

The Public Utilities Commission of the State of Hawaii submits this Annual Report pursuant to Hawaii Revised Statutes ("HRS") §§ 269-5 and 269-33. This report summarizes the activities and operations of the Commission and the public utilities it regulated during FY 2020, which runs from July 1, 2019 to June 30, 2020. Regulated utilities' reported financial and budget information reflect information from the 2019 fiscal year. Where possible, this report reflects the most current information.

The Commission regulates 1,790 entities in Hawaii, which include all chartered, franchised, certificated, and registered public utility companies that provide electricity, gas, telecommunications, private water and sewage, and motor and water carrier transportation services in the State. The Commission also enforces the requirements of HRS Chapter 269 and other applicable statutes, and establishes rules and regulations.

Figure 1: Entities Regulated by the Commission

Energy					**Transportation**				**Telecom**		**Water/ Waste-water**
Electricity				**Gas**	**Water Carriers**		**Motor Carriers**				
Hawaiian Electric Company, Inc.	Maui Electric Company, Ltd.	Hawaii Electric Light Company, Inc.	Kauai Island Utility Cooperative	The Gas Company, dba Hawaii Gas	Young Brothers	Hone Heke	1,032 Passenger Carriers	541 Property Carriers	Hawaiian Telcom	170 Wireless and Wireline Companies	39 Private Water and Sewer Companies



Commissioners

James P. Griffin, Ph.D., Chair

James P. Griffin, Ph.D. was appointed to the Commission by Governor David Y. Ige in May 2017 for a term to expire June 30, 2022. In January 2019, Governor Ige named Commissioner Griffin as Chair following the retirement of prior Chair Randy Iwase. Chair Griffin was previously a faculty member at the Hawaii Natural Energy Institute ("HNEI"), an independent research institute within the University of Hawaii that conducts clean energy research and development activities. At HNEI, Dr. Griffin worked on research and demonstration projects related to grid integration of renewable energy sources, energy storage, and emerging distributed energy resource technologies. From 2012 to 2016, he served as the Commission's Chief of Policy and Research. Chair Griffin has also worked as a policy analyst at the RAND Corporation and as a legislative analyst in the Hawaii State Legislature. Chair Griffin holds a Ph.D. in policy analysis from the Pardee RAND Graduate School, an M.A. in economics from the University of California at Santa Barbara, a joint master's degree from Duke University in Environmental Management and Public Policy, and a B.A. in Political Economy from Williams College. He recently participated as a core advisory team member for the U.S. Department of Energy's ("DOE") DSPx Initiative, and previously served on peer review panels for DOE smart grid and microgrid programs. He was also a member of the Hawaii Clean Energy Initiative Electricity Working Group and a mentor for the Hawaii Renewable Energy Development Venture Energy Excelerator program.

Jennifer M. Potter, Commissioner

Jennifer M. Potter was appointed to the Commission by Governor David Y. Ige in March 2018 for a term to expire June 30, 2024. Commissioner Potter was previously a faculty member at Hawaii Natural Energy Institute, where she conducted research on demand response, Distributed Energy Resource ("DERs") technologies, locational benefits of DERs, and energy efficiency. Prior to joining HNEI, Commissioner Potter was a Sr. Scientific Engineering Associate in the Electricity Market and Policy group at Lawrence Berkeley National Laboratory where she was the project lead on the 2025 California Demand Response Potential Study for the California Public Utilities Commission. Commissioner Potter previously worked at Sacramento Municipal Utility District ("SMUD") as the Project Manager on SMUD's SmartSacramento team working on advanced customer programs and rate designs. Commissioner Potter also worked as the Principal Market Analyst in the Pricing and Resource Planning department at SMUD. Prior to her time at SMUD, Commissioner Potter worked at City of Roseville, Roseville Electric, as the principal load and revenue forecaster, load researcher, and business analyst for the utility.

Commissioner Potter is an advisor to the Load Flexibility Technical Advisory Group at Lawrence Berkeley Laboratory, the Advisory Council for Future Electric Utility Regulation Series with Lawrence Berkeley Laboratory and US Department of Energy, the Advisory Council for GridFWD and the Hawaii Energy Strategic Advisor Board, and is a Member of Hawaii Energy Policy Forum.

Commissioner Potter holds a Master of Science in Public Policy and Management from Carnegie Mellon University and a Bachelor of Arts in International Studies and Economics from Southern Oregon University.

Leodoloff R. Asuncion, Jr., Commissioner

Leodoloff ("Leo") R. Asuncion, Jr. was appointed to the Public Utilities Commission by Governor David Y. Ige in January 2020 and confirmed by the State Senate in May 2020 for a term to expire June 30, 2026. Prior to his appointment to the PUC, Commissioner Asuncion was a Planning Program Administrator II at the Office of Planning, Department of Business, Economic Development and Tourism, and from 2013 to 2018 served as Director of the Office. As Director, he was responsible for the overall management, development, and implementation of State policy, and coordination and planning support to State and County agencies. He also served as Planning Program Manager of the Hawaii Coastal Zone Management Program from 2011 to 2013. Commissioner Asuncion has over 29 years of extensive experience in planning, policy analysis, and management throughout Hawaii and the Pacific Region, in both the public and private sectors, through previous positions with Hawaiian Electric Company, Inc., SSFM International, Inc. the Hawaii State Judiciary, and the State Land Use Commission. He has also chaired or been a member of a number of governmental boards, commissions, task forces and councils during his professional career, and will serve in 2021 and 2022 as President of the American Planning Association. He is also a Past Chair of the Coastal States Organization.

Commissioner Asuncion holds a Master in Business Administration from Hawaii Pacific University, and a Master in Urban and Regional Planning and Bachelor of Arts Political Science degrees from the University of Hawaii-Manoa.

II. Mission, Goals and Objectives

Vision

The PUC delivers transparent, accessible and timely regulatory oversight, while working collaboratively with customers, stakeholders and the general public.

Mission

To serve the public by ensuring essential utility services are delivered to consumers in a safe, reliable, economical, and environmentally sound manner.

How the PUC Fulfills Its Mission

This mission is achieved through responsible and informed oversight of public utilities and a focus on economic, operational, environmental and societal concerns associated with balanced regulation and future impacts of present-day decisions.

Core Values

- Service
- Professional Excellence
- Transparency & Accountability
- Collaboration & Teamwork

Goals and Objectives

Goal 1: By 2023, the PUC will have established well-documented, modernized policies and procedures.

Objective 1: Document current state of the Docket Management System processes and identify immediate and interim improvements and critical policies.

Objective 2: Document the current state of non-docket processes and identify immediate and interim improvements and critical policies.

Objective 3: Upgrade PUC-wide IT to provide a streamlined, user-friendly Docket Management System, including initially selected processes.

Goal 2: By 2022, the PUC will create a work environment that foster organizational success.

Objective 1: Ensure the PUC's Human Resources' practices build on and or meet industry best practices (e.g. Society for Human Resources Management).

Objective 2: Identify and secure professional development opportunities that ensure all PUC staff develop and maintain their expert knowledge in a rapidly changing industry.

Objective 3: Optimize communications to ensure staff are well informed and productive in achieving the PUC's mission, and strategic goals, in accordance with policies and procedures.

Objective 4: Develop standardize and section specific training for all new employees to ensure a holistic on-boarding process.

Objective 5: Design an employee retention program that recognizes outstanding work performance and staff contributions to the organization.

III. Administrative Update

During the fiscal year, the Commission re-described 12 positions, and recruited and filled 17 vacant positions. As the staffing needs of the Commission have changed due to COVID-19, the Commission continues to look at increasing capacity in areas of need in order to efficiently and effectively carry out Commission operations.

Strategic Plan & Values

The PUC's Strategic Plan remained one of the Commission's highest priorities in 2020.

The PUC put forth significant effort to develop a new strategic plan that looks to the future, focuses our work to fulfill our mission, and articulates concrete actions to move the Commission toward its strategic goals. The PUC went through a robust and comprehensive strategic planning process, which included conducting key stakeholder interviews in December 2019 and January 2020, a two-day, first-ever all staff strategic planning retreat in January 2020, and an Action Planning Session in March 2020.

The PUC Strategic Plan focuses on two main priority goals: establishing well-documented, modernized policies and procedures; and creating a work environment that fosters organizational success. Although the State's Clean Energy Goal is not explicitly stated in any of the Commission's Strategic Goals and Objectives, they align with and support the State's efforts. With modernized policies and procedures, a new and improved Case and Document Management System, and enhanced work environment to support staffing resources, the Commission will be in a better position to help the State achieve its Clean Energy goals.

New Case and Document Management System

The Commission is moving swiftly on improving our Information Technology infrastructure. In March 2020, we began working with Gartner Inc. to assist the PUC with the procurement and contract management of a new Case and Document Management System (CDMS) and workflow solution. Gartner met with both internal staff and external customers to identify needs, requirements, and the future state of DMS-related processes to which the new system will be designed to support. The end of this phase culminated with the Request for Proposal for the new CDMS, which was issued on October 19, 2020. Selection of a vendor and contract start date is scheduled for mid-2021, and the new CDMS is expected to be implemented by 2023.

A total of 26 docketed, non-docketed, and supporting processes were identified in July 2020. Detailed workflow documentation of the Commission's current processes is to be expected to be completed in 2021. For the new CDMS project, we will have base workflows for all identified processes and complete detailed workflows for rate cases and tariffs with the option for in-house development of the additional processes.

IV. Recommendations for Legislative & Executive Action

Recommendation:

Update various provisions in chapters 269, 271, and 271G, Hawaii Revised Statutes (HRS), to enable the Commission to use electronic filing and similar practices.

Various provisions in HRS chapters 269, 271, and 271G require the Commission to employ hard copy service or filing. The COVID-19 pandemic, however, has significantly impacted the operations of the Commission, as well as its customers, regulated utilities, and other stakeholders, and has made hard copy service or filing impractical, unsafe, or impossible.

Prior to the pandemic, over 95% of the Commission's docketed filings were on paper and were received in-person or via mail. The Commission is currently receiving 100% of its docketed filings through electronic means. This modification has allowed the Commission to conduct business safely and efficiently during this time.

The Commission is requesting statutory amendments to make these operational improvements permanent. This will allow the Commission to operate more efficiently and use fewer resources to complete essential tasks, both during the COVID-19 crisis and in the long term.

V. Docket Proceedings and Regulatory Issues

Regulatory proceedings are conducted in a formal docket process. Docket filings, decisions, and orders are available on the Commission's Document Management System ("DMS") website at: https://dms.puc.hawaii.gov/dms/. Non-docketed filings are also available on DMS. Non-docketed filings are searchable based on the calendar year in which they were filed (ex: non-docketed filings in 2019 are under docket number "2019-0000" and those from calendar year 2020 are under docket number "2020-0000").

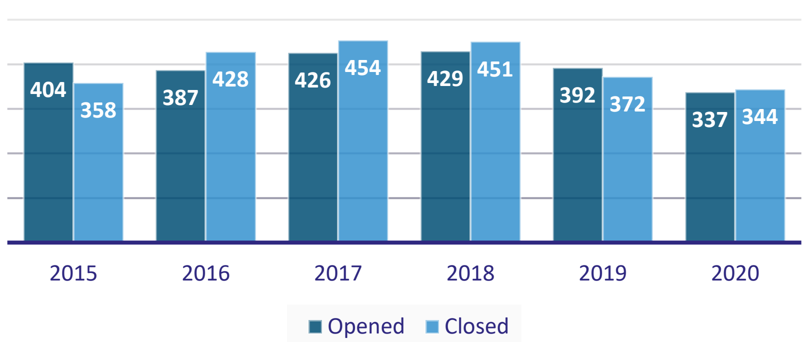
A. Docket Statistics

The Commission issued a total of 754 decisions and orders in FY 2020. At the beginning of FY 2020, there were 161 pending dockets that had been opened and carried over from previous fiscal years. During the past fiscal year, an additional 337 new dockets were opened. Thus, during FY 2020, a total of 498 dockets were before the Commission for review and consideration. Of the 498 dockets, 344 were closed by the end of FY 2020. As of June 30, 2020, 154 open dockets remain pending and will carry over to FY 2021. The number of dockets by type and status are shown in Table 1.

Table 1 – Public Utilities Commission Dockets

Sector	Carried over from FY 2019	Opened in FY 2020	Total of FY19 Carried Over + FY20 Opened	Closed in FY 2020	To Carry Forward to FY 2021
Electric	54	23	77	18	59
Gas	3	3	6	1	5
Telecommunication	16	28	44	31	13
Water/Sewer	8	11	19	3	16
Motor Carrier - Passenger	44	185	229	189	40
Motor Carrier - Property	21	85	106	94	12
Water Carrier	6	2	8	2	6
One Call Center	8	0	8	6	2
Other	1	0	1	0	1
TOTAL	**161**	**337**	**498**	**344**	**154**

Figure 2 – Dockets Opened and Closed, Fiscal Years 2015-2020



B. Electricity

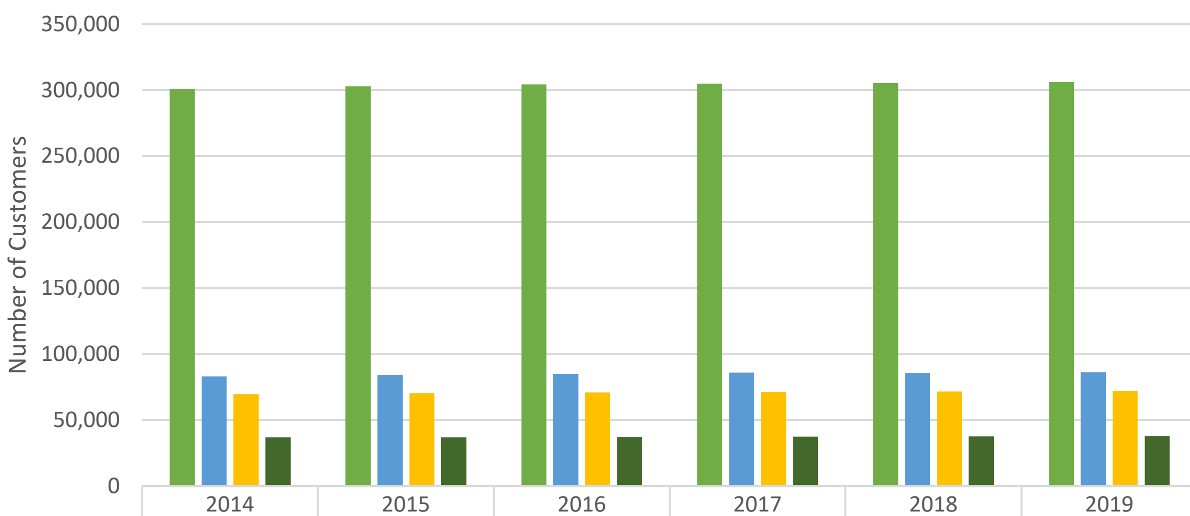
The Commission regulates four electric utilities engaged in the production, purchase, transmission, distribution, and sale of electric energy in the State: Hawaiian Electric Company, Inc., ("HECO"), which serves the island of Oahu; Maui Electric Company, Limited ("MECO"), which serves the islands of Maui, Lanai, and Molokai; Hawaii Electric Light Company, Inc., ("HELCO"), which serves Hawaii island (collectively, HECO, MECO, and HELCO are referred to as "the HECO Companies" or "the Companies"); and Kauai Island Utility Cooperative ("KIUC"), which serves the island of Kauai. The islands of Niihau and Kahoolawe do not have electric service provided by a public utility.

The following section summarizes the Commission's electricity-related proceedings in the following categories: (1) Operations, (2) Rates, (3) Capital Expenditures, (4) Resource Acquisition, (5) Purchase Power Agreements ("PPAs"), (6) Overhead and Underground Power Lines, (7) Ratemaking and Tariffs, (8) Financing, (9) Fuel Contracts, (10) Petitions and Complaints, (11) Miscellaneous, and (12) Reliability and Quality of Service.

Operations

The number of customers served by electric utilities has shown modest year over year growth since 2014. See Figure 3.

Figure 3 – Number of Electric Utility Customers, Calendar Years 2014-2019[1]

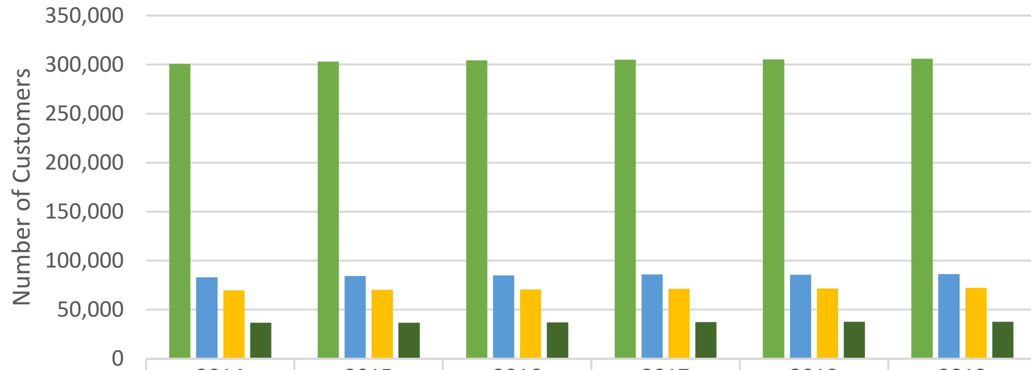


	2014	2015	2016	2017	2018	2019
HECO	300,722	302,958	304,261	304,948	305,285	305,984
HELCO	83,104	84,309	85,029	85,925	85,811	86,271
MECO	69,804	70,533	70,872	71,352	71,650	72,233
KIUC	36,942	36,832	37,130	37,439	37,705	37,917

Annual electricity sales have been decreasing statewide over the years, with slight increases recently on some islands. See Figure 4.

[1] Data obtained from the electric utilities' Annual Financial Reports filed with the Commission.

Figure 4 – Annual Electricity Sales in Gigawatt-hours, 2014-2019



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Rates

Electric utility rates are the sum of various components, all of which are analyzed and approved by the Commission. For residential customers, electricity rates consist of a fixed customer charge, a non-fuel energy charge, and surcharges. The sum of the different charges on customer bills is known as the “current effective rate.”

In Figure 5, the current effective rate is reported as monthly residential electricity revenues divided by residential electricity sales.

Figure 5 – Five- Year Comparison of Effective Residential Electricity Rates

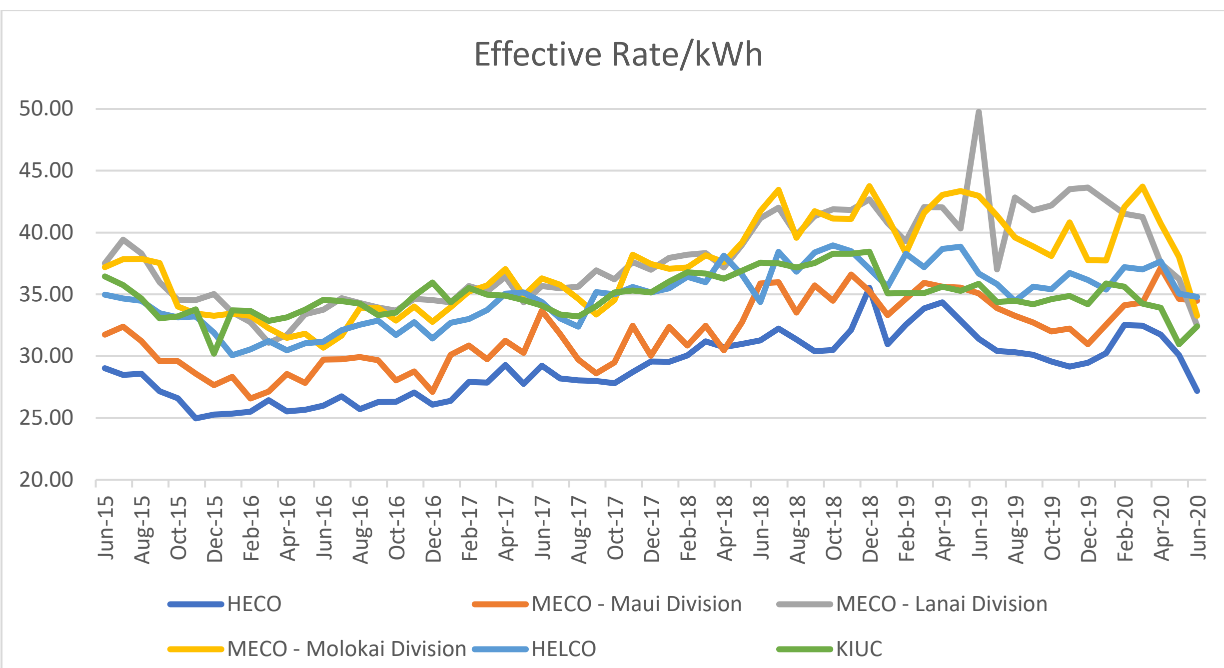

Table 2 – Five-Year Comparison of Effective Residential Energy Rates and Monthly Residential Electric Bill, Based on an Average Usage of 500 kWh

	June 16'		June 17'		June 18'		June 19'		June 20'	
	Rate	**Bill**	**Rate**	**Bill**	**Rate**	**Bill**	**Rate**	**Bill**	**Rate**	**Bill**
HECO	$0.26	$122.51	$0.29	$137.34	$0.31	$147.38	$0.31	$160.60	$0.27	$157.62
HELCO	$0.31	$135.93	$0.34	$143.09	$0.34	$162.65	$0.37	$163.59	$0.35	$145.72
MECO (Maui)	$0.30	$150.59	$0.34	$165.96	$0.36	$179.98	$0.35	$192.75	$0.34	$161.58
MECO (Lanai)	$0.34	$141.85	$0.36	$150.25	$0.41	$183.55	$0.50	$207.97	$0.32	$150.55
MECO (Molokai)	$0.31	$93.19	$0.36	$111.84	$0.42	$127.42	$0.43	$138.31	$0.33	$108.18
KIUC	$0.35	$170.94	$0.34	$171.65	$0.38	$196.69	$0.36	$188.98	$0.34	$165.16

Capital Expenditures

The following section provides information on capital improvement projects ("CIP") for HECO, HELCO, MECO, and KIUC for the calendar year ("CY") 2019.

HECO

HECO's actual CY 2019 plant additions, before reduction for contributions in aid of construction received, total $345.1 million.

Table 3 – HECO Summary of CY 2019 Plant Additions[2]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$267.5	$228.2	$39.3
Less than $2.5 million - Plant additions budgeted in 2019, delayed to 2020 or beyond or cancelled	$0.0	$16.8	($16.8)
Subtotal - Less than $2.5 million	**$267.5**	**$245.0**	**$22.5**
GO7 - Greater than $2.5 million	$77.6	$76.9	$0.7
GO7 - Greater than $2.5 million - Plant additions budgeted in 2019, delayed to 2020 or beyond	$0.0	$2.7	($2.7)
Subtotal - GO7 - Greater than $2.5 million	**$77.6**	**$79.6**	**($2.0)**
Corporate Placeholder Adjustment	$0.0	($46.6)	$46.6
Total	**$345.1**	**$278.0**	**$67.1**

HELCO

HELCO's actual CY 2019 plant additions, before reduction for contribution in aid of construction received, total $59.7 million.

Table 4 – HELCO Summary of CY 2019 Plant Additions[3]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$59.4	$43.2	$16.2

[2] See Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2019, Attachment 1 filed on March 27, 2020.

