STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

ANNUAL REPORT

FOR

FISCAL YEAR 2021

(July 1, 2020 – June 30, 2021)

JANUARY 2022

Message from the Chair

As we look back on this year, I am proud of the work we accomplished together with our staff, regulated utilities, stakeholders, and the public.

Over the course of Fiscal Year 2021, the Commission took significant strides on issues to advance Hawaii's clean energy goalswhile also addressing the needs of our regulated utilities and providing more opportunities for public engagement.

Our continued progress in performance-based regulation, integration of renewable energy and storage, energy efficiency, grid reliability, and consumer protection, was rooted in our commitment