[3] Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2019, Attachment 2 filed on March 27, 2020.

Less than $2.5 million - Plant additions budgeted in 2019, delayed to 2020 or beyond or cancelled	$0.0	$12.0	($12.0)
Subtotal - Less than $2.5 million	**$59.4**	**$55.2**	**$4.2**
GO7 - Greater than $2.5 million	$0.3	$0.1	$0.2
Subtotal - GO7 - Greater than $2.5 million	**$0.3**	**$0.1**	**$0.2**
Total	**$59.7**	**$55.3**	**$4.4**

MECO

MECO's actual CY 2019 plant additions, before reduction for contribution in aid of construction received, total $74.3 million.

Table 5 – MECO Summary of CY 2019 Plant Additions[4]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$55.0	$41.7	$13.3
Less than $2.5 million - Plant additions budgeted in 2016, delayed to 2017 or beyond or cancelled	$0.0	$3.8	($3.8)
Subtotal - Less than $2.5 million	**$55.0**	**$45.5**	**$9.5**
GO7 - Greater than $2.5 million	$19.3	$17.2	$2.0
GO7 - Greater than $2.5 million - Plant additions budgeted in 2019, delayed to 2020		$0.9	($0.9)
Subtotal - GO7 - Greater than $2.5 million	**$19.3**	**$18.1**	**$1.1**
Total	**$74.3**	**$63.6**	**$10.6**

KIUC

For CY 2019, KIUC completed 60 CIPs for which none of the individual projects had a total cost exceeding $1 million. KIUC completed zero (0) CIPs for which the project had an individual total cost between $1 million and $2.5 million and one (1) CIP with a total cost at or exceeding $2.5 million in Calendar Year 2019. As shown in Table 8 below, the total aggregate cost is approximately $8.9 million.

Table 6 – KIUC Summary of CY 2019 Completed CIPs[5]

($ in million)	Actual	Budget	Variance
Completed CIPs with a total cost of less than $1 million	$8.9	n/a	n/a
Completed CIPs with a total cost of between $1 million to under $2.5 million	$0.0	$0.0	$0.0
Completed CIPs with a total cost of $2.5 million or more	$10.0	$7.8	$2.2
Total	**$19.0**	**$7.8**	**$2.2**

The following information includes brief summaries of capital expenditure proceedings before the Commission in FY 2020.

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[4] Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2019, Attachment 3 filed on March 27, 2020.

[5] Docket No. 03-0256, Kauai Island Utility Cooperative for Exemption from and Modification of General Order No. 7, Paragraph 2.3(g)2, Regarding Capital Improvements; Annual Report Regarding Completed Projects in 2019, filed on May 21, 2020.

HECO Request for Approval of Waiver from the Framework for Competitive Bidding and to Commit Funds in Excess of $2.5 Million (Excluding Customer Contributions) for the Purchase and Installation of the West Loch PV Project

Docket No. 2016-0342; Closed

On December 10, 2019, the Commission resolved the remaining issues related to HECO's West Loch Annex Utility-Scale Photovoltaic Generating System project ("West Loch PV Project"). Specifically, the Commission approved HECO's Request to recover costs for the West Loch PV Project through the Major Project Interim Recovery ("MPIR") adjustment mechanism, subject to certain conditions, adopted a performance guarantee mechanism, and addressed HECO's proposed shared cost savings incentive mechanism. The West Loch PV Project involves HECO's development and operation of a 20 MW solar facility on property leased from the United States Navy in the West Loch Annex area of Oahu. On April 21, 2020, the Commission approved HECO's Performance Guarantee Filing Requirements Proposal which includes a Final Cost Report, Calculated Equivalent Levelized Energy Price and an Annual Energy Production Report and Performance Guarantee Calculation.

HECO Companies' Request for Approval to Commit Funds in Excess of $2.5 Million for the Phase 1 Grid Modernization Project, to Defer Certain Computer Software Development Costs, Etc.

Docket No. 2018-0141; Open

The Commission approved, subject to certain conditions, the HECO Companies' application to commit approximately $86.3 million to the first phase of their Grid Modernization Strategy, including the acquisition and deployment of advanced meters, a meter data management system, a telecommunications network, and related matters. As part of this approval, the HECO Companies subsequently filed an Advanced Rate Design Strategy and Data Access and Privacy Policy on September 25, 2019. The Commission accepted the Advanced Rate Design Strategy and the Data Access and Privacy Policy, and further directed the HECO Companies to make meter data available to all customers, via the customer portal, in Green Button format. The Commission encouraged the HECO Companies to collaborate with the State Energy Office, the Counties, the Consumer Advocate, and the University of Hawaii, to ensure they have ready access to aggregated, anonymized electricity usage data.

On August 20, 2020, the Commission held a status conference to discuss HECO's semi-annual status report on implementing Phase 1 of the Grid Modernization Strategy. Subsequently, on August 26, 2020, the Commission sent a letter to the HECO Companies requesting detailed plan for opt-out deployment and encouraging the Companies to bring more focus to implementing Phase 1 on the Neighbor Islands. On September 30, 2020, the Companies submitted a plan to transition to a proportional opt-out approach for advanced meter deployment, including plans for the Neighbor Islands. The Commission is currently reviewing this proposal.

HECO Request for Approval to Commit Funds in Excess of $2.5 Million for the Auiki Substation,

Docket No. 2018-0185; Closed

The Auiki Substation will address reliability and safety risks associated with forecasted overload conditions' on HECO's distribution system in the Kalihi Kai/Palama area of Oahu. HECO estimates that, by 2021, loads in this area will have increased by "over 12 megavolt-amperes 'MVA'), resulting in both emergency and normal circuit overload conditions." HECO projects these overload conditions will result from new loads in the area, including 9.3 MVA of firm additional load from Kapalama Terminal in the 2021 timeframe, 3.4 MVA from the

Honolulu Authority for Rapid Transit ("HART") in 2020, and 5.0 MVA of other new load in the 2026 timeframe. On September 8, 2020,the Commission approved HECO's request to commit approximately $15.2 million for the construction and installation of the Auiki Substation, a line extension and related equipment.

MECO Request for Approval to Commit Funds in Excess of $2.5 Million for to Perform Major Overhaul on Maalaea Unit 16

Docket No. 2019-0027; Closed

On January 31, 2019, MECO submitted an application requesting approval to commit approximately $2,480,000 to perform a major overhaul on its Maalaea Unit 16 combustion turbine generator. On October 3, 2019, the Commission issued Order No. 36545, which approved MECO's request, noting that the Unit 16 generator is among MECO's most cost effective units and is critical to providing reliable service to West Maui, that the planned overhaul is intended to extend the useful life of the turbine generator, and the planned overhaul is less costly than replacing the generator entirely.

HELCO Request for Approval to Commit Funds in Excess of $2.5 Million to Perform Major Overhaul on Keahole CT-4

Docket No. 2019-0132; Closed

On June 24, 2019, HELCO filed an application requesting approval to commit approximately $3,593,000 to perform an overhaul on one of its combustion turbine generators at its Keahole power plant. On April 23, 2020, the Commission issued Decision and Order No. 37113, which approved HELCO's request, noting the Consumer Advocate's expectation that completion of the overhaul will allow CT-4 to operate more efficiently, and support the unit's provision of regulating reserve required to help integrate as-available renewable energy.

Phase II Grid Modernization for the HECO Companies

Docket No. 2019-0327; Suspended

On September 30, 2019, the HECO Companies filed their Phase 2 Grid Modernization Application seeking approval to commence and obtain cost recovery for the Advanced Distribution Management System ("ADMS") component of their Grid Modernization Strategy. On December 30, 2019, the Commission suspended deliberations in this docket until the HECO Companies file a supplemental application for the broad deployment of sensors and field devices. Because sensors and field devices working together with an ADMS is integral to Phase 2, it would be difficult to accurately determine the customer benefits of the ADMS component alone. The Commission does not have enough information to evaluate the ADMS component of Phase 2 without simultaneously evaluating the sensor and field device component of Phase 2. The Companies have stated that they intend to file an application for the broad deployment of field devices in the second half of 2020.

HECO Request for Approval to Commit Funds in Excess of $2.5 Million for U.S. Army-Oahu Electric Distribution Systems Privatization; and Rule 4 Service Contract with the U.S. Government

Docket No. 2019-0349; Closed

On October 25, 2019, HECO filed an application requesting approval to purchase, own, operate and maintain the United States Army's ("Army") electric distribution systems, street lights and secondary meters (non-revenue) at its 12 installations on Oahu for a period of 50 years, pursuant to a special contract. HECO states that through fees and credits, all expenses relating to the special contract will be paid by the Army, and that the services rendered under the special contract are similar to those the Company performs to provide electric service to its customers in general. On October 30, 2020, the Commission approved

HECO's request and directed HECO to file Annual Plans with all recorded investments made pursuant to the contract terms and information showing the contract's effectiveness and alignment with state energy policy goals along with Annual O&M Tracking Reports during each year of the contract term

Approval to Commit Funds in Excess of $2.5 Million to Reconfigure Existing Transmission System from Kilohana to Hanahanapuni and from Kilohana to Lihue
Docket No. 2020-0040; Closed

KIUC's proposed transmission system reconfiguration is to minimize any incidences along KIUC's transmission system of bird strikes by the Newell's Shearwater, Hawaiian Petrel, and Band-Rumped Storm-Petrel, which are protected species under the Federal and State Endangered Species Act. The Proposed Reconfiguration is being done in accordance with two planning documents: the draft KIUC Joint Conservation Strategy for the Newell's Shearwater and Hawaiian Petrel to Address Power Line Strikes; and the draft KIUC Long-Term Habitat Conservation, both of which KIUC has been working on with the U.S. Fish and Wildlife Services and the Hawaii Division of Forestry and Wildlife. On October 29, 2020, the Commission approved KIUC's request.

Resource Acquisition

HECO Companies' Integrated Demand Response Portfolio Plan
Docket No. 2007-0341, Open

On August 9, 2019, the Commission issued Order No. 36467, by which the Commission: (1) approved the HECO Companies Grid Service Purchase Agreement ("GSPA") with Open Access Technology International, Inc. ("OATI"); and (2) approved the HECO Companies' March 18, 2019 request to recover a portion of the Revised Demand Response ("DR") Portfolio variable costs through the HECO and MECO Demand-Side Management ("DSM") component of the Integrated Resource Planning Cost Recovery Provision ("DSM Surcharge").

HECO and MECO continued to report regularly on their respective DSM Adjustments. The Companies also continued to file quarterly reports for Hawaiian Electric's Commercial and Industrial Direct Load Control ("CIDLC") Program, in accordance with Order No. 32660. In addition, the HECO Companies have provided the Commission with Annual Program Accomplishments and Surcharge Reports, in accordance with Order No. 32660.

On July 9, 2020, the HECO Companies filed a Request to Recover DR Portfolio Variable Costs related to negotiated and finalized GSPAs for five years through the DSM Surcharge. The request involves GSPAs executed between the Company and the selected aggregators that were based on approximately 61 megawatts ("MW") of combined grid services of Capacity and FFR grid services on Oahu, 13 MW on Maui island, and 13 MW on Hawaiʻi island. HECO's request is pending before the Commission. On December 31, 2020, the Commission approved the HECO Companies' Swell and OATI GSPAs, and the HECO Companies' request to recover a portion of the Revised DR Portfolio variable costs through HECO's, MECO's, and HELCO's DSM Surcharge.

Community-Based Renewable Energy ("CBRE")
Docket No. 2015-0389 & 2018-0195; Open

On December 22, 2017, in Docket No. 2015-0389, the Commission adopted a CBRE Framework for the HECO Companies, under which customers who cannot install solar distributed generation on their own property can participate directly in off-site renewable energy projects through a bill credit arrangement. On April 9, 2020, the Commission commenced Phase 2 of CBRE, expanding the program capacity to at least 235 MW. Phase 2 will promote a diversity of project sizes and include at least three projects dedicated to low and moderate income customers. The HECO Companies filed their proposed Phase 2 tariffs, RFPs and model contracts and the Commission has solicited feedback from the Parties, stakeholders and the public.

Relatedly, in Docket No. 2018-0195, the Commission approved the HECO Companies' request to recover the costs associated with energy from their CBRE facilities through each Companies' respective ECRC and Purchased Power Adjustment Clause ("PPAC").

Power Purchase Agreement for Renewable Dispatchable Firm Energy and Capacity with Hu Honua Bioenergy, LLC
Docket No. 2017-0122; Closed

In Order No. 34726, filed on July 28, 2017, the Commission approved HELCO's Amended and Restated Power Purchase Agreement for Renewable Dispatchable Firm Energy and Capacity with Hu Honua Bioenergy, LLC. Following that decision, a participant in the proceeding filed a Notice of Appeal of the Commission's decision on August 26, 2017, and on June 10, 2019, the Supreme Court remanded the case back to the Commission for proceedings consistent with the Court's opinion. The Commission issued an order reopening the docket on June 20, 2019 and established a new Issue No. 4 related to the greenhouse gas emissions impact of the project.

On July 9, 2020, the Commission denied HELCO's request for the Waiver from Competitive Bidding, finding that HELCO did not meet its burden to support its request for waiver for the Hu Honua Project. On September 9, 2020, the Commission denied Hu Honua's motion for reconsideration. On October 1, 2020, the Commission stated it would no longer accept submissions in the docket due to Hu Honua's appeal filed to the Hawaii Supreme Court on September 16, 2020,

HECO Request for Approval to Commit Funds in Excess of $2.5 Million for a Contingency & Regulating Reserve Battery Energy Storage System Project
Docket No. 2018-0102; Closed

On July 9, 2019, the Commission denied HECO's request to commit approximately $104 million for a Contingency & Regulating Reserve Battery Energy Storage System project and associated accounting treatment. The Commission was unconvinced, based on the docket record, that the proposed project was reasonable and consistent with the public interest, due primarily to the high estimated Project cost of $104 million and the lack of consideration of alternative options to meet the underlying system needs.

HECO Request for Waiver of the Palehua Wind Project from the Framework for Competitive Bidding and Approval of the PPA for Renewable As-Available Energy with EE Ewa
Docket No. 2018-0400; Closed

On September 9, 2019, the Commission dismissed HECO's request for a waiver of the Palehua Wind Project from the Framework for Competitive Bidding, finding that the Project should be subject to the Commission's Competitive Bidding Framework, but providing the developer the option of submitting its Palehua Wind Project as part of the scheduled Phase 2 of the competitive procurement for grid-scale renewable energy projects in Docket No. 2017-0352.

MECO Request for Approval of Power Purchase Agreement for Renewable Dispatchable Generation with Paeahu Solar LLC
Docket No. 2018-0433; Open

On December 31, 2018, MECO filed an application seeking approval for (1) a power purchase agreement ("PPA") with Paeahu Solar LLC ("Paeahu") relating to a proposed 15-megawatt ("MW") photovoltaic ("PV") system paired with a battery energy storage system ("BESS") to be located in Wailea on the island of Maui (the "Project"); and (2) a 69-kilovolt ("kV") overhead line extension to connect the Project to MECO's transmission system. On January 14, 2019, the Commission issued Order No. 26070 approving MECO's request to bifurcate its PPA-related requests from its other requests involving its proposed 69 kV line extension.

On July 5, 2019, the Commission issued Order No. 26407, granting Participant status to Pono Power Coalition ("PPC") and Paeahu Solar LLC. .

Between September to November 2019, the Parties and Participants exchanged information requests and filed preliminary motions and pre-hearing statements in anticipation of the evidentiary hearing in December 2019.

The Commission held a hearing to help inform the Commission's decision-making on whether the PPA is prudent and in the public interest, and to allow PPC an opportunity to meaningfully address the impacts of approving the PPA on PPC's members' asserted rights to a clean and healthful environment. The hearing was held on December 4 and 5, 2019, at the Maui Research and Technology Center in Kihei on the island of Maui.

Between January and May 2020, the Parties and Participants filed, and the Commission resolved, additional motions and responses; the Parties and Participants also engaged in an additional round of discovery and information requests. On May 26, 2020, the Parties and Participants submitted their post-hearing briefs.

On October 5, 2020, the Commission approved the PPA in Decision and Order No. 37340. The Commission found that the additional capacity of the Project is beneficial because it (1) increases MECO's system reliability and grid stability, (2) represents significant step not only towards Hawaii's renewable energy goals consistent with HRS §§ 269-6 and 269-92 (RPS) but also towards lower energy prices, (3) includes a fixed Unit Price and Lump Sum Payment throughout the PPA term, which provides bill stability when compared to the volatility of fossil fuel prices, (4) includes Performance Metrics that will collectively provide cost savings to ratepayers and help to ensure the Project is performing and available for MECO to dispatch, and (4) will result in a significant reduction of GHG emissions. The Commission also found that Paeahu has met the requirements related to community outreach in both the RFP and the PPA by providing MECO a detailed plan for community outreach and that Paeahu has engaged broad and diverse set of community members and stakeholders and considered community feedback by conducting in-depth studies and making several design changes to the Project.

On October 15, 2020 Pono Power Coalition filed a Motion for Reconsideration of Decision and Order No. 37340 which is pending before the Commission.

HELCO Application for Approval of an Amended and Restated Power Purchase Agreement Between Hawaii Electric Light Company Inc. and Puna Geothermal Venture
Docket No. 2019-0333; Open

On October 4, 2019, the Commission opened this docket to review and receive filings related to the amended and restated power purchase agreement between HELCO and Puna Geothermal Venture ("PGV"). On December 31, 2019, HELCO filed its requests to: (1) issue a declaratory order regarding the exception of the project from the Competitive Bidding Framework, or approval of a waiver from the Competitive Bidding Framework; and (2) approve the amended and restated power purchase agreement for Firm Capacity Renewable Generation. On July 2, 2020, the Commission approved HELCO's request to construct 69 kV overhead transmission line segments to reconnect the PGV generating facility in Docket No. 2019-0119. This matter is currently pending before the Commission.

Summary of Power Purchase Agreements

In accordance with Act 260, SLH 2013, summaries of PPAs, including pricing, are provided in the following tables.

Summary of Power Purchase Agreements in Effect on Oahu, FY 2020

OAHU Facility Name	Export Capacity (MW)	Facility Type	Average FY20 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In-Service Date	End Date / Term
Kahuku Wind Power	30	As Available	$0.2119	Any	Wind	2009-0176	5/31/2031
Kawailoa Wind	69	As Available	$0.2257	Any	Wind	2011-0224	11/30/2032
Kalaeloa Renewable Energy Park	5	As Available	$0.2160	Any	Solar	2011-0384	11/30/2033
Kalaeloa Solar Two	5	As Available	$0.2317	Any	Solar	2011-0051	12/31/2032
Kapolei Sustainable Energy Park	1	As Available	$0.2360	Any	Solar	2011-0185	12/31/2031
IES Downstream LLC	9.6	As Available	$0.1070 $0.1163	On Peak[b] Off Peak[b]	Refinery Gas / Naphtha	Docket No. 6717. In service 8/2/1990.	Year to year
Par Hawaii Refining LLC[c]	18.5	As Available	$0.1058 $0.1134	On Peak Off Peak	Refinery Gas / Naphtha	Docket No. 5025. In service 12/28/1983.	Year to year
Waianae Solar	27.6	As Available	$0.1450	Any	Solar	2014-0354 In service 1/14/2017.	1/31/2039

Kawailoa Solar	49	As Available	$0.1273	Any	Solar	In service 11/20/2019.	11/30/2039
Lanikuhana Solar	14.7	As Available	$0.1305	Any	Solar	In service 9/19/2019.	9/30/2039
Waipio PV	45.9	As Available	$0.1218	Any	Solar	In service 9/19/2019.	9/30/2039
AES Hawaii[d]	180	Firm	$0.0588	Any	Coal	Docket No. 6177. In service 9/1/1992.	9/1/2022
Kalaeloa Partners[e]	208	Firm	$0.1276	Any	LSFO*	Docket No. 6378. In service 5/23/1991.	10/31/2019
H-POWER	68.5	Firm	$0.1778	On Peak	Waste	2012-0129	4/2/2033
			$0.1264	Off Peak			
Feed-in Tariff	Varies	As Available	$0.2312	Any	Solar	2008-0273	20 years
Avoided Energy Cost Rate			$0.1070	On Peak	Docket No. 7310, Decision and Order No. 24086; 2008-0069		
			$0.1163	Off Peak			

a Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).
b "On peak" is from 7 AM to 9 PM. "Off peak" is from 9 PM to 7 AM.
c Average Energy Price does not include reactive adjustment.
d Energy Price based on AES Hawaii Energy Cost which includes Fuel, Variable O&M, and Fixed O&M components.
e Energy Price based on Kalaeloa Partners Energy Cost which includes Fuel, Nonfuel, and Additive components.

Summary of Power Purchase Agreements in Effect on Hawaii Island, FY 2020

HAWAII Facility Name	Export Capacity (MW)	Facility Type	Average FY20 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Hawi Renewable Development	10.56	As Available	$0.1403	On Peak	Wind	2004-0016	5/18/2021
			$0.1289	Off Peak			
Hamakua Energy [b]	60	Firm	$0.1410	Any	Naphtha/ Biodiesel	1998-0013	12/31/2030
Puna Geothermal Venture (PGV)[c]	25	Firm	$0.0000	On Peak	Geo-thermal	2011-0040	12/31/2027
			$0.0000	Off Peak			
	5	Firm	$0.0000	Any			
	8	Cycling	$0.0000	On Peak			

			$0.0000	Off Peak			
Tawhiri Power (Pakini Nui)	20.5	As Available	$0.1186	On Peak	Wind	2004-0346	4/2/2027
			$0.1172	Off Peak			
Wailuku River Hydro	12.1	As Available	$0.1489	On Peak	Hydro	6956	5/12/2023
			$0.1367	Off Peak			
Feed-in Tariff	Varies	As Available	$0.2360	Any	Solar	2008-0273	20 years
Schedule Q[d]	Varies	As Available	$0.1414	Any	Docket No. 7310 Decision and Order No. 24086; 2008-0069		
Avoided Energy Cost Rate			$0.1417	On Peak	Docket No. 7310 Decision and Order No. 24086		
			$0.1295	Off Peak			

a Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).
b Energy Price based on Hamakua Energy's Energy Cost which includes Fuel and Variable O&M components.
c PGV has been offline since May 2018 due to the volcanic eruption in lower Puna on Hawaii Island.
d Includes County of Hawaii Department of Water Supply and Palm Valley Farm.

Summary of Power Purchase Agreements in Effect on Maui Island, FY 2020

MAUI Facility Name	Export Capacity (MW)	Facility Type	Average FY20 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Kaheawa Wind Power	30	As Available	$0.1384	On Peak	Wind	2004-0365 6/9/2006	6/9/2026
			$0.1298	Off Peak			
Kaheawa Wind Power II	21	As Available	$0.2304	Any	Wind	2010-0279 7/2/2012	7/2/2032
Auwahi Wind Energy	21	As Available	$0.2171	Any	Wind	2011-0060 12/8/2012	12/28/2032
Makila Hydro[b]	0.5	As Available	$0.0000	On Peak	Hydro	2005-0161 9/22/2006	7/1/2019
			$0.0000	Off Peak			
Feed-in Tariff	Varies	As Available	$0.2233	Any	Solar	2008-0273	20 years
SSA Solar of HI 3 (SMRR)	2.87	As Available	$0.1106	Any	Solar	2015-0225	5/5/2040
SSA Solar of HI 2 (Kuia Solar)	2.87	As Available	$0.1106	Any	Solar	2015-0224	10/4/2040
Avoided Energy Cost Rate			$0.1353	On Peak	Docket No. 7310 Decision and Order No. 24086		
			$0.1276	Off Peak			

a. Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).
b. The Makila Hydro, LLC PPC was terminated on 7/1/2019. Makila Hydro, LLC did not sell any energy to Maui Electric in Fiscal Year 2020.

Power Purchase Agreements in Effect on Molokai Island, FY 2020

MOLOKAI Facility Name	Facility Capacity (MW)	Facility Type	Average FY20 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Feed-in Tariff	Varies	As Available	$0.2180	Any	Solar	2008-0273	20 years

Power Purchase Agreements in Effect on Lanai Island, FY 2020

LANAI [a] Facility Name	Facility Capacity (MW)	Facility Type	Average FY20 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Lanai Sustainability Research, LLC[b]	1.2	As Available	$0.1818	Any	Solar	2008-0167 12/19/2008	12/19/2033

a There are no FIT projects on Lanai.

b The Lanai Sustainability Research Average FY2020 Energy Price ($ per kWh) includes the BESS offset payments that are explained in Docket No. 2008-0167 – Letter Agreement Between Maui Electric Company and Lānaʻi Sustainability Research, LLC – Offset Payments Regarding BESS Letter filed on October 28, 2019. The BESS offset payments commenced with the September 2019 energy payment.

Summary of Power Purchase Agreements in Effect on Kauai Island, FY 2020

KAUAI Facility Name	Facility Capacity MW	Facility Type	Average FY19 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Gay & Robinson	7.25	As Available	$0.1828	Any	Hydro	2000-0086	Year to year
Kapaa	1	As Available	$0.2000	Daytime	Solar	2010-0179	3/4/2031
Kauai Coffee	4.8	As Available	$0.2005	Any	Hydro	2012-0150	1/31/2033
Kekaha Ag Assoc	1.5	As Available	$0.0851	Any	Hydro	2001-0055	Year to year
McBryde	6	As Available	$0.2000	Daytime	Solar	2011-0180	12/3/2032
MP2 Kaneshiro	0.300	As Available	$0.2000	Daytime	Solar	2011-0362	1/4/2033
Pioneer Seed	0.25	As Available	$0.1175	Daytime	Solar	2010-0122	Year to year

KRS2 Koloa	12	As Available	$0.1220	Daytime	Solar	2012-0383	9/5/2039
Green Energy	6.7	Baseload	$0.2624	Any	Biomass	2011-0032	1/31/2036
KRS1 Anahola	12	As Available	$0.1280	Daytime	Solar	2011-0323	4/1/2040
SolarCity/Tesla	13	As Available	$0.1390	Any	Solar & Storage	2015-0331	5/25/2036
AES Lawai	20	As Available	$0.1108	Any	Solar & Storage	2017-0018	12/30/2041
Avoided Energy Cost Rate			$0.1200	Docket No. 7310 Decision and Order No. 24086			

Overhead and Underground Power Lines

Pursuant to HRS § 269-27.5, whenever a public utility plans to place, construct, erect, or otherwise build a new 46 kV or greater high-voltage electric transmission system above the surface of the ground through any residential area, the Commission shall conduct a public hearing prior to any issuance of approval. Additionally, pursuant to HRS § 269-27.6, for any new 46 kV or greater high-voltage electric transmission system, the Commission shall determine whether the electric transmission system shall be placed, constructed, erected, or built above or below the surface of the ground. The following table summarizes dockets relating to overhead and underground transmission lines during the fiscal year. (As noted above, a number of the HECO Companies' capital expenditure projects include overhead and underground power line components, which are described separately, above).

Docket No.	Company	Status
2018-0430 *Open*	HELCO	On August 31, 2020, HELCO filed its Interconnection Requirements Amendment and Order No. 37312 filed on September 11, 2020, adopted a procedural schedule. This matter is currently pending before the Commission.
2018-0431 *Open*	HECO	On October 9, 2020, HECO filed an Information Request Response stating they are working with Ho'ohana Solar I, LLC to file the Interconnection Requirements Amendment with the Commission in November 2020.
2018-0432 *Open*	HELCO	On September 4, 2020, HELCO filed its Interconnection Requirements Amendment and Order No. 37313 filed on September 11, 2020, adopted a procedural schedule. This matter is currently pending before the Commission.
2018-0434 *Closed*	HECO	On September 18, 2020, HECO filed its Interconnection Requirements Amendment, in which HECO stated it determine that it is unnecessary to construct a 138 kV line extension to interconnect the Project to HECO's system, and therefore, withdrew its Interconnection-Related Requests. HECO stated it will be utilizing an existing line developed for Lanikuhana Solar.

2018-0435 *Open*	HECO	On October 9, 2020, HECO filed its Interconnection Requirements Amendment. This matter is currently pending before the Commission.
2018-0436 *Open*	MECO	On October 9, 2020, HECO filed its Interconnection Requirements Amendment. This matter is currently pending before the Commission.
2019-0050 *Open*	HECO	On September 8, 2020, HECO filed its Interconnection Requirements Amendment. This matter is currently pending before the Commission.
2020-0016 *Closed*	HECO	The Commission approved HECO's requests to construct a 46 kV underground sub-transmission line for the Koa Ridge Development Overhead to Underground Conversion.
2019-0070 *Closed*	MECO	The Commission approved MECO's requests to relocate two existing sections of 69 kV overhead lines and underbuilt 23 kV lines located at Waikapu, Maui to accommodate the development of the Waiko Light Industrial Subdivision.
2019-0119 *Closed*	HELCO	The Commission approved HELCO's request to construct a relocated 69 kV line to restore connection of Puna Geothermal Venture Generating Facility to HELCO's system, which was previously destroyed during the 2018 Kilauea eruptions in Puna.
2020-0009 *Closed*	HECO	HECO requests Commission approval to commit funds in excess of $2,500,000 for the PE.005023 – East Kapolei II 12 kV Overhead to Underground/Overhead project and proposes to relocate the overhead portion of existing distribution circuits that are currently in the University of Hawaii West Oahu's Right of Entry. The Commission approved HECO's request on December 7, 2020.
2020-0050 *Suspended*	HECO	HECO requests Commission approval to relocate an existing 46 kV overhead sub-transmission line through a residential area in Salt Lake Boulevard, on the island of Oahu. This docket has been suspended until further notice due to the ongoing health and safety challenges caused by the COVID-19 pandemic, as it is unclear at this time when a public hearing pursuant to HRS § 269-27.5 for this Application may be scheduled. The Commission is currently working on the logistics around holding virtual public hearings, and shall issue an order lifting the suspension of this docket when it finalizes the logistics of holding a virtual public hearing.

Ratemaking and Tariffs

Note: recent rate cases for HELCO and HECO are described on page vii, above.

MECO 2018 Test Year Rate Case
Docket No. 2017-0150, Status: Closed

In Order No. 36219, the Commission reviewed testimony, schedules, and other information to determine whether MECO was entitled to a rate increase based on a 2018 test year. In doing so, the Commission approved a final revenue requirement of $338,615,000, which incorporated a return on common equity of 9.50%, which resulted in an overall rate of return on average rate base of 7.57%. The final approved revenue requirement of $338,615,000 incorporated a number of adjustments, and represented a revenue increase of $12,199,000 from MECO's prior current effective rates of $326,416,000.

Subsequently, in Order No. 36323, the Commission approved MECO's final tariffs, which implemented the rate increase. Order No. 36323 also approved a refund plan, under which MECO returned to customers revenues collected in interim rates that were associated with the substation project that was ultimately not placed into service during the test year. MECO was also instructed to refund customers over-collected revenues associated with MECO's Fast DR Incentive program. Order No. 36323 also approved MECO's tariffs related to its Performance Incentive Mechanisms, which were updated to reflect the new rates approved in Order No. 36219.

Finally, in Order No. 36365, the Commission approved MECO's proposed tariff sheets for its revised automatic fuel adjustment clause, which included renaming it from the Energy Cost Adjustment Clause to the Energy Cost Recovery Clause, transferring all fuel and purchased power costs into the ECRC, and incorporating a fuel risk sharing component, such that a portion of fuel cost risks are now shared between MECO and its customers.

Financing

HECO Companies' Request for Approval of Projects to be Financed Through the Sale of Special Purpose Revenue Bonds, Certification that the Projects are for the Local Furnishing of Electric Energy, Etc.
Docket No. 2018-0387; Open

On October 26, 2018, the HECO Companies submitted an application seeking Commission approval to issue and sell special purpose revenue bonds prior to June 30, 2020, in one or more offerings, to finance a number of capital expenditure projects, pursuant to Act 75 of the 2015 Session Laws of Hawaii, along with related approvals necessary for implementation. The Companies explained that their request was part of a larger strategy to raise capital by gaining approval to issue a combination of long-term taxable debt and special purpose revenue bonds to allow the Companies to determine which security type is more favorable based on market conditions at the time of issuance. The Companies sought approval to issue up to $80 million in revenue bonds, with up to $70 million for HECO, up to $2.5 million for HELCO, and up to $7.5 million for MECO.

On May 24, 2019, the Commission issued Order No. 36630, approving the Companies' request, subject to certain conditions, including that approval is limited to fixed rate special purpose revenue bonds of 6.0% and that the Companies are required to file a copy of the principal financing documents and a report detailing the results of each of the Act 75 special purposes revenue bond financings as soon as practicable.

HECO Companies' Request for Approval of Projects to be Financed Through the Sale of Special Purpose Revenue Bonds, Etc.
Docket No. 2020-0072; Open

On May 4, 2020, the HECO Companies filed an Application requesting Commission approval to issue and sell special purpose revenue bonds, in one or more offerings, to finance a number of capital expenditure projects, pursuant to Act 41 of the 2019 Session Laws of Hawaii, along with related approvals necessary for implementation. The HECO Companies' requests are currently pending before the Commission, and a decision is anticipated to be filed by February 26, 2021, as requested by the HECO Companies.

Fuel Contracts

KIUC Request for Approval of Fuel Supply Agreement with IES Downstream, LLC, and to Include Costs in KIUC's Energy Rate Adjustment Clause
Docket No. 2019-0380; Open

On December 20, 2019, KIUC filed an application requesting Commission approval of a Fuel Supply Agreement between it and IES Downstream, LLC, where IES Downstream, LLC, would supply diesel to KIUC under the terms of the Agreement. On March 12, 2020, the Commission issued Interim Decision and Order No. 37042, which approved both the Agreement and KIUC's request to include the costs of the Agreement in KIUC's Energy Rate Adjustment Clause on an interim basis. On December 15, 2020, the Commission approved the Fuel Supply Agreement between KIUC and IES Downstream, LLC subject to certain conditions.

In its decision, the Commission found the pricing formula is reasonable and the 2019 Agreement is the most feasible means of ensuring that KIUC will continue to receive the fuel necessary to generate, without disruption, the electricity needed to meet the energy demand from KIUC's customers, given that there are no other feasible fuel supply sources, renewable energy, or storage source alternatives readily available.

In addition, pursuant to HRS 269-6(b) and HRS 269-92, the 2019 Agreement is structured in manner that is consistent with the Legislature's intent to reduce the State's reliance on fossil fuel.

HECO Request for Approval for its Consent to a Facility Fuel Supply Contract Between Par Hawaii Refining LLC and Kalaeloa Partners, L.P. and to Include the Facility Fuel Supply Contract Costs in Hawaiian Electric Company, Inc.'s Energy Cost Recovery Clause
Docket No. 2019-0385; Open

On December 19, 2019, HECO filed an application requesting Commission approval of: (1) HECO's Consent to a facility fuel supply contract between Par Hawaii Refining, LLC and Kalaeloa Partners, L.P.; and (2) inclusion of the costs for energy purchased from Kalaeloa Partners, L.P., and related taxes and fees incurred pursuant to the new facility fuel supply contract, in HECO's ECRC, to the extent that those costs are not recovered in HECO's base rates. This matter is currently pending before the Commission, and a final decision is anticipated to be filed early in calendar year 2021.

HECO Request for Approval of First Amendment to a Petroleum Fuel Supply Contract with Hawaiian Electric and Par Hawaii Refining, LLC, for Imported Fuel, and Cost Savings Opportunities and to Include the Associate Costs in Hawaiian Electric's Energy Cost Recovery Clause
Docket No. 2020-0090; Open

On June 9, 2020, Hawaiian Electric filed an application requesting the Commission issue a Decision and Order: (1) approving an amended petroleum fuel supply contract ("First Amendment") between Par and Hawaiian Electric; (2) approving a process to create the ability for Hawaiian Electric to purchase imported fuel; (3) approving the inclusion of costs of the First Amendment, imported fuel, and cost savings opportunities, including without limitation, the costs of fuel, terminalling and handling fees, throughput fees, storage and transportation, other costs and related taxes and fees in Hawaiian Electric's Energy Cost Recovery Clause

("ECRC"); and (4) granting Hawaiian Electric such other and further relief as may be just and equitable. On August 4, 2020, the Commission issued Interim Decision and Order No. 37256, which, on an interim basis, approved the proposed amended petroleum fuel supply contract, approved HECO's request to purchase low sulfur fuel oil at the prices determined under the First Amendment, and to recover such costs the ECRC to the extent that the costs are not recovered in base rates. This matter is currently pending before the Commission, and a final Decision and Order is anticipated to be filed in calendar year 2021.

Petitions and Complaints

Peter Bosted and Ann Bosted, Complainants vs. HECO and HELCO, Respondents
Docket No. 2016-0224; Open

On August 20, 2016, Peter and Ann Bosted filed a complaint against HECO and HELCO for not holding developers of a 6.5 MW solar project in Ocean View in compliance with the FIT program.

After reviewing the testimonies and filings of the parties, the Commission filed an order on December 17, 2019, instructing the Parties to submit a joint stipulated statement of facts addressing whether the FIT projects that are being challenged in the docket should be considered individually or in the aggregate for purposes of determining whether they comply with the Commission's directives concerning both the FIT Program and the Competitive Bidding Framework. On April 20, 2020, the Parties filed their Statements of Position. The Commission is continuing its review of the evidence in this proceeding.

Edward C. Murley, Complainant vs. HECO, Respondent
Docket No. 2018-0109; Open

On May 10, 2018, Edward C. Murley filed a formal complaint against HECO asserting that HECO did not provide proper notice under the notice procedure in Docket No. 2013-0082, Order No. 33166. HECO replaced seven utility poles that increased in height and girth at Pukalani Place. The Commission suspended activity until after HECO and Mr. Murley went into mediation, but they were unable to reach an agreement. HECO and Mr. Murley filed a Stipulated Procedural Schedule, which was approved by the Commission on November 6, 2019. Pursuant to the Stipulated Procedural Schedule, briefing concluded in December 2019, and a Commission decision is expected in early 2021.

Life of the Land, Complainant vs. HECO Companies and The Gas Company, LLC dba Hawaii Gas, Respondents
Docket No. 2018-0406; Open

On December 3, 2018, Life of Land filed a formal complaint against the HECO Companies and Hawaii Gas. Life of Land requested that the HECO Companies and Hawaii Gas each submit a plan to reduce their system-wide life cycle greenhouse gas emissions by fifty percent within 10 years. Life of the Land's formal complaint is pending before the Commission.

Miscellaneous

HECO Companies' Application for a Financing Order to Issue Bonds and to Authorize the Green Infrastructure Fee Application for an Order Approving the Green Infrastructure Loan Program
Docket No. 2014-0134, Open
Docket No. 2014-0135, Open

The Green Energy Market Securitization Program ("GEMS") was established through Act 211, Session Laws of Hawaii 2013 ("Act 211"), codified in HRS Chapter 196, Part IV. Act 211 allowed GEMS to access funding from the Public Benefit Fee, and established the Hawaii Green Infrastructure Authority ("HGIA"), as the administrative authority for the GEMS Program.

In Decision and Order No. 32281, the Commission required that the Green Infrastructure Fee ("GIF") be reviewed and adjusted by true-up semiannually. Each true-up adjustment is designed to correct for any over-collections or under-collections of GIF through the proposed True-Up Adjustment Date, and ensure that the expected GIF remittances to the Trustee during the applicable collection period are adequate.

The Commission continues to review requests filed by HGIA in relation to the GEMS Program.

In its quarterly report to the Commission on July 31, 2020, HGIA reported approximately $49 million remaining GEMS funds available to lend with $8.5 million of that, available under the State Revolving Loan Fund and other $40.5 million will be used to finance eligible projects for Low and Moderate-Income single-family residential homeowners and renters, small businesses, multi-family rental project and non-profits.

HECO Companies' Request for Approval of an Enterprise Resource Planning and Enterprise Asset Management System Implementation Project and Related Accounting Treatment
Docket No. 2014-0170; Open

On July 23, 2014, the HECO Companies submitted an application for approval to commit funds to replace their Ellipse enterprise resource planning system with a new Enterprise Resource Planning and Enterprise Asset Management System ("ERP/EAM").

The ERP/EAM System is comprised of five inter-related projects: (1) Discovery; (2) High-Level Business Case; (3) Software and System Integrator Selection, Commission Application, and Preliminary Implementation Project, also known as Selection and Pre-Implementation; (4) Implementation; and (5) Stabilization, also known as Post-Implementation. Docket No. 2014-0170 involves the Implementation phase of this project, and includes the sub-phases of: (1) project preparation; (2) business blueprint; (3) realization; (4) final preparation; (5) Go-Live; and (6) Run Systems, Applications and Products ("SAP").

On October 1, 2018, the HECO Companies commenced their implementation of the ERP/EAM System.

On January 1, 2019, the HECO Companies commenced with the ERP/EAM System's twelve-year Stabilization/Post-Implementation phase. During this phase, customer benefits (i.e., cost savings) attributable to the ERP/EAM System will begin to ramp up in 2019 and reach full benefits realization levels (i.e., steady state) by January 1, 2020.

Based on key developments undertaken and completed during the Post-Implementation phase, a variety of Commission-accepted filings, mechanisms, reporting, and monitoring features are firmly in place that will ensure that a minimum of $246 million in overall net benefits are passed on to ratepayers during the twelve-year service life of the ERP/EAM System. This foundation ensures that customer benefits will continue to be provided according to this framework in the future.

That being said, this foundation may need to be revised and/or refined over the next twelve years based on future related developments. In this regard, the foundation is intended to serve as a “backstop” to ensure customer benefits, while also incorporating flexibility to adapt to changes in circumstances.

The Commission is continuing its rigorous review of the Companies’ monthly status reports and semi-annual enterprise system benefits reports and will seek clarification from the Companies when necessary to ensure that compliance with the foundational plan described above is being maintained.

Distributed Energy Resource Policies
Docket No. 2014-0192; Closed

On August 19, 2019, the Commission combined its investigation of DER policies with its investigation into Demand Response ("DR") programs (i.e., Docket No. 2015-0412), to address these issues comprehensively in a new investigative proceeding on DER in Docket No. 2019-0323. This original DER proceeding began in 2014 and addressed technical, economic, and policy issues associated with DER as they pertain to the electric operations of HECO, HELCO, MECO and KIUC. During the first phase of the DER proceeding, the commission focused on addressing the pressing issues presented by the growth of customer-sited photovoltaic("PV") generation. Notably, the commission developed several interim options for customers to invest in new forms of DER, including the Customer Grid-Supply ("CGS"), Customer Self-Supply ("CSS"), CGS+, NEM+, and Smart Export programs, as well as a pilot residential time-of-use ("TOU-RI") program. The interim programs were designed to provide better incentives for grid-supportive DER to mitigate grid-integration challenges and establish pricing more aligned with the economic value DER resources provide to the electric grid. Now the Commission and Stakeholders are working together to establish a long-term DER program in the new DER Docket No. 2019-0323.

HECO Companies’ Application for Approval of Demand Response Program Portfolio Tariff Structure, Reporting Schedule, and Cost Recovery of Program Costs Through the Demand-Side Management Surcharge
Docket No. 2015-0412; Closed

On August 19, 2019, the Commission combined its investigation of DER policies (i.e., Docket No. 2014-0192) with its investigation into Demand Response ("DR") programs and policies (i.e., Docket No. 2015-0412), to address these issues comprehensively in new investigative proceeding on DER policies in Docket No. 2019-0323. This original DR proceeding began in 2015 and resulted in Commission approval of a Revised DR Portfolio focused on four system-level grid service tariffs to allow customers to participate Capacity, Fast Frequency Response, Regulating Reserve, and Replacement Reserve Programs.

Investigation on the Impacts of the Tax Cuts and Jobs Act of 2017
Docket No. 2018-0012; Open

The Tax Cuts and Jobs Act was signed into law on December 22, 2017 (“2017 Tax Act”). The 2017 Tax Act is the first comprehensive change in federal law since 1986. The 2017 Tax Act makes several principle changes that are relevant to all regulated entities throughout the State, as the Act significantly reduces corporate income tax rate.

On January 26, 2018, the Commission opened this proceeding to investigate the impacts of the 2017 Tax Act on 46 identified utilities and ordered these utilities to immediately begin tracking the impacts of the 2017 Tax Act, as of January 1, 2018. The Commission continues to use this information in utility rate proceedings to determine any possible rate adjustments that may be necessary. On December 8, 2020, the Commission issued an order closing this docket.

HECO Request for Approval to Sell Certain Utility Property to Support the Puerto Rico Hurricane Restoration Efforts as a Result of Hurricane Maria
Docket No. 2018-0049; Closed

On March 5, 2018, the Commission opened this docket to review and receive filings related to HECO's requests for approval to sell certain utility property to support the Puerto Rico hurricane restoration efforts, as well as grant interim approval to HECO, on a prospective basis, for asset sales negotiated by HECO in February 2018 for this purpose. On May 2, 2019, the HECO Companies submitted a letter indicating that there is no future need for transactions involving the Companies related to the hurricane relief efforts. On October 27, 2020, the Commission filed Order No. 37398, approving HECO's request to sell certain utility property to support hurricane restoration efforts in Puerto Rico following Hurricane Maria and dismissed the request for approval of future requests for sale or potential sale of the HECO Companies' property to support hurricane restoration efforts as moot, given HECO's statements that there would not be any need for future transactions to support Puerto Rico's hurricane recovery efforts.

Affiliate Transaction Requirements
Docket No. 2018-0065; Open

"Affiliate transactions" encompass a broad range of utility interactions, including interactions with the utility's parent holding company and entities contemplating acquiring or investing in an affiliate. In this proceeding, ATRs have been designed to address all potential situations in which the utility may gain or provide an unfair benefit by virtue of its relationship with other entities. The Commission is currently in the process of reviewing the HECO Companies' ATR Code of Conduct and 2020 Compliance Plan.

Hawaiian Electric Companies' Electrification of Transportation Strategic Roadmap
Docket No. 2018-0135; Open

On June 13, 2018 the Hawaiian Electric Companies' instituted a proceeding related to the Electrification of Transportation Strategic Roadmap. In the past year, the docket has initiated the Innovative Pilot Project's program which has since been transferred to the Commission's Performance Based Regulation docket. Since the relocation of the Innovative Pilot Project, Docket No. 2018-0135 has become the planning docket for other Electrification of Transportation filings. This docket remains open for planning purposes.

Investigation on the Establishment of a Microgrid Services Tariff
Docket No. 2018-0163; Open

Pursuant to Act 200 (enacted July 10, 2018, and codified as Hawaii Revised Statutes § 269-46), the Commission opened this docket to investigate the establishment of a microgrid services tariff for Hawaiian Electric Company, Inc.; Hawai'i Electric Light Company, Inc.; and Maui Electric Company, Limited (the "HECO Companies").

On August 20, 2019, following review of the Parties' briefs, the Commission issued Order No. 36481, prioritizing items for resolution in this proceeding and making determinations on issues raised by the Parties in answering the Commission's preliminary questions.

The parties organized into two working groups – (1) a Market Facilitation Working Group and (2) an Interconnection Standards Working Group– to address the issues identified and discussed in Order No. 36481 and develop recommendations for drafting a microgrid services tariff. Throughout the Working Group process, the Working Groups met monthly and also met approximately every other month with the Commission for a Status Conference to discuss the Working Groups' progress.

On February 14, 2020, the Working Groups submitted a report with their recommendations for drafting the Tariff, and the Commission held a Technical Conference on February 27, 2020, to discuss the Working Groups' Report.

On March 30, 2020, the HECO Companies submitted a draft Microgrid Services Tariff, as well as related necessary updates to other tariff/programs. On April 27, 2020, the other Parties filed their comments and proposed revisions to the HECO Companies' draft tariff and updates.

On November 30, 2020, the Commission held a Technical Conference, then filed a letter requesting the Parties collaborate to jointly file a final Draft Tariff, and a revised Hybrid Microgrid Operator Disclosure Checklist (if necessary).

Integrated Grid Planning
Docket No. 2018-0165; Open

In July 2018, the Commission opened this proceeding to investigate the HECO Companies' IGP process. In December 2018, the HECO Companies filed their IGP Workplan which describes the major steps of the Companies' proposed IGP process, timelines, and the methods the Companies intend to employ, including various Working Groups. In March 2019, the Commission provided the Companies with guidance on implementation of their proposed Workplan.

Subsequently, the Companies filed their Review Points Proposal on July 31, 2019. On November 4, 2019, the Commission issued an Order to provide guidance on the Review Points Proposal along with supplemental feedback on the IGP process, including the Working Groups' progress. The Commission is continuing its review of the forecasts, assumptions, evaluation, optimization and planning methodologies the HECO Companies are using along with processes that facilitate stakeholder engagement and a transparent utility planning process. On November 11, 2020, the Commission issued an Order to provide additional guidance on three fundamental and closely related areas: coordination, stakeholder engagement, and transparency in the HECO Companies' IGP process.

MECO Request for Approval to Establish Schedule EV-MAUI Electric Vehicle Fast Charging Service and Related Accounting Treatment
Docket No. 2018-0422; Closed

On December 21, 2018, MECO submitted an application seeking approval of a new tariff to govern electric vehicles ("EVs") on Maui, as well as to defer associated operations & maintenance costs associated with assuming ownership of several EV charging stations.

On August 8, 2019, MECO submitted a revised EV-MAUI tariff. On January 10, 2020, the Commission issued Decision and Order No. 36943, approving MECO's Revised Schedule EV-MAUI EV fast-charging service tariff and accompanying proposal to own and operate four EV charging stations that are currently part of the EV direct current fast charger EVohana network.

HECO Companies' Request for Approval of a Template Master License Agreement for Pole Attachments
Docket No. 2019-0032; Closed

Pursuant to an agreement with Hawaiian Telcom, the HECO Companies acquired ownership of Hawaiian Telcom's utility poles. As a result, the HECO Companies submitted an application requesting approval of joint pole agreements with telecommunication providers that were impacted by this assignment of pole ownership. On October 9, 2019, the Commission approved the Companies' licensing agreements, subject to certain revisions provided by the Commission. The Commission also instructed the HECO Companies to submit an annual report detailing all attachment and ancillary revenues received from pole attachments, as well as quarterly status reports on the status of ongoing negotiations with other telecommunications companies who previously had pole attachment agreements with Hawaiian Telcom.

HECO Companies' Request for Approval to Modify the PIM Tariffs for Changes in the Measurement of the SAIDI and SAIFI PIMS and Approval to Adjust the Call Center Performance PIM Target for HELCO
Docket No. 2019-0110; Open

On May 24, 2019, the HECO Companies submitted an application requesting approval to modify their existing Performance Incentive Mechanisms ("PIM") tariffs to reflect proposed changes to the measurements used to calculate the PIMs. In particular, the Companies seek a change to the PIMs measuring service reliability, based on recent experiences in performing system maintenance. On February 10, 2020, the Commission issued Decision and Order No. 36996, which addressed the HECO Companies' application by denying most of its requested modifications to its service reliability PIMs, but granting a requested modification to their Call Center PIM. The Commission deferred the single issue of whether to modify the methodology used to calculate the Companies' service reliability PIMs for further examination. Briefing by the parties on this remaining issue concluded in July 2020 and a decision and order is forthcoming.

HECO Request for Approval of the Sale of One Trimble R8 Model 3 GNSS Receiver
Docket No. 2019-0126; Closed

On June 13, 2019, HECO submitted an application requesting approval to sell a Trimble R8 Model 3 GNSS Receiver to Frontier Precision, Inc., for a trade-in value of $5,000, which would be used towards the purchase of a new Trimble R10 Model 2 GNSS Receiver. On October 25, 2019, the Commission issued Order No. 36707, which approved HECO's request, noting that the Receiver was no longer of value to HECO and that the $5,000 in trade-in value represented the most valuable use of the Receiver under the circumstances.

HECO Companies' Request to Institute a Proceeding Relating to a Competitive Bidding Process to Acquire Variable Renewable Dispatchable Generation Paired with Energy Storage for the Islands of Molokai and Lanai
Docket No. 2019-0178; Open

On August 6, 2019, the HECO Companies filed a Proposed Draft Request for Proposals for the islands of Molokai and Lanai. The Commission opened the docket on August 29, 2019, in Order No. 36493, to receive filings, review approval requests, and resolve disputes, if necessary, related to the HECO Companies' proposed plans to proceed with competitive procurement of variable renewable dispatchable generation paired with energy storage on the islands of Molokai and Lanai. After a Status Conference held on September 5, 2019, the Commission solicited comments from the HECO Companies, the Consumer Advocate, and stakeholders regarding the proposed plans to proceed with the competitive procurement. On November 27, 2019, the Companies filed their Final RFPs for Molokai and Lanai. On April 6, 2020, the Commission issued Order No. 37063, extending its period for review by sixty days. On November 2, 2020, the HECO Companies provided a status update on the selection of the Final Award Group, where a selection was made under the Molokai RFP but the awardee did not accept and withdrew from the process. The Company is currently evaluating its next steps. This matter is currently pending before the Commission.

Distributed Energy Resource Policies Pertaining to the Hawaiian Electric Companies
Docket No. 2019-0323; Open

On September 24, 2019, the Commission opened a proceeding to investigate the technical, economic, and policy issues associated with distributed energy resources ("DER") and rate design, as they pertain to the Hawaiian Electric Companies. In doing so, the Commission observed that this proceeding would continue the work begun in Docket No. 2014-0192 and Docket No. 2015-0412 which investigated policies and programs for customer-sited DER and customer grid service offerings.

The proceeding is divided into three tracks: 1. "DER Program Track"; 2. "Advanced Rate Design Track" and 3. "Technical Track." The Commission continues to host working group meetings in the Advanced Rate Design Track and technical conferences in the DER Program Track and the Technical Track. In these meetings, parties present and exchange information as well as make requests for clarification and additional data collection as needed to inform party proposals.

The Commission is currently reviewing Parties' proposed advanced rate designs as well as several filings addressing the Technical Track objectives. Decisions and Orders on these matters are anticipated throughout 2021.

MECO Application for Approval of a Rule 4 Service Contract with Molokai Public Utilities, Inc., Well 17, Schedule P, Rider T
Docket No. 2019-0379; Closed

On December 19, 2019, MECO filed an Application requesting approval, pursuant to its Rule No. 4, of its Letter Agreement with Molokai Public Utilities ("MPU"), of its Letter Agreement with MPU regarding Well 17. In its application MECO requested: (1) approval of the MPU Letter Agreement pursuant to Section C of Rule No. 4; and (2) that the Commission grant MECO such other and further relief as may be just and reasonable. On September 30, 2020, the Commission approved MECO's October 16, 2019 Letter Agreement with MPU Regarding Well 17 and closed the docket.

HECO Request for Approval to Donate a Utility Van
Docket No. 2020-0030; Closed

On February 5, 2020, Hawaiian Electric filed an application seeking approval to donate a step van to the Institute for Human Services ("IHS"), a private non-profit organization focused on ending and preventing homelessness in Hawaii. According to Hawaiian Electric, the Step Van was nearing the end of its service life and was taken out of service in December 2019. IHS approached Hawaiian Electric to see whether Hawaiian Electric might have a van that could be donated to IHS for the purpose of: distributing food to the homeless; aiding in the moving of furnishings for people when they are rehoused; and, picking up donations.

On June 6, 2020, the Commission issued a Decision and Order approving the donation request, finding that the proposed donation of the van to IHS was reasonable and in the public interest. The Commission also approved Hawaiian Electric's proposed accounting treatment of the donation: to record the donation as a normal retirement, with the original book cost recorded as debit to accumulated depreciation and a credit to utility plant in service.

HECO Companies' Application for Approval of Version 8 License Agreement for Pole Attachments
Docket No. 2020-0031; Closed

On October 16, 2018, as part of Docket No. 2018-0075, the Commission approved the HECO Companies' request to acquire the equity ownership interests and sole management rights to the attachments on poles that were formerly jointly-owned with Hawaiian Telcom. Subsequently, on December 12, 2018, Hawaiian Telecom terminated its pole attachment agreements, leaving all existing attachments that were in place without appropriate authorization or clear operational rules. On October 9, 2019, as part of Docket No. 2019-0032, the Commission approved four individual pole attachment agreements with the condition that the Companies shall update and correct each commission-approved licensing agreement by incorporating several identified revisions. These four contracts were signed under Version 7 of the Master License Agreement. On February 5, 2020, the Companies filed their application requesting approval of seven individually signed MLAs under Version 8 of the MLA. These seven MLAs include four Providers who originally signed under Version 7 of the MLA and are now signing onto Version 8 of the MLA. On December 29, 2020, the Commission approved with conditions, the HECO Companies' request.

HECO Application for Approval to Donate Two Nissan Leaf Electric Vehicles to the University of Hawaii Maui College
Docket No. 2020-0043; Closed

On February 28, 2020, Hawaiian Electric filed an application with the Commission seeking approval to donate two 2012 Nissan Leaf EVs to the University of Hawai'i Maui College ("UHMC") to be used for training mechanisms on the maintenance and repair of electric vehicles ("EV") under the Native Hawaiian Career and Technical Education Program.

On July 13, 2020 the Commission approved Hawaiian Electric's request to donate 2 Nissan Leaf EVs to UHMC provided that the transaction is recorded as a normal retirement with the original book cost recorded as a debit to Accumulated Depreciation and a credit to Utility Plant in Service, resulting in no gain or loss on the transaction.

HECO Companies' Approval to Modify the Special Medical Needs Provision in Schedule R – Residential Service, to Establish the Low Income Med+ Program as of April 1, 2020 and Sunset the Special Medical Needs Pilot Program as of March 31, 2020
Docket No. 2020-0056; Open

On November 6, 2019, the Companies filed Transmittal No. 19-06, requesting that the Commission approve the replacement of the Special Medical Needs Pilot Program (SMNPP) with a new Low Income Med+ Provision in Schedule R for HECO, HELCO, and MECO, for all eligible Low-Income Home Energy Assistance Program ("LIHEAP") customers who are also Life Support program customers effective April, 1, 2020; and to allow the modification to become effective on April 1, 2020.

In its March 1, 2020 position statement, the Consumer Advocate identified its concern with the events associated with COVID-19 and the affect it will have on the day-to-day life activities of the people of the State of Hawaii, which may also require sheltering in place. In light of the March 23, 2020 Third Supplementary Proclamation, ordering all persons in the State to stay home or in their place of resident, and the particularly vulnerable population the SMNPP serves, the Commission, on its own motion, suspended Transmittal 19-06, pending further review in the instant docket.

The Commission issued and received responses from the HECO Companies to information requests and is evaluating the record. A decision is expected during calendar year 2021.

HECO Application for Approval to Donate a Vehicle to the Boys and Girls Club of the Big Island
Docket No. 2020-0060; Closed

On April 8, 2020, Hawaiian Electric filed an application for Approval to Donate a Vehicle to the Boys and Girls Club of the Big Island. On October 8, 2020, the Commission re-directed Hawaiian Electric to proceed with the Streamlined Donation Process established in Docket No. 2020-0068 in Decision and Order No. 37300. The Commission ordered the docket otherwise closed.

KIUC Request for Approval for Waiver or Exemption, Pursuant to HRS § 269-31(b), with Respect to the Proposed Transfer of Certain Utility Property
Docket No. 2020-0064; Closed

On April 16, 2020, KIUC filed an application that the Commission approve the requested waiver in its application under HRS § 269-31(b), from any requirement that KIUC obtain approval from the Commission in order to consummate the proposed transfer of certain real property known as the former Electrical Substation Lot at Isenberg Field ("Lot"). According to KIUC, the Lot has remained unused/vacant since 2000. After listing the Lot for sale on the open market, KIUC entered into an agreement to sell the Lot to the Kauai Housing Development Corporation ("KHDC") for $120,000. KHDC intends to construct a single family house and sell it to a qualified family on the County of Kauai's affordable home buyer list.

On September 30, 2020, the Commission filed a Decision and Order approving KIUC's requested waiver under HRS § 269-31(b). The Commission found that KIUC's request was in the public interest, as the Lot was not in use since 2000 and the Lot is no longer suitable for utility use.

HECO Application for Approval of Streamlined Donation Review Approval Process
Docket No. 2020-0068; Open

On April 21, 2020 Hawaiian Electric filed an application for approval of a Streamlined Donation Process for donations "typically involving equipment or material that is at or near the end of its usable service life for the Company" to non-profit organizations through July 31, 2020. The Streamlined Donation process was created to allow for expeditious review of donations to non-profit organizations after they are made, subject to the conditions listed in Decision and Order No. 37300. The Commission approved the Streamlined Donation process including temporary modification of Rule 13, subject to modifications made in Decision and Order No. 37300, issued on September 4, 2020. Per Order No. 37300 the Commission extended the period for the Streamlined Donation process allowing for comments to be filed until December 31, 2020.

Following the comment period, Hawaiian Electric shall file a report in Docket No. 2020-0068 within 30 days, after which the Consumer Advocate shall then have 15 days to file comments with the Commission. Within 60 days of receiving Hawaiian Electric's report, the Commission may elect to issue an order approving or denying the property transferred made under the Streamlined Donation Process or suspending the accounting for the transfer for further review. If the Commission does not issue any such order within 60 days of Hawaiian Electric's report, the property transfers will be considered approved. Additionally, upon its review of the efficiency, success, and public benefit provided by the Streamlined Donation Process, the Commission will determine if a subsequent extension shall be granted. This docket remains open for further deliberation.

HECO Companies' Application for Approval to Defer Costs Associated with the COVID-19 Pandemic Emergency
Docket No. 2020-0069; Open

On April 22, 2020, the HECO Companies requested approval to defer costs associated with the COVID-19 pandemic, beginning from March 17, 2020, the date the Companies temporarily suspended service disconnections for both residential and commercial customers in response to the potential impacts of the pandemic on customers.

On June 30, 2020, the Commission issued Order No. 37192, approving the HECO Companies' request to defer costs associated with the COVID-19 Pandemic, incurred from March 17, 2020, through December 31, 2020 and directed the HECO Companies to file additional information in their quarterly reports.

KIUC Request for Approval of Deferred Accounting Treatment to Establish Regulatory Asset Associated with the COVID-19 Pandemic
Docket No. 2020-0088; Open

On June 5, 2020, KIUC filed its application seeking approval to utilize deferred accounting treatment to establish a regulatory asset to record and accrue lost gross margins and increased bad debt expense associated with the COVID-19 pandemic, incurred from April 1, 2020, and continuing until ordered otherwise by the Commission.

On July 31, 2020, the Commission issued Decision and Order No. 37252, approving KIUC's requests and requiring specific information be included in its quarterly reports. Any specific request for recovery shall be filed as a separate docketed application.

The Commission found that KIUC has demonstrated the significant financial impact that has resulted from the COVID-19 pandemic, and that deferred accounting treatment for costs related to COVID-19 impacts would help KIUC to achieve a debt service coverage ("DSC") ratio that exceeds the minimum DSC, which is important in maintaining compliance with loan agreements and protecting favorable access to capital.,

Reliability and Quality of Service

The annual service reliability reports submitted to the Commission by the HECO Companies and KIUC provide information by calendar (not fiscal) year. Reliability indices are calculated using the data from system outages that cause sustained interruptions.

Reliability Indices: SAIDI and SAIFI

Although there are a variety of reliability indices, there are two that are both in widespread use and are currently being used as a measure of performance for the HECO Companies. These indices include SAIDI and SAIFI, further described in the box below.

> **SAIDI:** ***System Average Interruption Duration Index: the average length of time the company's customers is out of power during the year, i.e. "minutes."***
>
> **SAIFI:** ***System Average Interruption Frequency Index: the frequency or number of times a company's customers experience an outage during the year, i.e. "interruptions."***

Guidelines used by the HECO Companies

The reliability indices for 2014 – 2019 reported in each of the HECO Companies' respective Annual Service Reliability Report for 2019 use guidelines outlined in IEEE Std. 1366™-2012: *IEEE Guide for Electric Power Distribution Reliability Indices* ("IEEE 1366"). Indices reported on a normalized basis exclude Major Event Days ("MEDs"). MEDs are defined as days in which the daily system SAIDI exceeds the MED threshold value ("TMED"). According to the HECO Companies, statistically, days having a daily system SAIDI greater than TMED indicate days on which the energy delivery system experienced stresses beyond that normally expected (such as during severe weather). In calculating the daily system SAIDI, any interruption that spans multiple calendar days is accrued to the day on which the interruption began.

The IEEE 1366 explains that the purpose of removing MEDs is:

> ……to allow major events to be studied separately from daily operation, and in the process, to better reveal trends in daily operation that would be hidden by the large statistical effect of major events… Activities that occur on days classified as MEDs should be separately analyzed and reported.[6]

and recommends that:

> indices should be calculated for two conditions:
> 1) All events included
> 2) MEDs removed[7]

IEEE 1366 also discussed special treatment for "catastrophic days":

> ……a certain number of [utilities] have experienced large-scale events (such as hurricanes or ice storms) that result in unusually sizable daily SAIDI values. The events that give rise to these particular days considered "catastrophic events,"…could cause a relatively minor upward shift in the resulting reliability metric trends…

[6] IEEE 1366, page 10.
[7] IEEE 1366, page 13.

> It is recommended that the identification and processing of catastrophic events for reliability purposes should be determined on an individual company basis by regulators and utilities since no objective method has been devised that can be applied universally to achieve acceptable results.[8]

The HECO Companies' respective, reported SAIDI and SAIFI reliability indices for 2014 through 2019 are provided in the tables below.

HECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2014	107.30	107.30	1.280	1.280
2015	151.95	99.34	1.911	1.454
2016	109.33	83.24	1.300	1.002
2017	138.65	96.58	1.400	1.150
2018	123.41	111.94	1.326	1.253
2019	174.90	104.13	1.470	1.105

HELCO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2014	953.50	172.43	3.916	2.726
2015	474.78	154.08	4.127	2.298
2016	176.12	145.12	2.326	2.193
2017	186.14	135.05	1.784	1.515
2018	230.71	230.71	2.539	2.539
2019	252.52	164.86	3.060	1.864

MECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2014	188.25	144.83	2.516	2.119
2015	455.33	134.03	3.040	1.625
2016	186.87	135.18	2.001	1.608

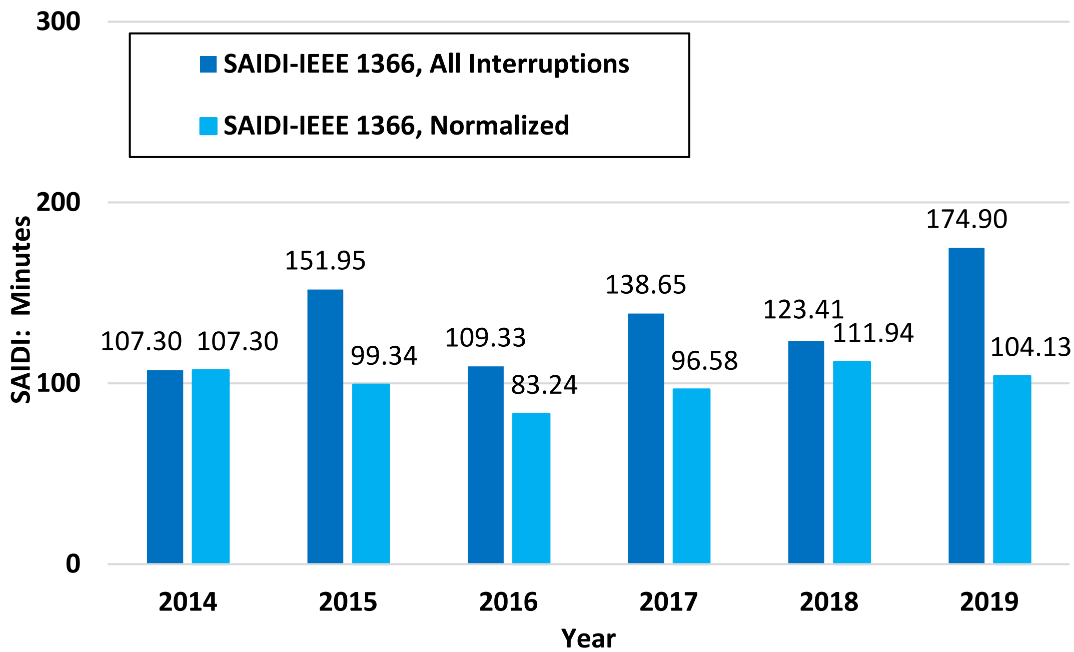
[8] IEEE 1366, "5.3 Major Event Days and catastrophic days," pages 19-20.

2017	831.18	150.62	3.495	1.653
2018	476.53	228.04	3.366	2.526
2019	289.08	158.42	2.706	2.051

HECO Service Quality

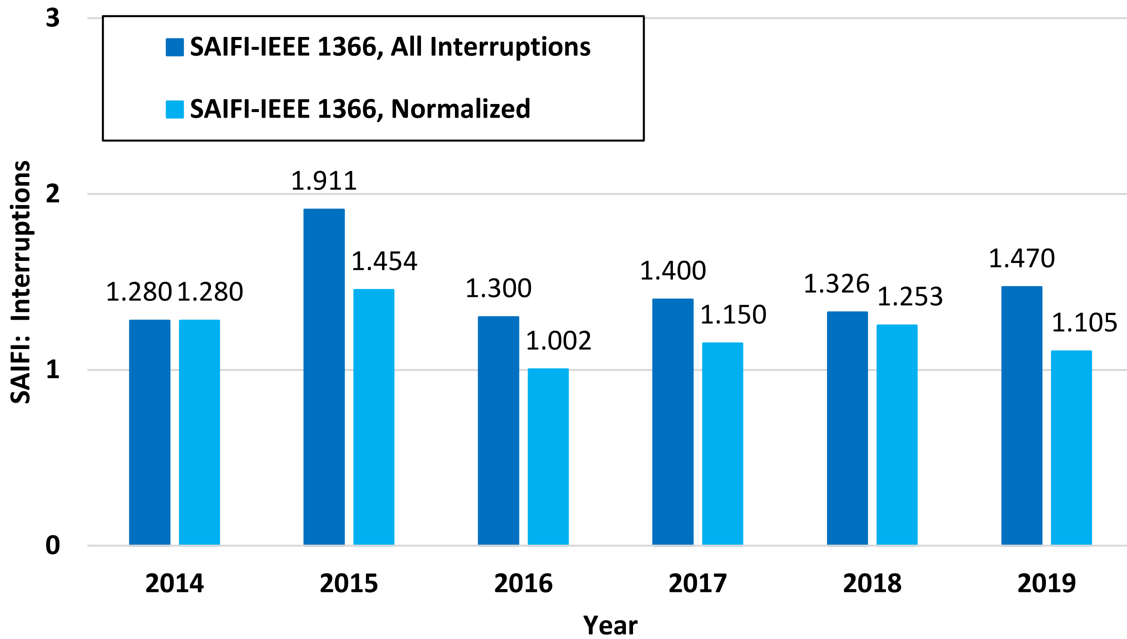
HECO's reported SAIDI and SAIFI reliability indices for 2019 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 6 and Figure 7, respectively.[9]

Figure 6 – HECO System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)



[9] Exclusions for the normalized indices include: 1/2/15, 2/5/17, 12/25/19 due to high winds and vegetation; 2/14/15, 2/19/15, and 1/22/17 due to high winds; 7/24/16 due to flooding at Iwilei Substation and surrounding area, 1/21/17 due to trees/branches and high winds; 8/24/18 due to effects of Hurricane Lane; 9/12/18 due to the effects of Tropical Storm Olivia and equipment deterioration; 2/10/19 due to effects of winter storm/high winds, vegetation, equipment deterioration, and flashover; and10/30/19 due to vegetation and company personnel error.

Figure 7 – HECO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



HELCO Service Quality

HELCO's reported SAIDI and SAIFI reliability indices for 2019 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 8 and Figure 9, respectively.[10]

[10] Exclusions for the normalized indices include: 1/22/14 due to high winds and vegetation; 8/7/14, 8/8/14, and 8/16/14 due to effects of Hurricane Iselle; 12/24/14 due to underfrequency load shed due to Independent Power Producer equipment trip and motor vehicle accident; 1/2/15, 1/3/15, 2/14/15, and 12/5/17 due to high winds; 7/23/16 due to effects of Tropical Storm Darby; 9/21/17 due to scheduled substation maintenance; 2/10/19 due to effects of winter storm/high winds; and 7/8/19 due to remnants of Tropical Storm Barbara.

Figure 8 – HELCO System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)

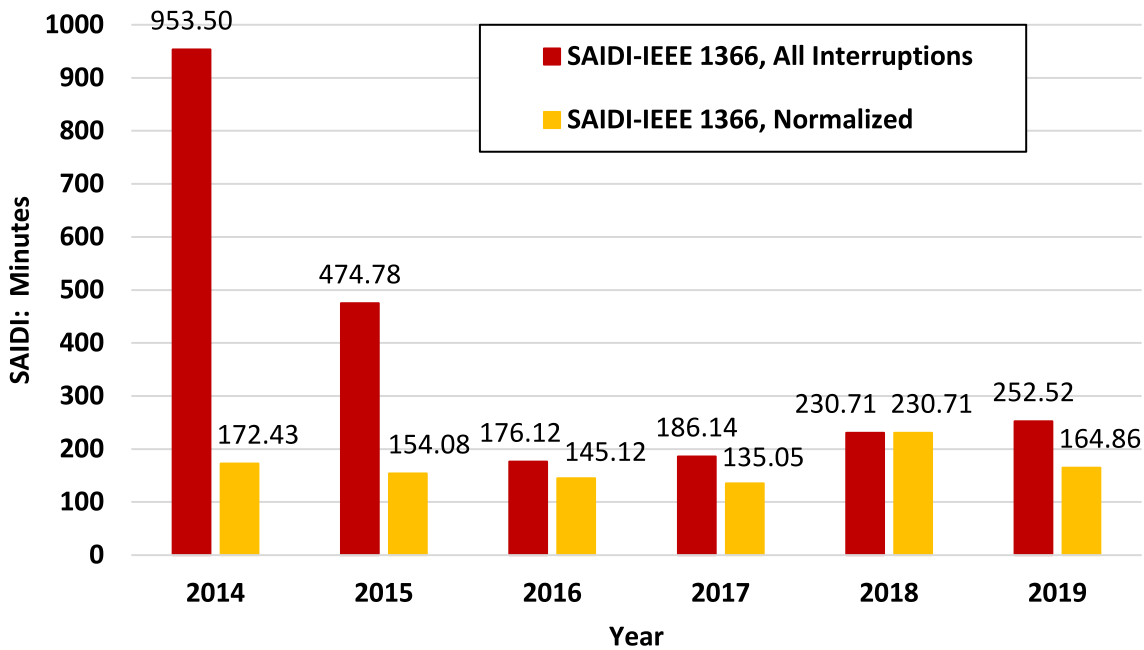
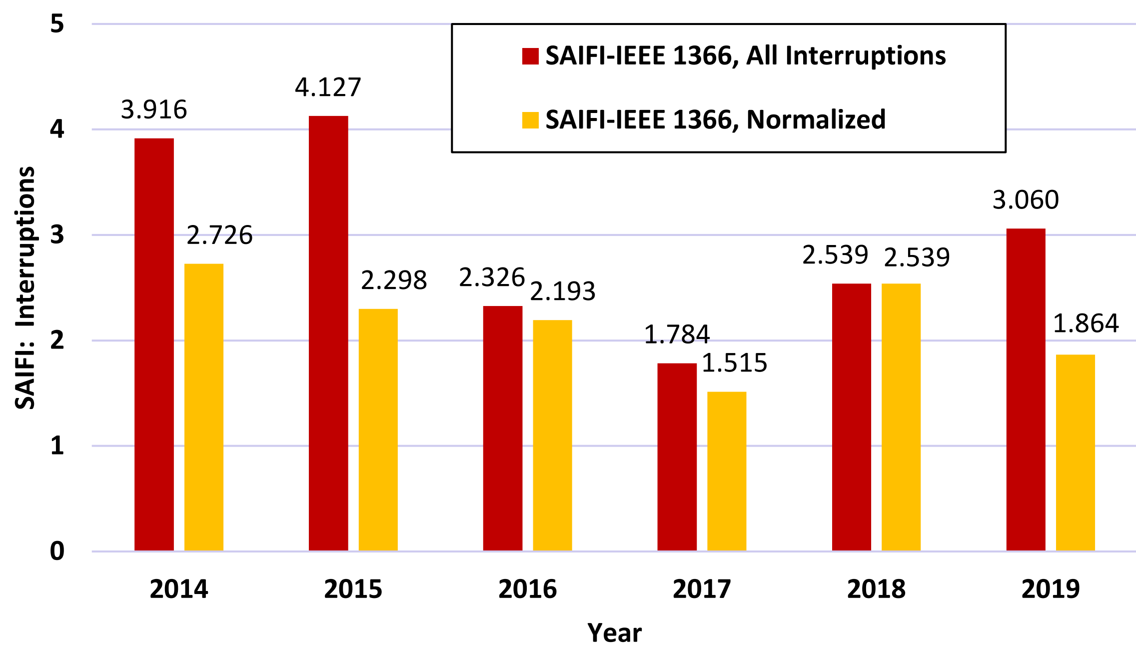


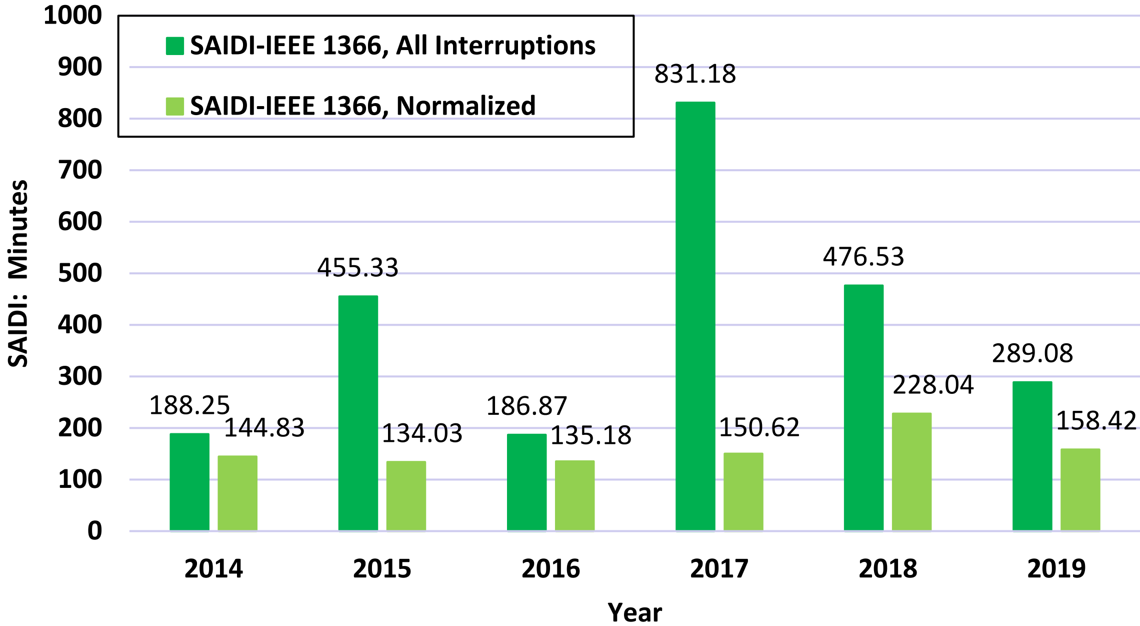
Figure 9 – HELCO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



MECO Service Quality

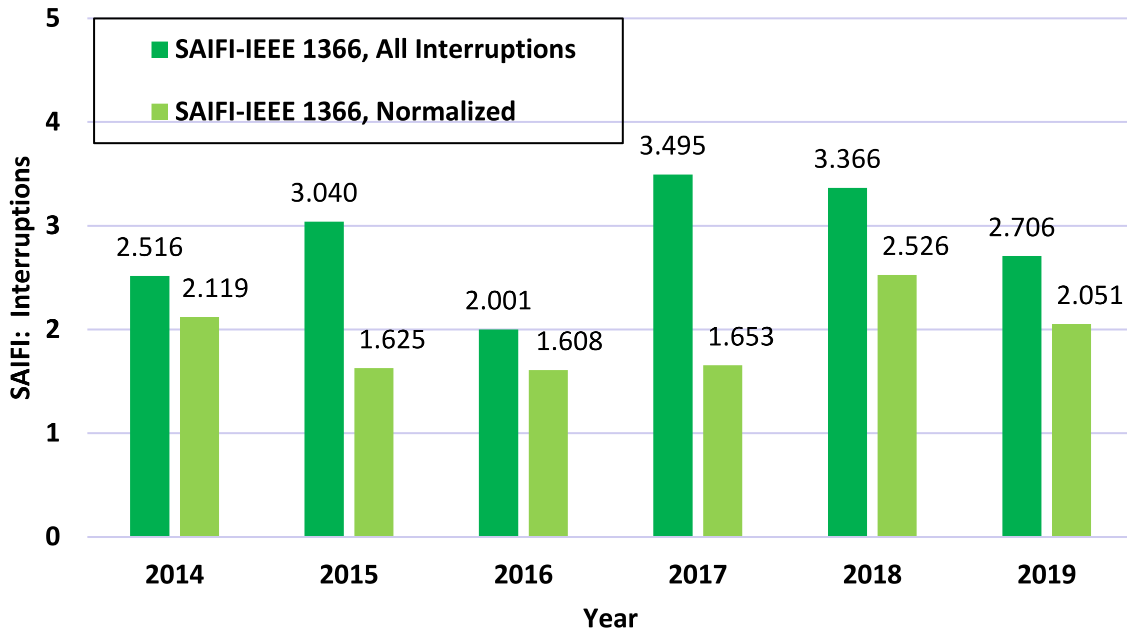
MECO's reported SAIDI and SAIFI reliability indices for 2019 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 10 and Figure 11, respectively.[11]

Figure 10 – MECO System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)



[11] Exclusions for the normalized indices include: 7/11/14 due to unknown on company generation on Lanai; 8/7/14 and 8/8/14 due to effects of Tropical Storm Iselle on Maui; 10/7/14 due to substation equipment failure on Maui; 1/2/15 and 1/3/15 due to Kona Storm on Maui; 2/14/15 due to Valentine's Day storm on Maui; 2/24/15 due to unknown and equipment deterioration on Maui; 11/19/15 due to trees or branches in lines on Maui; 11/20/15 due to motor vehicle accident and trees or branches in lines on Maui; 12/18/15 due to substation equipment failure on Maui; 4/3/16 due to motor vehicle accident on Maui; 7/2/16 due to West Maui Mountains wild fire on Maui; 12/18/16 due to trees or branches in lines during high winds on Maui; 1/21/17 due to high winds on Lanai; 3/2/17 due to under frequency load shed on Maui; 10/24/17 due to an island-wide outage on Maui; 11/26/17 due to under frequency load shed and a fault caused by tree branch on Maui; 8/23/18 and 8/24/18 due to effects of Hurricane Lane on Maui; 9/12/18 due to effects of Tropical Storm Olivia on Maui; 10/20/18 under-frequency load shedding due to rapid drop in as-available generation on Maui; 2/10/19 due to effects of winter storm/high winds, vegetation, and flashover on Maui; 2/12/19 due to effects of winter storm/high winds on Maui; and 11/22/19 due to high winds on Maui.

Figure 11 – MECO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



KIUC Service Quality

Methodology used by KIUC

KIUC calculates reliability indices using the data from all sustained (i.e., one minute or longer) system interruptions. KIUC's reported SAIDI and SAIFI reliability indices for 2019 and the prior four years are shown in Figure 12 and Figure 13, respectively.

Figure 12 – KIUC System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)

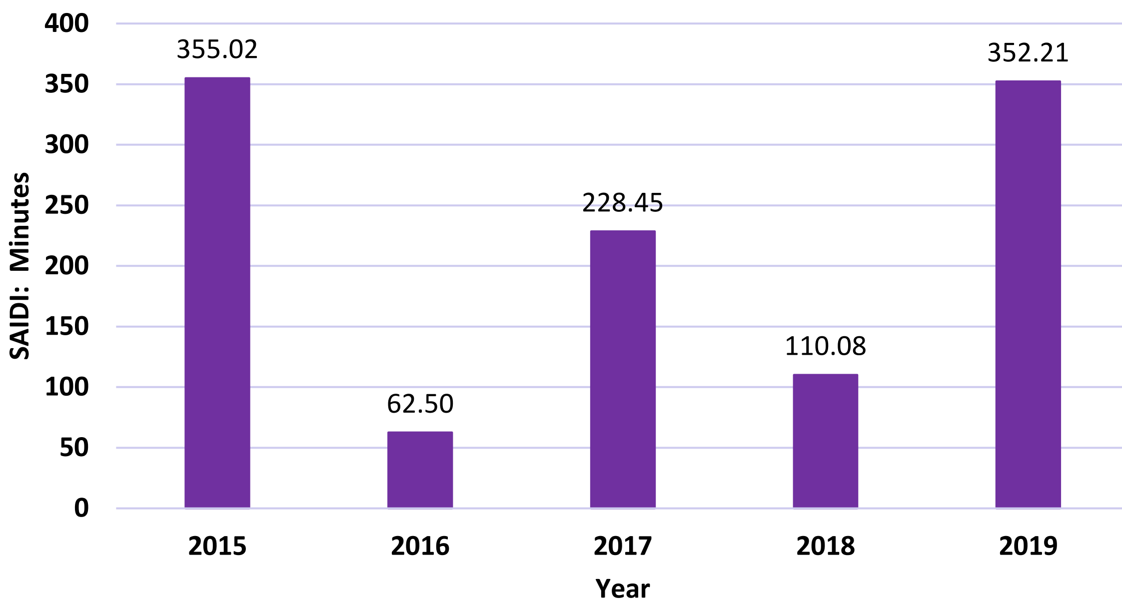
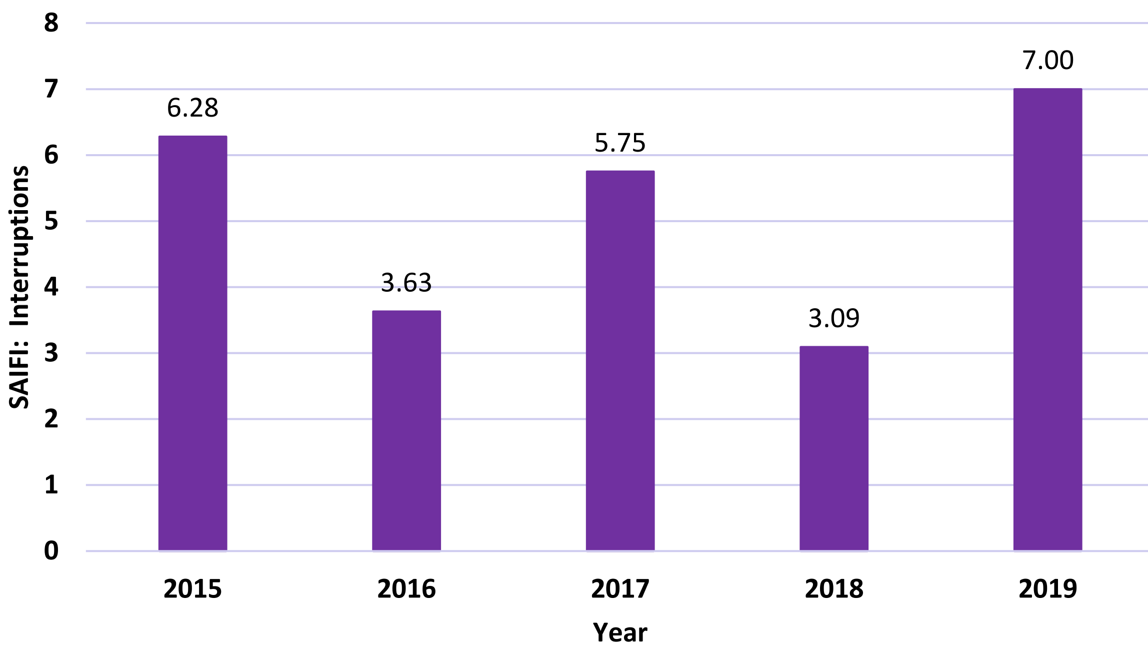


Figure 13 – KIUC System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



C. Gas

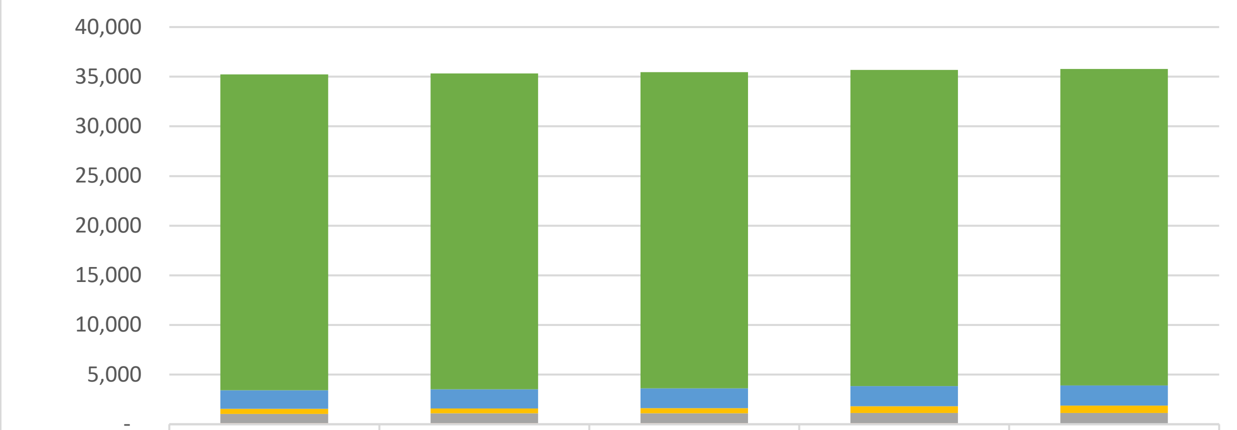
The Gas Company, LLC dba Hawaii Gas ("Hawaii Gas"), is the only duly franchised public utility providing gas service for residential, commercial, and industrial uses throughout the State. The following sections summarize utility operations, rates, capital expenditures, and other proceedings involving Hawaii Gas during FY 2020.

Operations

Hawaii Gas serves over 35,000 utility gas customers in its six gas districts; Honolulu, Hilo, Maui, Molokai, Lanai, and Kauai. Between 2015 and 2019, the number of customers has remained relatively flat. Over 90% of Hawaii Gas' utility customers are in its Honolulu District.

Hawaii Gas delivers fuel directly to a property, using a system of pressurized gas pipes that cross property lines; this service is regulated by the Commission. Sales of gases in cylinders (e.g., example, propane, medical and industrial gases) are not regulated by the Commission.

Figure 14 – Gas Customers, 2015-2019

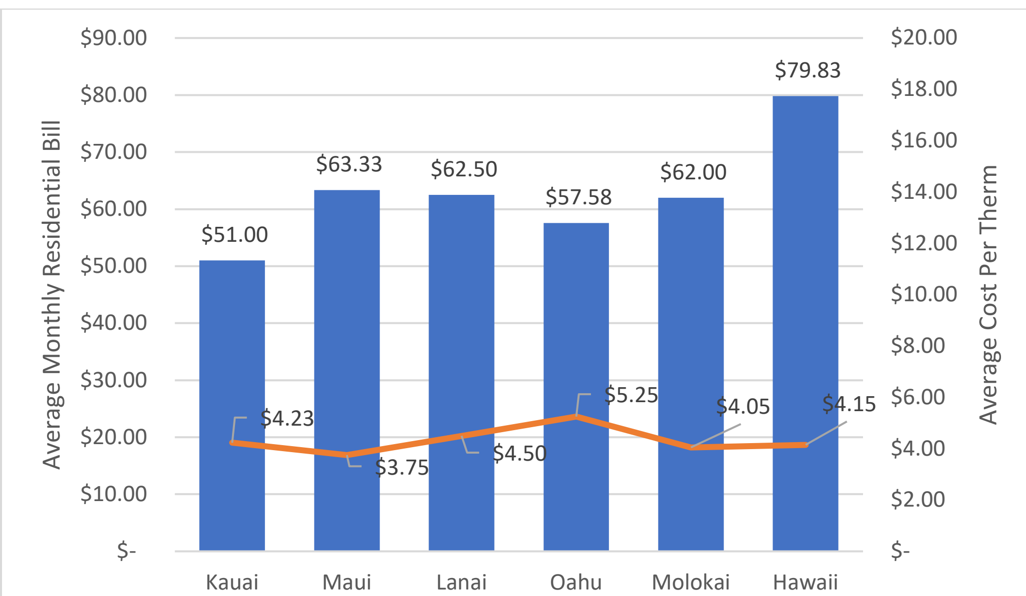


	2015	2016	2017	2018	2019
Honolulu	31,792	31,787	31,843	31,838	31,880
Hilo	1,873	1,929	1,987	2,013	2,023
Maui	510	508	509	695	742
Kauai	951	985	1,012	1,030	1,043
Molokai	81	84	80	73	68
Lanai	22	22	22	22	22

Rates

For CY 2019, average residential utility gas bills ranged from approximately $51.00 on Kauai to $79.83 on Hawaii, and the cost per therm ranged from approximately $3.75 on Maui to $5.25 on Oahu. See Figure 15.

Figure 15 – Average Monthly Residential Utility Gas Bills and Costs Per Therm



Application for Approval of Rate Increases and Revised Rate Schedules and Rules
Docket No. 2017-0105, Status: Open

On August 1, 2017, Hawaii Gas submitted its application to the Commission seeking approval to increase its existing gas utility rates and to revise certain rate schedules and rules. Hawaii Gas asked the Commission to approve a requested increase of $14,962,000 over revenues at current effective rates, which it stated was a 14.58% increase over revenues at present rates. The Commission held statewide public hearings in late 2017 and early 2018. On February 14, 2018, in response to the 2017 Tax Act, Hawaii Gas revised its increase in total revenues to $13,470,401, which it stated was a 12.7% increase over revenues at present rates.

On June 27, 2018, the Commission issued Interim Decision and Order No. 35550, which found Hawaii Gas probably entitled to a revenue increase of $8,896,152, an increase of 8.39% over revenues at present rates. The Commission also ordered Hawaii Gas to refund to ratepayers $113,965 attributable to the impact of the 2017 Tax Act for the six-month period from January 1, 2018 to June 30, 2018. In its Interim Decision and Order, the Commission stated that it did not intend to issue its Final Decision and Order until Hawaii Gas' Honouliuli Wastewater Treatment Plant ("WWTP") Biogas Project was in-service and used and useful. Hawaii Gas estimated the completion date for the project to be October 2018. On December 13, 2018, Hawaii Gas filed a letter notifying the Commission that the Honouliuli WWTP Biogas Project is in-service and used and useful for utility purposes. The Commission issued its final decision and order on December 21, 2018.

The Commission's Final Decision and Order was appealed by two of the docket participants and on June 9, 2020, the Hawaii Supreme Court issued a decision vacating the Final Decision and Order and remanding the matter back to the Commission for further proceedings. The Commission is in the process of scheduling the resumption of this proceeding.

Capital Expenditures

Hawaii Gas files its annual five-year capital budget report pursuant to General Order No. 9, Rule 2.3.f.1. The capital expenditure forecast for Hawaii Gas is approximately $19.5 million in 2020, $12.0 million in 2021, $11.6 million in 2022, $10.3 million in 2023, and $9.8 million in 2024 for a total of approximately $63 million over the five-year period. Table 7 and Figure 16 show the five-year capital expenditure budget forecast for Hawaii Gas.

Table 7 – Gas Utility Expenditure Forecast

	2020	2021	2022	2023	2024
Hawaii Gas	$ 19,482,889	$ 11,953,794	$ 11,640,243	$ 10,344,243	$ 9,777,218

Figure 16 – Five-year Capital Expenditure Budget Forecast for Hawaii Gas

Application for Waiver Under Section 2.3.F.2 Of the Hawaii Public Utilities Commission's General Order No. 9, Standards for Gas Service Calorimetry, Holders & Vessels in The State of Hawaii, Etc.
Docket No. 2018-0377, Status: Closed

On October 15, 2018, Hawaii Gas filed its application requesting approval to commit funds in excess of $500,000 to relocate a Hawaii Gas transmission pipeline to accommodate the State of Hawaii's Leeward Bikeway project. The Commission issued Decision and Order No. 37183 on June 22, 2020. Currently pending is the receipt of Hawaii Gas' cost report pursuant to Decision and Order No. 37183, as modified by Order No. 37283, filed on August 20, 2020.

Application for Approval to Commit Funds in Excess Of $500,000 To Extend Gas Mains and Service Connections to Serve the Wai Kai Retail Complex at Hoakalei.
Docket No. 2018-0420, Status: Open

On December 20, 2018, Hawaii Gas submitted its Application for approval to, among other requests, commit approximately $1.7 million for the extension of gas mains and service connections to serve the Wai Kai retail complex at Hoakalei, pursuant to Paragraph No. 2.3.f.2 of General Order No. 9. The project will be located at the new Wai Kai at Hoakalei complex ("Wai Kai") in Ewa Beach on the island of Oahu. On August 4, 2020, Hawaii Gas submitted its Greenhouse Gas Analysis performed by consultant ICF Resources, L.L.C. The docket is currently under review by the Commission and a decision is expected in early 2021.

Application for Approval to Commit Funds in Excess Of $500,000 for the Renewal Of Bare Steel Pipelines Under The Integrity Management Program For Gas Distribution Pipelines - Young Street Segment.
Docket No. 2019-0084, Status: Closed

On April 25, 2019, Hawaii Gas filed an application requesting Commission approval to commit expenditures to renew approximately 3,900 feet of bare steel gas distribution pipelines on Young Street. Hawaii Gas is pursuing a renewal program to replace all bare steel pipelines in its Supply pipeline system and replace them with high density polyethylene ("HDPE"). This is part of Hawaii Gas's effort to implement its Distribution Integrity Management Program pursuant to Subpart P of 49 CFR Part 192 and to meet the Pipeline and Hazardous Materials Safety Administration requirements and maintain the integrity, safety, and reliability of its utility pipeline systems. Failure to abide by the Subpart regulations can result in substantial civil penalties and corrective actions requiring suspension or restricted use of pipeline facilities.

On October 18, 2019, the Commission approved, subject to certain conditions, Hawaii Gas's application.

Application for Approval to Commit Funds in Excess Of $500,000 For Installation of The Waikiki Regulator Station.
Docket No. 2019-0156, Status: Open

On September 25, 2019, Hawaii Gas requested to commit an expenditure of funds in the amount of $665,416, for the installation of a regulator station in Waikiki, near the intersection of Kalakaua Avenue and Ala Wai Boulevard, in accordance with Paragraph 2.3.f.(2) of General Order No. 9, Standards for Gas Service, Calorimetry, Holders and Vessels in the State of Hawaii. The purpose of the Waikiki Regulator Station installation is "to enable more consistent regulation of gas pressures, and safer and more reliable gas service to Waikiki and East Oahu areas" because Waikiki was "the only major demand area in the utility distribution system without a designated regulator." On November 22, 2019, the Commission approved Hawaii Gas' request to the commitment of funds to install the Waikiki Regulator Station Project in part, and subject to conditions stated in Decision and Order No. 36791. The Docket remains open, pending the filing of certain requirements stated in Decision and Order No. 36791.

Miscellaneous

Petition for Approval of Proposed Internal Reorganization
Docket No. 2020-0066, Status: Closed

On April 17, 2020, Hawaii Gas submit a petition for approval of proposed internal corporate re-organization involving Hawaii Gas and several of its corporate parent organizations, which overall would result in Macquarie Infrastructure Corporation creating a new wholly-owned subsidiary MIC LLC, which will directly own 100% of the LLC interest of MIC Hawaii Holdings (and thus become its direct parent entity), while MIC Hawaii Holdings continues, indirectly through its subsidiaries, to own 100% of the LLC interest of Hawaii Gas. On July 28, 2020, the Commission issued Order No. 37236, approving Hawaii Gas' petition with conditions.

Approval to Defer Costs Associated with the COVID-19 Pandemic Emergency
Docket No. 2020-0083, Status: Open

On May 22, 2020, the Gas Company, LLC dba Hawaii Gas ("Hawaii Gas" or the "Company") filed its application seeking approval to defer costs and accrue and record lost gross margins associated with the COVID-19 pandemic.

On July 31, 2020, the Commission issued Decision and Order No. 37253, wherein the Commission approved the Company's request to defer costs associated with the COVID-19 pandemic, to the extent not already authorized by Order Nos. 37125, 37153, and 37189, subject to conditions. The Commission however denied the Company's request to accrue and record lost gross margins and provided Hawaii Gas with thirty days from the date the Order was filed to submit additional information for consideration regarding this portion of the request.

On August 28, 2020, Hawaii Gas submitted supplemental information regarding the financial impact of the COVID-19 pandemic. On September 4, 2020, the Commission issued Order No. 37301, which modified the procedural schedule of the docket to allow for consideration and decision-making on the supplemental information.

On December 29, 2020, the Commission filed Order No. 37513, approving Hawaii Gas' request to accrue lost contribution margins associated with the COVID-19 pandemic.

D. Water and Wastewater

The Commission regulates 39 privately owned water service utilities that provide water and wastewater services in Hawaii. During FY 2020, the Commission's key proceedings in this area included reviewing rate cases and requests for transferring Certificates of Public Convenience and Necessity ("CPCN").

Ratemaking

During FY 2020, the Commission reviewed rate cases for the following water and wastewater utilities:

Kaupulehu Water Company Rate Case
Docket No. 2016-0363, Status: Open

On May 31, 2017, Kaupulehu Water Company ("KWC") submitted its amended application for approval of a net revenue increase of $273,571.99, which amounts to an increase of 6.15% from the pro forma revenue amount of $4,446,623 at present rates for the Test Year. KWC also requested to transfer certain facilities from Hualalai Investors ("HILLC") to KWC. On August 17, 2017, the Commission held a public hearing at West Hawaii Civic Center to allow parties and ratepayers to offer public testimony. The Commission bifurcated the request to transfer facilities from the rest of the rate increase requests. On December 28, 2017, the Commission approved the transfer of facilities. A total of four requests for extension of time were made to extend the deadline to submit a Settlement Letter or Agreement related to the rate case portion of this proceeding. The Commission granted the requests, thereby extending the deadline for submission of Settlement Letter or Agreement from December 29, 2017, to February 14, 2018. On February 14, 2018, the Parties filed a partial settlement on outstanding issues. However, the Parties could not reach agreement on 1) the rate of return; 2) rate design; and 3) issues arising from the 2017 Tax Act. The Commission directed the Parties to provide supplemental filings addressing these issues by October 19, 2018.

On May 22, 2020, the Commission accepted as reasonable, with certain additional findings and modifications, the Parties' stipulation with respect to KWC's base rate increase request. The Commission ordered KWC to decrease its rates and charges to produce total annual revenue decrease of $168,998, representing decrease of approximately 3.93% over revenues at present rates, based on 2017 Test Year revenue requirement of $4,299,171. On June 4, 2020, KWC filed a Motion for Reconsideration of the Commission's May 22, 2020 Decision and Order. On July 6, 2020, KWC filed its revised rate schedules and rules and regulations governing water service pursuant to the Commission's D&O. On August 3, 2020, the Division of Consumer Advocacy filed a Motion for Enlargement of Time to respond to KWC's Proposed Tax Act Refunding Plan, filed on July 6, 2020. These filings are pending before the Commission.

Kona Water Service Company, Inc. Rate Case.
Docket No. 2018-0388, Status: Open

On February 28, 2019, Kona Water Service Company ("KWSC") filed an application for a General Rate Increase and for Approval of Revisions of its Tariff. KWSC requested Commission approval of a net increase in revenue of $660,216 (approximately 12.3 percent) over its pro forma revenue amount of $5,348,358 at present rates for the 2019 Test Year for its water and sewer operations. On May 30, 2019, a public hearing was held at the West Hawaii Civic Center – County Council Chambers to allow ratepayers to testify. On November 1, 2019, the Parties filed a stipulation for partial settlement. The Parties could not resolve their differences with regard to the issue of the impact of the Federal Tax Cuts and Jobs Act of 2017 and thus filed separate statements of position on the issue. On May 1, 2020, the Commission issued Decision and Order No. 37124, approving in part and denying in part the Parties' stipulation for partial settlement. On May 11, 2020, KWSC filed: (1) a Motion for Clarification of Decision and Order No. 37124 and (2) a Motion for Stay and, If Necessary, Reconsideration of Decision and Order No. 37124. On June 30, 2020, the Commission issued Order No. 37190 "Addressing Kona Water Service Company, Inc.'s Motion for Clarification of Decision and Order No. 37124." The Commission filed Order No. 37494 on December 15, 2020, granting KWSC's request to stay Decision and Order No. 37124, in order to obtain a private letter ruling from the Internal Revenue Service to confirm that KWSC will not commit a tax normalization violation when implementing Order No. 37124's treatment of KWSC's excess accumulated deferred income taxes. The Commission also approved KWSC's request to implement the rate structure on an interim basis.

Kalaeloa Water Company Rate Case
Docket No. 2019-0057, Status: Closed

On March 18, 2019, Kalaeloa Water Company, LLC ("KWC") filed a Notice of Intent to file an application for approval of a general rate increase and updated rules, regulations, and rates for potable water and wastewater service on or before May 31, 2019, pursuant to HRS Chapter 269, and HRS § 269-16. On January 3, 2020, the Commission filed Order No. 36927, suspending the docket and the procedural "clock" pending a final decision in Docket No. 2019-0144, which concerns the sale and transfer of all the membership interests in Kalaeloa Water Company LLC to Hawaii Water Service Company, Inc. from Hunt Kalaeloa Water LLC, as well as related financing arrangements.

On December 29, 2020, the Commission granted KWC's December 15, 2020 motion to withdraw, where KWC stated it will refile a new rate case application with a new test year that will reflect the stated benefits of Hawaii Water Service Company, Inc.'s ownership of KWC.

Application for Review and Approval of Rate Increases; Revised Rate Schedules; and Changes to Its Tariff.
Docket No. 2019-0311, Status: Open

On September 9, 2019, Manele Water Resources ("MWR") submit an application for approval of a rate increase, revised rate schedule and changes to its tariff. On October 7, 2020, the Commission filed Proposed Decision and Order No. 37348, approving MWR's increase of $576,809 or approximately 172% over revenues at present rates, for MWR, based on a total revenue requirement of $912,333 for the January 1, 2020 to December 31, 2020, calendar test year. The Commission's proposed decision would authorize: (1) MWR to increase the rates and charges assessed to its residential, hotel and commercial/recreational customers, as well as increase the monthly usage charge on a per TG basis for R-1 reclaimed water; (2) MWR to implement a modified rate design that includes a five-step phase-in with rate changes every twelve months where each step includes equal rate changes and includes an adjustment to increase the volumetric rate to $12.00 per 1,000 gallons, instead of the $10.963 per 1,000 gallons for commercial customers; and (3) various changes to MWR's tariff.

Application for Review and Approval of Rate Increases; Revised Rate Schedules; and Changes to Its Tariff
Docket No. 2019-0386, Status: Open

On December 30, 2019, Lanai Water Company, Inc. ("LWC") filed its application for approval of rate increases; revised rate schedule and changes to its tariff. On April 24, 2020, the Consumer Advocate and LWC filed a joint motion to temporarily defer and/or suspend the remaining formal procedural steps until the Emergency Proclamation issued on March 4, 2020 by Governor David Y. Ige, as may be amended/supplemented from time to time, is no longer in effect and/or further ordered by the Commission that the remaining formal procedural steps should proceed. The Commission issued Order No. 37118 granting the Parties' Joint Motion.

Application for a General Rate Case and for Approval of Revisions to Its Tariff for Its Ka'anapali Division
Docket No. 2020-0025, Status: Open

On January 31, 2020, Hawaii Water Service Company, Inc. ("HWSC") filed its notice of intent to submit a request for a general rate case and revisions to its tariff for its Ka'anapali division. On April 17, 2020, HWSC submit a letter stating it will be postponing the filing of its application until at least the third quarter of 2020.

Application for Temporary Rate Relief
Docket No. 2020-0089, Status: Open

On June 5, 2020, Launiupoko Irrigation Co., Inc., submit an application for temporary rate increase, stating it has been operating at a loss under its present revenues since 2019 due to a severe limitation of its primary non-potable water source for which it had no control, and will continue to operate at a loss without an increase in its current rates. On November 17, 2020, the Commission issued Order No. 37445, to file an application for a general rate increase in the docket and establishing procedural steps for the temporary rate relief request. On December 30, 2020 the Commission filed Order No. 37520, granting the pending motions to intervene and allowing Parties to file statements of position on the temporary rate relief request. A public hearing is scheduled for January 7, 2021 via Webex. This docket is currently pending before the Commission.

Certificates of Public Convenience and Necessity

Joint Application for Approval of Expansion of Service Territory.
Docket No. 2018-0205, Status: Closed

On September 5, 2018, Molokai Properties Limited ("MPL") and MOSCO, Inc. ("MOSCO") filed a joint application seeking approval for MOSCO to expand its service territory to provide wastewater utility services to customers in the Maunaloa Area of Molokai, which was then being served by MPL. On August 2, 2019, the Commission issued Decision and Order No. 36451, which approved a CPCN for MOSCO to provide wastewater utility services to the Maunaloa Area and which maintained MPL's practice of providing wastewater services without charge.

Application for a Certificate of Public Convenience and Necessity for Punalu'u Water and Sanitation, LLC To Provide Water and Wastewater Services, Etc.
Docket No. 2018-0408, Status: Closed

On December 5, 2018, Punalu'u Water and Sanitation, LLC, S M Investment Partners, and C & A Punalu'u, LLC ("CAP") (collectively "Applicants") filed a joint application for: (1) a CPCN for Punalu'u Water and Sanitation, LLC ("PWS") to Provide Water and Wastewater Services to Sea Mountain at Punalu'u, Kau District, Island of Hawaii; (2) Approval of Proposed Initial Tariffs, Including Rates, Charges, Map, and Rules; and (3) Approval of the Proposed Change of Control of PWS. On August 15, 2019, the Commission issued Order No. 36473, which approved Applicants' requests, but required the Applicants to collaborate with the Consumer Advocate to file a stipulated refund plan to return over-collected amounts resulting from a non-tariffed monthly service charge that had been in place, as well as submit a plant capacity analysis of the water and wastewater facilities and a financial plan detailing projected capital improvements and details for achieving solvency in its water and wastewater operations. On October 15, 2019, the Commission approved, subject to certain revisions and conditions, the Parties' stipulated refund plan. On May 20, 2020, PWS and CAP provided written notice of the change of ownership and the completion of the transaction. On July 13, 2020, CAP filed its Plant Capacity Analysis and Financial Plan.

Miscellaneous

Application for Approval of the Sale and Transfer of Assets and Related Matters.
Docket No. 2014-0097, Status: Open

On March 10, 2020, the Commission issued Order No. 37036, re-opening the docket for the limited purpose of addressing Hana Water System, LLC's ("HWS") motion to amend decision and order, and grant HWS' Motion to Amend. By Order No. 37036, the Commission granted HWS' motion to remove a regulatory condition requiring HWS to file an annual financial management plan.

Application for Approval of the Transfer of 100% of the Outstanding Shares of Stock of ATC Makena Management Service Corp. and Other Matters
Docket No. 2019-0018, Status: Closed

On January 1, 2019, ATC Makena ("ATC") filed an application requesting that the Commission approve the sale and transfer of 100% of the outstanding shares of stock of ATC Makena Management Services Corp. to AREG ACMP Makena Propco LLC ("Proposed Transaction"). On January 29, 2020, the Commission issued Decision and Order No. 36975, granting ATCM's request for approval of the Proposed Transaction, and therein found the following: the Proposed Transaction will not adversely affect ATCM's continued fitness, willingness, and ability to properly perform the wastewater service currently provided, and to continue conforming to the terms, conditions, and rules adopted by the Commission; the Proposed Transaction is reasonable and consistent with the public interest; and the Proposed Transaction does not include any goodwill or acquisition premium, and ATCM will not seek rate recovery of any transaction or transition costs associated therewith.

Application for Approval of the Sale and Transfer of Assets of Waimea Wastewater Company, Inc. and Related Matters.
Docket No. 2019-0039, Status: Open

On February 15, 2019, Waimea Wastewater Company, Inc. ("WWC") filed an application for Approval of the Sale and Transfer of Assets of WWC with the Commission. On January 22, 2020, the Commission filed Order No. 36962 in which it approved the sale of WWC's "Acquired Assets" to Hawaii-American Water Company ("HAWC") as set forth in the Asset Purchase Agreement dated August 31, 2018, including the transfer of WWC's Certificate of Public Convenience and Necessity to HAWC. The Commission ordered HAWC to file with the Commission copies of the Tariff reflecting the change in ownership of the public utility assets within thirty (30) days after closing of the Proposed Transaction. HAWC filed the last of their Tariffs on June 25, 2020, and the docket has since been considered closed.

Joint Application for Approval Of (A) The Sale and Transfer of Membership Interests in Kalaeloa Water Company LLC; And (B) The Proposed Financing Arrangements
Docket No. 2019-0144, Status: Open

On July 3, 2019, Hunt Kalaeloa Water LLC, Kalaeloa Water Company. LLC, and Hawaii Water Service Company, Inc. submitted an application requesting that the Commission approve the sale and transfer of all the membership interests in Kalaeloa Water Company LLC to Hawaii Water Service Company, Inc., as well as related financing arrangements. On September 25, 2020, the Commission filed Decision and Order No. 37325, approving both the financing arrangements and sale and transfer of the membership interest subject to certain conditions. Some of these conditions requires Hunt Kalaeloa Water LLC, Kalaeloa Water Company, LLC, and Hawaii Water Service Company, Inc., to inform the Commission about how they intend to proceed with the rate case, Docket No. 2019-0057. As such, this matter remains open before the Commission.

Application of Lanai Water Company for Expansion of Its Service Area
Docket No. 2019-0147, Status: Closed

On July 12, 2019, Lanai Water Company, Inc., ("LWC") filed an application for expansion of its service area with the Commission. On March 5, 2020, the Commission approved Lanai Water Company's request to amend its CPCN to expand its service territory to provide potable water distribution services to the Expanded Service Area shown in Exhibit C of its Application and its New Service Area. Additionally the Commission approved LWC's request to amend its Water Tariff No. 1 to reflect the expansion of its service territory, provided for in Ordering Paragraph No. 1, to be replaced with a new Exhibit A and lastly that LWC shall promptly file its updated Water Tariff No. 1, incorporating its new Exhibit A. On March 18, 2020, LWC filed its new LWC Water Tariff No. 1 (Potable), and the docket was deemed closed.

Application of Kealia Water Company Holdings, LLC to Find Transfer of LLC Interests Exempt or Otherwise Approve and Related Matters.
Docket No. 2019-0153, Status: Open

On July 25, 2020, Kealia Water Company Holdings, LLC ("KWC" or "Applicant") filed an application requesting exemption of the assignment of the LLC membership interests in KWC dated June 15, 2017, executed by Cornerstone Hawaii Holdings, LCC ("CHH") to the McCloskey Trust (the "Assignment Agreement") pursuant to Hawaii Revised Statutes ("HRS") Section 269-17.5(c)(2); a Commission determination that the 2019 Purchase Agreement ("Purchase Agreement") by and between the McCloskey Trust and CHH is exempt pursuant to HRS Section 269-17.5(c)(2); and that the Commission issue a declaratory order that it waives its jurisdiction pursuant to HRS Section 269-7 over the 2017 and 2019 transactions. On February 07, 2020, the Commission filed Decision and Order No. 36992 denying KWC's requests for exemption or waiver and asserting that it will review the application as a request to approve the transactions pursuant to HRS Sections 269-7 and 269-19. On February 27, 2020 CHH filed a Motion for Intervention, which the Commission granted on April 21, 2020. The issues in this proceeding are whether the 2017 and 2019 transactions related to KWC set forth in the application should be approved pursuant to HRS Sections 260-7 and 269-19. The Commission filed Order No. 37457 approving the 2019 Purchase Agreement, which the interest in Kealia Water will return to Cornerstone Hawaii Holdings, LLC, essentially returning the situation to the pre-2017 Assignment Agreement status rendering the 2017 Assignment Agreement requests as moot.

Application for Approval of Financing and Security Arrangements
Docket No. 2019-0325, Status: Open

On September 27, 2019, Hawaii-American Water Company ("HAWC") requested approval to enter into the proposed financing and/or security arrangements in an amount equal to or up to $5 million. On September 25, 2020, the Commission issued Order No. 37326, approving, with modifications, HAWC's application requesting authority to enter into proposed financing and/or security arrangements in an amount not to exceed $5 million to be used to repay outstanding short-term line of credit debt that was entered into to fund capital expenditures in 2017 through 2019.

Joint Application for Approval of the Sale and Transfer of Assets of Kapalua Water Company, LTD. and Kapalua Waste Treatment Company, LTD.
Docket No. 2020-0086, Status: Open

On June 4, 2020, Kapalua Water Company, LTD., Kapalua Waste Treatment Company, LTD., and Hawaiian Water Service Company, Inc. submitted an application requesting that the Commission approve the sale and transfer of assets of Kapalua Waste Treatment Company, LTD and Kapalua Waste Treatment Company, LTD, to Hawaiian Water Service Company, Inc. On October 8, 2020, the Commission issued Order No. 37350 approving the Applicant's request to modify the procedural schedule. The Commission is reviewing this docket and expects to issue a Decision and Order in calendar year 2021.

Application for Approval of Financing
Docket No. 2020-0087, Status: Closed

On June 4, 2020, Hawaii Water Service Company, Inc. ("Hawaii Water"); Waikoloa Resort Utilities, Inc., dba West Hawaii Utility Company; Waikoloa Sanitary Sewer Co., Inc., dba West Hawaii Sewer Company; Waikoloa Water Co., Inc., dba West Hawaii Water Company; and Kona Water Service Company, Inc. (collectively, "Applicants") filed an application requesting Commission approval to issue one or more long term notes either to their ultimate parent company, California Water Service Group ("CWSG"), or to a third-party lender. The Applicants' preferred method of financing is for Hawaii Water to issue one or more notes on a consolidated basis for Hawaii Water and its subsidiaries, which would allow Hawaii Water to potentially obtain financing from a third-party lender. Alternatively, if the Commission does not allow Hawaii Water to issue long-term debt that includes the debt of its subsidiaries, Applicants request that they be allowed to issue long-term note(s) to CWSG. Applicants propose that, due to changing market decisions, the long-term note(s) to either a third-party lender or CWSG will be determined at the time of issuance. The purposes of the loan proceeds would be to: 1) refinance the existing long-term debt previously approved by the Commission for the Applicants; 2) convert existing short-term debt owed by Applicants to CWSG, which was used to finance capital improvements; and 3) finance capital improvements to be made by Applicants within the next three (3) years, as described in the application.

On October 29, 2020, the Commission granted the Applicants' Motion to Withdraw filed on October 12, 2020, stating they would file a new application with the appropriate request rather than modifying the current application.

Application for Approval of Deferred Accounting Treatment to Establish Regulatory Assets Associated with the COVID-19 Pandemic Emergency
Docket No. 2020-0091, Status: Open

On June 12, 2020, Hawaii Water Service Company, Inc., Waikoloa Resort Utilities, Inc., dba West Hawaii Utility Company, Waikoloa Sanitary Sewer Co., Inc., dba West Hawaii Sewer Company, Waikoloa Water Co., Inc., dba West Hawaii Water Company, and Kona Water Service Company, Inc. (collectively, "Applicants" or "Hawaii Water Companies"), filed their application seeking approval of deferred cost accounting treatment to establish regulatory assets associated with the COVID-19 pandemic.

On August 31, 2020, the Commission issued Decision and Order No. 37291, wherein the Commission approved the Hawaii Water Companies' request to defer costs associated with the COVID-19 pandemic, to the extent not already authorized by Order Nos. 37125, 37153, 37189, 37251, and 37284, subject to conditions. The Commission however denied the

Applicants' request to accrue and record lost gross margins, and provided the Hawaii Water Companies within thirty days from the date the Order was filed to submit additional information for consideration regarding this portion of the request.

On September 30, 2020, the Applicants submitted supplemental information regarding the financial impact of the COVID-19 pandemic. On December 24, 2020, the Commission issued Order No. 37510, approving Hawaii Water Companies' request and ordered them to continue to prepare and file quarterly reports for their Ka'anapali Division.

E. Telecommunications

The Commission oversees the intrastate cellular, paging, mobile telephone and other services of 170 telecommunications providers, in addition to the services of Hawaiian Telcom, Inc. ("HTI"), the State's only incumbent local exchange carrier and largest carrier of intrastate services.

The Commission is also the State entity responsible for designating and certifying eligible telecommunication carriers ("ETCs") seeking Universal Service Fund ("USF") disbursements under the federal USF program.

Certificates of Registration ("COR") and Certificates of Authority ("COA")

In FY 2020, the Commission certificated 10 new telecommunications companies. See Table 8 below.

Table 8 – New Telecommunications Companies Certificated in FY 2019

Certificate of Authority	Carrier Type	Docket No.	Date Approved
CBTS Technology Solutions LLC	Wireline Reseller	2019-0174	8/5/2020
Certificate of Registration	**Carrier Type**	**Docket No.**	**Date Approved**
The Light Phone, Inc.	Wireline Reseller	2019-0124	7/10/2019
T C Telephone LLC	Wireline Reseller	2019-0134	4/17/2020
Wing Tel Inc.	Wireline Reseller	2019-0315	11/15/2019
CSC Wireless	Wireline Reseller	2019-0319	1/15/2020
DISH Wireless LLC	Wireline Reseller	2019-0352	12/13/2019
Best Buy Health, Inc.	Wireline Reseller	2020-0052	6/2/2020
STX Group, LLC	Wireline Reseller	2020-0055	10/12/2020
Mobi, Inc.	Wireline Reseller	2020-0077	8/12/2020
Mint Mobile, LLC	Wireline Reseller	2020-0093	8/12/2020

The Commission also approved the voluntary surrender of 10 telecommunication companies' certificates. See Table 9.

Table 9 – Telecommunications Companies Who Surrendered Certificates in FY 2020

Certificate of Authority/Registration	Carrier Type	Docket No.	Date Approved
Nobeltel, LLC	Wireline Reseller	2019-0020	7/15/2019
The People's Operator USA, LLC	Wireline Reseller	2019-0065	10/28/2020
Ignition Wireless, LLC dba Expo Mobile and Ignition Wireless	Wireline Reseller	2019-0069	7/11/2019
Mitel Cloud Services, Inc.	Wireline Reseller	2019-0159	8/21/2019
Access Point, Inc.	Wireline Reseller	2019-0357	8/24/2020
Operator Service Company, LLC, fka Operator Service Company	Wireline Reseller	2019-0370	5/28/2020
Common Point LLC	Wireline Reseller	2019-0372	2/24/2020
Legacy Long Distance International, Inc., dba Legacy Inmate Communications	Wireline Reseller	2020-0042	8/24/2020
Frontier Communications of America, Inc.	Wireline Reseller	2020-0044	8/24/2020
Mitel Cloud Services, Inc.	Wireline Reseller	2020-0062	7/13/2020

Interconnection Agreements

Pursuant to Section 252(e) (1) of the Telecommunications Act of 1996 and HAR § 6-80-54, the Commission may reject a negotiated interconnection agreement if the Commission finds: (A) the agreement, or any portion of the agreement, discriminates against a telecommunications carrier not a party to the agreement; or (B) the implementation of the agreement, or any portion of the agreement, is not consistent with the public interest, convenience, and necessity. No interconnection requests were made during FY 2020.

Miscellaneous

Petition for Designation as an Eligible Telecommunications Carrier.
Docket No. 2018-0118, Status: Closed

On May 21, 2018, Global Connection Inc. of America dba Standup Wireless ("Standup") filed its petition seeking designation as an eligible telecommunications carrier ("ETC"). On July 17, 2019 the Commission issued Order No. 36431, approving Standup's petition, subject to conditions.

Instituting A Proceeding to Investigate Whether Designated Eligible Telecommunications Carriers Participating in The High-Cost Program of The Universal Service Fund Should Be Certified by The Commission Pursuant To 47 Code of Federal Regulations, Etc.
Docket No. 2019-0060, Status: Closed

On March 22, 2019, the Commission initiated an investigation to determine whether state designated ETCs in the State of Hawaii participating in the high-cost support program of the federal USF should be certified by the commission in 2019, pursuant to 47 Code of Federal Regulations ("C.F.R.") 54.314(a). On September 9, 2019, the Commission issued Order No. 36510 stating that it had determined that HTI should be certified as a USF high-cost ETC, based on the Commission's finding that all federal high-cost support provided by HTI was used and will be used for the provision, maintenance, and upgrading of facilities and services to support intended purposes consistent with 47 CFR § 54.314(a). As a result, the Commission certified HTI as a USF high-cost ETC in 2019.

Application for A Certificate of Authority
Docket No. 2019-0078, Status: Closed

On April 16, 2019, Fonality, Inc. filed an application for a COA to provide VoIP services in the State of Hawaii. Fonality provides a VoIP service to businesses that travels over the existing broadband connections its subscribers obtain from their own preferred landline Internet Service Provider. The Commission notified the applicant that required documents were not included in the application and remain outstanding. On November 2, 2020, the Commission issued Order No. 37414, dismissing with prejudice, Fonality's application for a COA due to its failure to submit the required documents in a timely manner.

Order to Show Cause for Failure to Comply with HRS Chapter 271 and/or HAR 6-62.
Docket No. 2019-0307, Status: Closed

On January 7, 2020, the Commission revoked China Unicom (Americas) Operations Limited's certificate of registration after failing to appear before the Commission on November 19, 2019, in which notice was given in Order No. 36680, filed on October 18, 2019.

Petition for Approval of Airus, Inc. Adoption of The Amended, Extended and Restated Agreement Between Wavecom Solutions Corporation and Hawaiian Telcom, Inc.
Docket No. 2019-0316, Status: Closed

On September 27, 2019, HTI filed a letter with the Commission notifying it of Airus, Inc.'s adoption of the terms of the Amended, Extended and Restated Agreement between Wavecom Solution Corporation and HTI. The Commission issued Order No. 36929 on January 3, 2020.

Request for Voluntary Surrender of Certificate of Authority.
Docket No. 2019-0337, Status: Closed

On October 15, 2019, CallCatchers, Inc. d/b/a FreedomVoice Systems ("FreedomVoice"), submitted a request to voluntarily surrender its COA and withdraw any FreedomVoice tariff on record, effective as soon as possible. The Commission issued Order No. 36950 on January 15, 2020, approving this request.

Application for Waiver of the Months-to-Exhaust Requirement in the Honolulu, Hawaii Rate Center.
Docket No. 2020-0020, Status: Closed

On January 27, 2020, MCIMetro Access Transmission Services Corp. ("MCI") filed an application requesting that the Commission review the denial by the number Pooling Administrator ("PA") of Verizon Access' application for use of central office code resources in the Honolulu, Hawaii rate center. By Decision and Order No. 37061, issued on April 2, 2020, the Commission granted MCI's request.

Instituting A Proceeding to Investigate Whether Designated Eligible Telecommunications Carriers Participating in The High-Cost Program of the Universal Service Fund Should Be Certified by The Commission Pursuant to 47 Code of Federal Regulations, Etc.
Docket No. 2020-0049, Status: Closed

On March 12, 2020, the Commission initiated an investigation to determine whether state designated ETCs in the State of Hawaii participating in the high-cost support program of the federal USF should be certified by the Commission in 2020, pursuant to 47 Code of Federal Regulations ("C.F.R.") 54.314(a). On September 16, 2020, the Commission issued Order No. 37317 stating that it had determined that all federal high-cost support provided by HTI was used and will be used for the provision, maintenance, and upgrading of facilities and services to support intended purposes consistent with 47 CFR § 54.314(a). As a result, the Commission certified HTI as a USF high-cost ETC in 2020.

Petition of Sage Telecom Communications, LLC dba TruConnect for Designation as an Eligible Telecommunications Carrier.
Docket No. 2020-0053, Status: Closed

On March 19, 2020, Sage Telecom Communications, LLC dba TruConnect ("TruConnect") filed its petition seeking designation as an eligible telecommunications carrier ("ETC"). On October 28, 2020, the Commission issued Order No. 37408, approving TruConnect's petition, subject to conditions.

Joint Application for Approval to Transfer Indirect Control of Hawaiian Telcom, Inc., Hawaiian Telcom Services Company, Inc. and Wavecom Solutions Corporation to Red Fiber Parent LLC.
Docket No. 2020-0080, Status: Open

On May 15, 2020, Hawaiian Telcom, Inc., Hawaiian Telcom Services Company, Inc., Wavecom Solutions Corporation (collectively referred to as "Hawaiian Telcom"), Cincinnati Bell, Inc., and Red Fiber Parent LLC filed an application for Commission approval for the transfer of indirect control of Hawaiian Telcom from Cincinnati Bell, Inc. to Red Fiber Parent LLC. Cincinnati Bell, Inc. is the parent company of Hawaiian Telcom and has entered into an agreement to be acquired by Red Fiber Parent LLC. The Commission is in the process of reviewing this docket and expects to issue a Decision and Order within calendar year 2021.

Table 10 – Telcom Dockets for which the Commission Waived Applicable Regulatory Requirements

Application	Docket No.	Status
Financing Arrangements		
Metropolitan Telecommunications of Hawaii, Inc.	2019-0314	Closed
Level 3 Communications, LLC.	2019-0338	Open
BCHI Holdings, LLC, Birch Telecom of the West, Inc., Birch Communications, Inc., and Fusion Telecommunications International, Inc.;	2017-0401	Closed
TKC Holdings, Inc., Inmate Calling Solutions, LLC d/b/a ICSolutions and Secrus Technologies, Inc	2018-0119	Closed
Change of Control		
Legacy Long Distance International, Inc. Dba Legacy Inmate Communications Docket No. 2018-0374 And Jail Education Solutions, Inc. Dba Edovo	2018-0374	Closed
Mitel Cloud Services, Inc., Mitel Networks Corporation, Mitel US Holdings, Inc., Mitel (Delaware), Inc., and Mitel Networks, Inc.	2018-0096	Closed
MLN TopCo Ltd., Mitel Networks Corporation, and Mitel Cloud Services, Inc. f/k/a Mitel NetSolutions, Inc.	2018-0117	Closed
SelecTel, Inc. dba Selectel Wireless	2018-0397	Closed
Petition for Waiver of Regulatory Requirements Or, In the Alternative, Approval of the Proposed Indirect Transfer of Control of West Safety Communications Inc.	2019-0028	Closed
SQF, LLC to SDC Tilson Investor, LLC,	2019-0104	Closed
SQF, LLC and SDC TILSON INVESTOR, LLC	2019-0133	Closed
Fusion Connect, Inc., Birch Communications, LLC n/k/a Fusion Cloud Services, LLC, and Telecom Holdings LLC	2019-0164	Closed
Fusion Connect, Inc. and Fusion Cloud Services, LLC	2020-0046	Closed

Other Telecommunication Dockets		
Joint Petition for Waiver of Regulatory Requirements Related to Financing Arrangements.	2018-0191	Closed
Request for Change of Company Name and Approval of Replacement Tariffs, Or in The Alternative, Request for Exemption or Waiver.	2018-0404	Closed
Application for Waiver or, Alternatively, for Approval of Merger, Change of Corporate Form and Change of Name	2020-0047	Closed
Joint Petition for (1) Waiver of Regulatory Requirements or, (2) in the Alternative, Approval of Proposed Indirect Transfer of Control	2020-0003	Closed

F. Water Carriers

The Commission regulates two water carriers: (1) Young Brothers, LLC (“YB”), a provider of inter-island cargo service between all major islands; and (2) Hone Heke Corporation, a passenger and cargo carrier providing water transportation services between the islands of Maui and Lanai.

The statute governing the regulation of water carriers is HRS Chapter 271G, the Hawaii Water Carrier Act. Water carrier proceedings during FY 2020 are summarized below.

Application for Approval of a General Rate Increase and Certain Tariff Changes.
Docket No. 2019-0117, Status: Open

On September 25, 2019, YB filed its application seeking an increase of $26,997,928, or 34.27%, over intrastate revenues at present rates, based on a revenue requirement of $78,783,326 for the 2020 test year. Due to exceptional circumstances created by COVID-19 and a need to continue regulated intrastate water carrier service in the State, Young Brothers requested emergency temporary rate relief on July 7, 2020. After conducting a hearing, the Commission authorized a temporary rate increase to intrastate revenues by $26,997,928, representing a 46% increase over intrastate freight revenues at present rates, and an increase of Young Brothers’ approved intrastate freight revenue requirements to $87,743,947.

As a result of such emergency relief, the Commission suspended consideration of any general rate increase request in the instant docket for twelve (12) months following the issuance of Order No. 37280. Additionally, the Commission conditioned such emergency rate relief on advance notice of discontinued service requirements, the filing of a Customer Service Strategy within three months of the date of Order No. 37280, and the completion of an audit of Young Brothers financial and management practices by an independent party.

Petition for A Declaratory Ruling Regarding Hawaii Revised Statutes Section 271g-14(B), Or, In the Alternative, For Approval to Dispose of Tug Manuokekai, Tug Mikiona, And Tug Mikiala.
Docket No. 2019-0120, Status: Closed

On June 7, 2019, YB submitted a petition requesting a declaratory ruling from the Commission confirming that YB’s proposed disposal of the tugs Manuokekai, Mikiona, and Mikiala, is not subject to Commission approval under HRS Chapter §271G-14(b). On October 18, 2019, the Commission issued Order No. 36668, which approved YB’s request, provided that YB report on the transfer and sale of the tugs, including their final sale price, and YB remove associated expenses and capital costs associated with the tugs from its pending rate case application in Docket No. 2019-0117.

Application for Approval to Dispose of Tug Malulani.
Docket No. 2019-0051, Status: Open

On February 28, 2019, Young Brothers, LLC submitted an application seeking approval to dispose of the tug "Malulani," to Pacific Tug Company, LLC, ("Pacific Tug"). On August 1, 2019, the Commission issued Order No. 36450, approving YB's request, provided that YB submit a report on the transfer and sale of the tug, including its final sale price. On December 1, 2020, Young Brothers filed a letter in response to the Commission's letter request regarding a status update. Young Brothers stated it did not receive notification of the issuance of the Certificate of Documentation ("COD") but upon search of USCG's database, the COD officially occurred on September 19, 2020.

Application for Approval of a General Rate Increase and Certain Tariff Changes.
Docket No. 2019-0066, Status: Open

On March 29, 2019, Young Brothers, LLC filed a Notice of Intent to file an application for approval of a general rate increase based on a 2019 calendar test year period ("Notice of Intent"). However, on June 4, 2019, Young Brothers withdrew its Notice of Intent.

Application for Approval to Dispose of Tug Hokulani.
Docket No. 2019-0344, Status: Closed

On October 21, 2019, Young Brothers, LLC requested Commission approval to dispose and transfer the Tug Hokulani to Hamilton Marine Construction, LLC. On February 28, 2020, the Consumer Advocate filed its statement of position informing the Commission that it does not object to Young Brothers request. On May 25, 2020, the Commission issued Order No. 37151, approving Young Brother's request to dispose of and transfer the Tug Hokulani to Hamilton Marin Construction, LLC, subject to conditions.

Instituting an Emergency Investigative Proceeding Regarding Young Brothers, LLC's Financial Condition.
Docket No. 2020-0084, Status: Closed

On June 2, 2020, the Commission initiated docket no. 2020-0084 to investigate Young Brothers, LLC's ("YB") financial condition, including to address identified requests for relief and other related filings that had been filed and may be filed in the future with the Commission. On July 7, 2020, YB filed a "Motion for Leave and For Emergency or Temporary Rate Relief," in Docket No. 2019-0117, which had originally been opened on September 25, 2019, to address YB's general rate case application. On July 16, 2020 YB filed an "Application for Approval to Defer Costs and Accrue Lost Gross Margins Associated with the COVID-19 Pandemic Strategy," which was assigned to Docket No. 2020-0104. Following determinations in Docket No.'s 2019-0117 and 2020-0104, Docket No. 2020-0084 was rendered moot and closed Docket No. 2020-0084, reserving the right to reopen the docket, if necessary, as circumstances warrant.

Application for Approval to Defer Costs and Accrue Lost Gross Margins Associated with COVID-19 Pandemic Emergency.
Docket No. 2020-0104, Status: Closed

On July 16, 2020, Young Brothers, LLC submitted an application seeking approval to defer costs and accrue lost gross margins associated with the COVID-19 pandemic emergency. On September 30, 2020, after considering the evidentiary hearing testimony in Docket No. 2019-0117 provided by the YB president, which indicated that YB did not intend to seek both emergency rate relief and the referenced relief in the instant docket, the Commission issued Order No. 37330, which dismissed YB's application without prejudice and closed the docket. .

G. Motor Carriers

The Commission regulates passenger and property motor carriers transporting passengers or property for compensation or hire on public highways.[12] By law, certain transportation services, including taxis, school and city buses, ambulance services, refuse haulers, farming vehicles, and persons transporting their own personal property, are exempt from Commission regulation.[13]

Passenger carriers are classified by authorized vehicle seating capacity. They include tour companies, limousine services, and other transportation providers. Property carriers are classified by the types of commodities transported and the nature of services performed, namely: general commodities, household goods, commodities in dump trucks, and specific commodities.

New Motor Carrier Certifications and Licensing

In FY 2020, the Commission regulated 1,566 motor carriers, which included 1,012 passenger carriers and 554 property carriers. During FY 2020, 47 new certificates or permits were issued to passenger carriers and 31 property carriers. Table 11 shows the number of motor carriers over the past five fiscal years.

Table 11 – Number of Motor Carriers, FY 2015-2020

	2015	2016	2017	2018	2019	2020
Property Carriers	523	526	536	543	550	554
Passenger Carriers	899	943	992	1,040	1,038	1,012

Ratemaking and Tariffs

Many of the State's motor carriers are members of either the Western Motor Tariff Bureau, Inc. ("WMTB") or the Hawaii State Certified Common Carriers Association ("HSCCCA"). During FY 2020, WMTB filed requests for rate changes for their members. The Commission also reviewed and approved rate requests from 54 independent motor carriers.

Rates that are increased or decreased by up to ten percent within a calendar year are presumed to be just and reasonable pursuant to the Zone of Reasonableness Program ("ZRP").[14] Motor carriers who request rate increases or decreases that do not fall within the ±10 percent zone are required to show that their rate requests are just and reasonable. In reviewing a request, the Commission requires the carrier to submit financial statements containing the carrier's revenues,

[12]See HRS Chapter 271.
[13]HRS § 271-5.
[14]The Zone of Reasonableness was initially a pilot program approved in Order No. 20704 for a period of one year beginning on January 1, 2004. By Order No. 21490, the ZRP was extended for an additional three years with an expiration date of December 31, 2007. On June 22, 2007, the Commission opened Docket No. 2007-0159 to investigate whether it is in the public interest to continue the ZRP for motor carriers, with or without modification, or to terminate the Zone. In Order No. 23862, the Commission extended the ZRP for four calendar years with an expiration date of December 31, 2011, pursuant to certain terms and conditions. On September 22, 2010, the Commission issued an order authorizing the permanent continuation of the ZRP.

expenditures, and operating ratio. The Commission will review and may approve the rate change based on whether the operating ratio reported in the financial statements is determined to be acceptable.

VI. Enforcement Activities

The Commission enforces its rules, regulations, standards, and tariffs filed by monitoring the operational practices and financial transactions of regulated utilities and transportation carriers. Enforcement activities involve customer complaint resolution, compliance with financial reporting and other requirements, investigations, and issuance of citations.

Complaint Resolution
The Commission's role in protecting the public is carried out in part through its investigation and resolution of complaints. The Commission accepts written complaints against any public utility, water carrier, motor carrier, or other entities subject to the Commission's jurisdiction. There are two kinds of written complaints – formal and informal. The Commission's rules of practice and procedure, Hawaii Administrative Rules Chapter 16-601, provide the requirements for formal and informal written complaints.

Formal Complaints
During FY2020, one formal complaint was filed. Discussion of formal complaints can be found on page 25.

Written Informal Complaints
As shown in Table 11, the Commission received a total of 102 written informal complaints in FY 2020 against utility and transportation companies. For FY2020, the Commission received 7 informal complaints addressed to non-PUC regulated entities and 20 Declaration (Witness for Illegal Motor Carrier Operations) forms were filed.

Table 12 – Total Number of Informal Complaints Received by the Commission, FY 2015-2020

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Utilities						
Telecommunications	**29**	**79**	**38**	**27**	**33**	**27**
Wire Line (telephone)	14	60	25	16	20	11
Cellular and Paging	8	18	13	11	10	9
Other	7	1	0	0	3	7
Electricity	**85**	**69**	**27**	**25**	**15**	**30**
Gas	**5**	**0**	**0**	**1**	**2**	**1**
Water/Sewer	**3**	**2**	**6**	**5**	**9**	**3**
Other	**0**	**1**	**0**	**0**	**2**	**5**
Transportation Carriers						
Water Carrier	**1**	**0**	**0**	**0**	**0**	**22**
Motor Carrier	**11**	**13**	**35**	**17**	**10**	**14**
One Call Center	**0**	**0**	**0**	**0**	**0**	**0**
Total Complaints	**135**	**164**	**106**	**75**	**71**	**102**

Civil Citations

The Commission enforces provisions of HRS Chapters 269, 269E, 271 and 271G, as well as applicable rules, orders, and regulations, and may assess civil penalties, subject to providing the alleged violators with notice and opportunity to be heard in accordance with HRS Chapter 91.

For violations of the Motor Carrier Law, HRS Chapter 271, the Commission may impose civil penalties up to $1,000 per offense and penalties of up to $500 per day in the case of a continuing violation.

For violations of the Water Carrier Law, HRS Chapter 271G or the One Call Law, HRS Chapter 269E, the Commission may impose various civil penalties for up to $5,000 per offense and penalties up to $5,000 day in the case of a continuing violation.

For any other public utility violating HRS Chapter 269, and/or the Commission's applicable rules, order and regulations, the Commission may impose various civil penalties not to exceed $25,000 each day so long as such violation continues.

Some of the common types of citations include: operating without a certificate or permit issued by the Commission, failure to publish a tariff, failure to maintain the required liability insurance, improper vehicle marking, and stop-in-transit violations (i.e., shipping intrastate cargo described as interstate cargo).

Table 12 lists by category, the of number citations issued, and the civil penalties issued for FY 2015-2020.

Table 13 – Citations and Civil Penalties Issued, FY 2015-2020

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Citations						
Motor Carrier	8	17	18	17	50	169
Stop in Transit	1	8	0	5	5	4
One Call Center	0	1	0	0	0	0
Total # of Citations Issued	**9**	**26**	**18**	**22**	**55**	**173**
Civil Penalties						
Motor Carrier	$11,500	$17,000	$17,400	$18,000	$11,500	$152,500
Stop in Transit	$2,000	$13,500	$0	$7,000	$4,000	$5,000
One Call Center	$0	$5,000	$26,000	$4,000	$23,500	$0
Total Civil Penalties Issued	**$13,500**	**$35,500**	**$43,400**	**$29,000**	**$39,000**	**$157,500**

Revocation of Certificate of Public Convenience and Necessity and Permits

In FY 2020, the Commission revoked 64 motor carrier certificates for a number of violations, including: failure to pay the civil penalties imposed, failure to file an Annual Financial Report, failure to pay the requisite Motor Carrier Gross Revenue Fee, and/or failure to comply with the other Commission's requirements.

VII. Environmental Matters and Actions of the Federal Government

Hawaii's regulated public utilities must comply with all applicable environmental laws, regulations, and permitting requirements for air and water quality, hazardous waste, noise, and protected species. The following section summarizes federal and state environmental regulations that may affect regulated public utilities in Hawaii.

State Laws and Policies Relating to Greenhouse Gas Emissions ("GHG")

Hawaiʻi Act 234 (Session Laws of 2007) established the state's policy framework and requirements to address Hawaii's GHG emissions. The focus and general purpose of Act 234 was to achieve cost-effective GHG emissions reductions at or below Hawaii's GHG emissions estimates of 1990 by January 1, 2020. In December 2019, a full emission inventory report for 2016 was completed by ICF, the University of Hawaii, and the Department of Health. The inventory report found that emissions in 2020 (excluding aviation) are projected to be lower than net GHG emissions in 1990. These estimates and projections will be reviewed, updated and presented along with GHG estimates for 2017 in the forthcoming inventory and projection report. The report includes inventories of emissions from power plants, oil and natural gas systems, and the incineration of waste.[15]

HRS § 269-6(b) related to general powers and duties of the Public Utilities Commission states: "The commission shall consider the need to reduce the State's reliance on fossil fuels through energy efficiency and increased renewable energy generation in exercising its authority and duties under this chapter. In making determinations of the reasonableness of the costs of utility system capital improvements and operations, the commission shall explicitly consider, quantitatively or qualitatively, the effect of the State's reliance on fossil fuels on price volatility, export of funds for fuel imports, fuel supply reliability risk, and greenhouse gas emissions. The commission may determine that short-term costs or direct costs that are higher than alternatives relying more heavily on fossil fuels are reasonable, considering the impacts resulting from the use of fossil fuels."

The Commission takes guidance from recent Hawaii Supreme Court decisions in interpreting its statutory requirements under HRS § 269-6(b).[16] In re: MECO, the Supreme Court noted that a "primary purpose" of HRS § 269-6(b) is to "require the commission to consider the hidden long-term costs of reliance on fossil fuels, which subjects the State and its residents to increased air pollution and potentially harmful climate change due to the release of harmful greenhouse gases."[17] In considering "hidden long-term" costs on fossil fuels, the Court found In re: Hawaii Gas that the Commission also needs to review GHG emission "leakage" by explicitly considering "out-of-state" GHG emissions.[18] Furthermore, the Court's decision In re: Hawaii Gas found that the Commission should make independent factual findings concerning the GHG emissions of certain projects, and that the PUC should conduct a quantitative or qualitative analysis in order to substantiate its findings.[19]

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[15] https://health.hawaii.gov/cab/files/2019/12/2016-Inventory_Final-Report_December2019-1.pdf

[16] See generally, In re Application of Maui Elec. Co., 141 Haw. 249, 408 P.3d 1 (2017) ("MECO"); In the Matter of the Application of Hawaii Elec. Light Co., 145 Haw. 1, 445 P.3d 673 (2019); In the Matter of the Application of the Gas Company, LLC (SCOT-19-0000044)("Hawaii Gas").

[17] In re: Hawaii Gas at 29 (quoting In re: MECO at 141 Hawaii at 263, 408 P.3d at 15).

[18] In re: Hawaii Gas at 32.

[19] In -33.e: Hawaii Gas at 32.

In light of the recent Hawaii Supreme Court decisions regarding HRS § 269-6(b), the Commission is prioritizing review of GHG emissions in several proceedings.

Federal Laws Related to Air Quality

Clean Air Act: The Clean Air Act of 1963 instituted regulatory permitting programs to reduce air pollution. The 1977 amendments to the Clean Air Act established the New Source Review permitting program, which affect new or modified generating units by requiring a permit to construct under the Clean Air Act and the controls necessary to meet the National Ambient Air Quality Standards ("NAAQS"). The Clean Air Act requires the Environmental Protection Agency ("EPA") to set NAAQS for widespread pollutants from various sources. The six principal pollutants under NAAQS include: Carbon Monoxide, Lead, Nitrogen Dioxide, Ozone, Particulate Matter, and Sulfur Dioxide.

Covered Source Permits: In 1990, the Clean Air Act was amended to include the Title V Operating Permit Program (Referred to as the Covered Source Permit program in Hawaii) to ensure compliance with all applicable federal and state air pollution control requirements. Title V operating permits have been issued for all the HECO Companies' affected generating units.

Mercury Air Toxic Standards ("MATS"): In 2012, the EPA published the final rule establishing the National Emission Standards for Hazardous Air Pollutants for fossil-fuel fired steam electrical generating units ("EGUs") in the Federal Register. The final rule known MATS applies to the 14 EGUs at the HECO Companies' power plants. MATS targets mercury emissions and other hazardous pollutants. Hawaiian Electric states that it has proceeded with the implementation of its MATS Compliance Plan and has met all compliance requirements to date.

Stationary Combustion Turbines: National Emission Standards for Hazardous Air Pollutants ("NESHAP"): On March 9, 2020, the EPA issued the final rule for NESHAP. "This action promulgates national emission standards for hazardous air pollutants (NESHAP) for stationary combustion turbines. We have identified stationary combustion turbines as major sources of hazardous air pollutants (HAP) emissions such as formaldehyde, toluene, benzene, and acetaldehyde. The NESHAP will implement section 112(d) of the Clean Air Act by requiring all major sources to meet HAP emission standards reflecting the application of the maximum achievable control technology (MACT) for combustion."[20]

"The EPA is working to address requirements during periods of startup, shutdown, and malfunction and to add electronic reporting requirements. The EPA is finalizing its proposed determination that the risks from this source category due to emissions of air toxics are acceptable and that the existing NESHAP provides an ample margin of safety to protect public health. The EPA is also finalizing our proposed determination that we identified no new cost-effective controls under the technology review that would achieve further emissions reductions from the source category."[21]

Federal Laws Related to Water Quality

Electric generating stations, substations, and certain water and gas utility facilities operate under federal water quality regulations including the Clean Water Act National Pollution Discharge Elimination System ("NPDES") and the Safe Drinking Water Act ("SDWA") Underground Injection Control. NPDES governs point source discharges into U.S. navigable waters, including wastewater and storm water discharges and the SDWA Underground Injection Control regulates

[20]https://www.epa.gov/stationary-sources-air-pollution/stationary-combustion-turbines-national-emission-standards
[21]https://www.govinfo.gov/content/pkg/FR-2020-03-09/pdf/2020-02714.pdf

disposal of wastewater into injection wells to prevent contamination of underground sources of drinking water.

On April 23, 2020, the U.S. Supreme Court issued a significant decision regarding when NPDES permits are needed for "point source" discharges. The Supreme Court's decision stemmed from a citizens' lawsuit filed by several environmental groups against the County of Maui, Hawaii. Maui operates a wastewater reclamation facility that collects sewage from the surrounding area, partially treats it, and pumps the treated water through four wells hundreds of feet underground. This effluent, which amounts to about four million gallons a day, then travels approximately one-half mile through groundwater to the Pacific Ocean. The environmental groups claimed that Maui has been discharging a pollutant to "navigable waters," namely, the Pacific Ocean, without an NPDES permit required by the Clean Water Act. The Court ruled that the statutory provisions of the Act at issue require a permit when there is a direct discharge from a point source into navigable waters or when there "is the functional equivalent of a direct discharge." This "functional equivalent" test will require the EPA, courts, and litigants to work out over the coming months and years precisely what indirect additions require NPDES permits. The State Department of Health and facilities that must conduct monitoring to comply with NPDES permits will likely be affected by the requirements of the Court's ruling.

Federal Law Related to Oil Pollution

The Oil Pollution Act ("OPA") of 1990 established programs to prevent and respond to oil releases from oil storage facilities. Under OPA, responsible parties are held liable for clean-up costs and damages to natural resources and property. OPA requires utilities that use or store oil to prepare and implement Spill Prevention, Control and Countermeasures Plans detailing how they will prevent releases of oil to navigable waters of the U.S. Certain utility facilities are also required to prepare and implement Facility Response Plans to ensure prompt and proper response to releases of oil. The HECO Companies' facilities that are subject to OPA requirements have prepared and implemented Spill Prevention, Control and Countermeasures Plans and Facility Response Plans. In August 2019, the U.S. Coast Guard issued its final rule to adjust the limits of liability for facilities subject to OPA to reflect the increase in the Consumer Price Index since 2015.

Hazardous Waste and Toxic Substances

The operations of certain utilities are subject to provisions of the Resource Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, known also as Superfund), the Superfund Amendments and Reauthorization Act (SARA), and the Toxic Substances Control Act (TSCA).

RCRA requires all utilities that use underground storage tanks for storing petroleum products to comply with established leak detection, spill prevention, standards for tank design and retrofits, financial assurance, operator training, and tank decommissioning and closure requirements.

SARA requires utilities to report potentially hazardous chemicals present in their facilities in order to provide the public with information so that emergency procedures can be established to protect the public in the event of hazardous chemical releases. Since January 1, 1998, the steam electric industry category has been subject to Toxics Release Inventory ("TRI") reporting requirements. In October 2020, the EPA published the 2019 TRI National Analysis dataset. Several generating stations throughout the state are listed in the dataset.

TSCA regulations specify procedures for the handling and disposal of polychlorinated biphenyls (PCBs), a compound found in some transformer and capacitor dielectric fluids. TSCA regulations also apply to responses to releases of PCBs to the environment. The HECO Companies have instituted procedures to monitor compliance with these regulations and have implemented a program to identify and replace PCB transformers and capacitors in their systems. In October 2019, the EPA published the "Guidance for Applicants Requesting To Treat/Dispose of

PCBs Using Incineration or an Alternative Method." The updated guidance should be used by utilities applying to EPA for approval to dispose of PCBs.

Hawaii's Environmental Response Law (ERL), as amended, governs releases of hazardous substances, including oil, to the environment in areas within the state's jurisdiction. Responsible parties under the ERL are jointly, severally, and strictly liable for a release of a hazardous substance. Responsible parties include owners or operators of a facility where a hazardous substance is located and any person who at the time of disposal of the hazardous substance owned or operated any facility at which such hazardous substance was disposed.

Federal Universal Service Fund ("USF") and Eligible Telecommunications Carrier ("ETC") Certification

The Commission is the State entity authorized and responsible for designating and certifying Hawaii ETCs seeking USF disbursements under the federal USF program. The USF program, created by the U.S. Congress through the Telecommunications Act of 1934, as amended in 1996 ("Telecommunications Act"), is intended to preserve and advance a basic level of quality, affordable telecommunications service to "all regions of the Nation" in favor of the "the public interest, convenience, and necessity."[22] The Federal Communications Commission ("FCC"), with the assistance of the designated USF Administrator, the Universal Service Administrative Company ("USAC"), oversees the distribution of USF support.

To receive USF support, a telecommunications carrier must first be designated as an ETC by the Commission or the FCC in accordance with the requirements of 47 U.S.C.A § 214 and additional federal regulations[23] as well as the Commission's own certification requirements. ETC designation also includes a required determination that an applicant's designation as an ETC would be in the public interest.[24] The Consumer Advocate participates in all dockets where telecommunications carriers seek designation as an ETC. Commission proceedings relating to ETC designations and certification during FY 2020 are summarized in the following section. See pages 53 through 57 for a list of ETCs in Hawaii.

[22]See 47 U.S.C.A. § 254(b). States are also authorized to have their own supplemental USF support programs and associated funding mechanisms to bolster the federal USF. See 47 U.S.C.A. § 254(f). See also Haw. Reve. Stat. §§ 269-35, -41, -42. However, the Hawaii USF has been specifically designated as a "fund of last resort," which limits funding-eligible carriers to only those not otherwise able to get funding from other sources, including the federal USF. See H.A.R § 6-81-6 (1996).

[23]See 47 U.S.C.A. § 254(e); See also 47 U.S.C.A. §§ 214(e)(2) and (6).

[24]See 47 C.F.R. § 54.202(b) (2012). See Order No. 30309, Application of Pa Makani LLC for Designation as an Eligible Telecommunications Carrier in the State of Hawaii, Docket No. 2011-0145, filed April 10, 2012 at 25.

VIII. Special Fund Update for Fiscal Year 2020

Act 226, Session Laws of Hawaii 1994, established the PUC Special Fund to be administered by the Commission and to be used by the Commission and the Consumer Advocate for all expenses incurred in the administration of HRS Chapters 269, 269E, 271, and 271G. At the beginning of each fiscal year, the Special Fund starts with a $1 million balance carried over from the prior fiscal year. Pursuant to HRS § 269-33(d), moneys in excess of $1 million remaining in the Special Fund at the end of each fiscal year are required to lapse to the General Fund.

All fees and other revenues collected by the Commission are deposited into the PUC Special Fund. Public utilities are required to pay an annual fee of one-half of one percent of the gross income of each respective public utility's previous year's business, paid in two installments, in July and December. Motor carriers pay fees of one-fourth of one percent (0.25%) of their gross revenues of the previous year's business paid annually. Other Special Fund revenues include filing fees, duplication fees, interest and penalties, and One Call Center fees.

This update on the Special Fund is provided to the legislature as required by HRS § 269-33(c), as amended by Act 24, Session Laws of Hawaii 2013.

Revenue

Total FY 2020 Special Fund revenue of $18,300,807 reflect a 4% increase compared to FY 2019 revenues. The Commission collected $17.3 million in public utility fees for FY 2020, 11% more than FY 2019 public utility fees. Motor carrier fees of $789,185 collected in FY 2020 decreased 57% from FY 2019. The revenue derived from each source of income for FY 2020 are shown in Figure 16 and Table 14.

Figure 16 – Public Utilities Commission Special Fund FY 2020

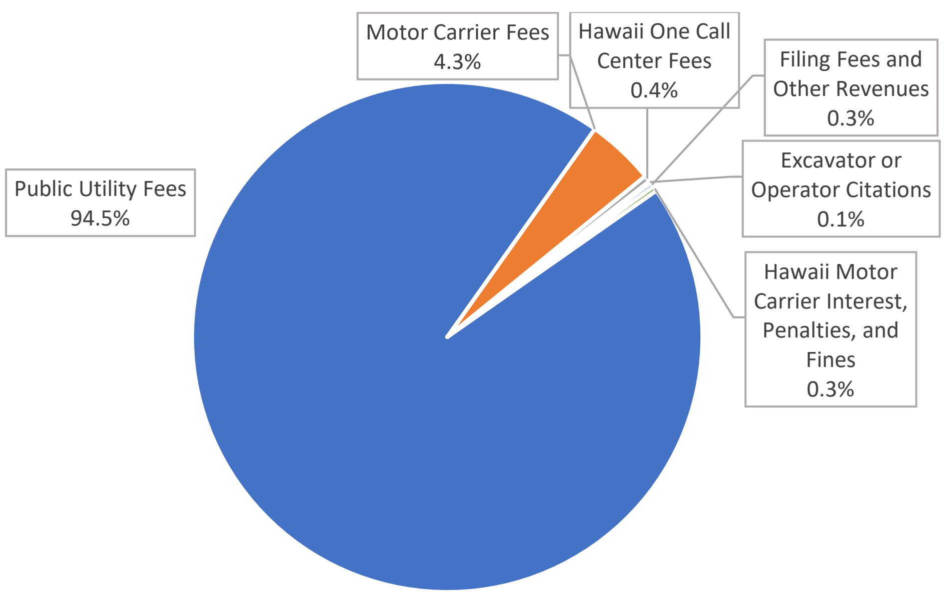

Table 14 – Public Utility Commission Special Fund Revenue, FY 2019 and 2020

Description of Revenues	FY 2019	FY2020
Public Utility Fees	$15,518,081	$17,302,207
Motor Carrier Fees	$1,822,738	$789,185
Hawaii One Call Center Fees	$78,263	$75,403
Excavator or Operator Citations	$0	$23,500
Filing Fees and Other Revenues	$75,943	$52,874
Hawaii Motor Carrier Interest, Penalties, and Fines	$68,921	$57,638
Total Revenues	**$17,563,946**	**$18,300,807**

Expenditures and Transfers

In FY 2020, the Commission's direct expenditures totaled $8,169,684 and accounted for 53% of total expenditures and transfers from the Commission's Special Fund.

During the FY, the remaining 47% of expenditures consisted of transfers to other State agencies or the General Fund, including 27% transferred to the Consumer Advocate pursuant to HRS § 269-33, 6% was transferred to the Department of Accounting and General Services for Central Services pursuant to HRS § 36-27, and 3% was transferred to Department of Commerce and Consumer Affairs for Administrative Support Services pursuant to HRS § 36-30.

Pursuant to HRS § 269-33(d), moneys in excess of $1 million remaining in the fund at the end of each FY are transferred to the General Fund. In FY 2020, this amount was $1,440,695 and accounted for 9% of total Commission expenditures and transfers.

The breakdown of total FY 2020 Commission Expenditures and Transfers are detailed in Figure 17 and Table 15.

Figure 17 – PUC Special Fund FY 2020 Expenditures and Transfers

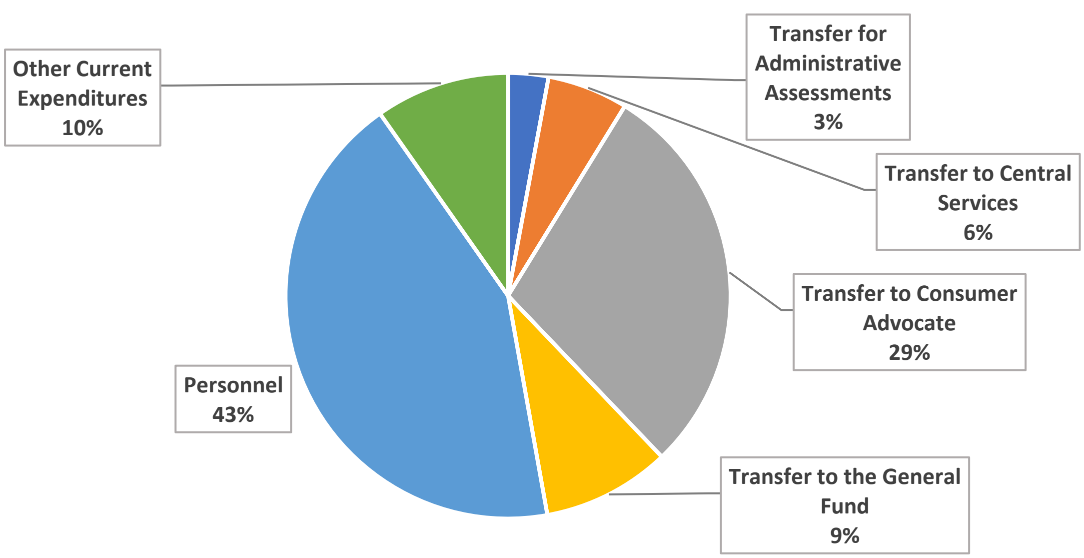

Table 15 – FY 2019 and 2020 PUC Special Fund Expenditures and Transfers

Description of Expenditures and Transfers	FY2019	FY2020
Personnel	$6,602,086	$6,659,884
Other PUC Expenditures	$737,032	$1,509,800
PUC Expenditures Subtotal	**$7,339,118**	**$8,169,684**
Transfer to DAGS Central Services	$870,866	$907,741
Transfer to DCCA Consumer Advocate	$4,348,405	$4,494,086
Transfer to the General Fund	$3,055,736	$1,440,695
Transfer for DCCA Administrative Assessments	$452,508	$452,508
Total	**$16,066,633**	**$15,464,714**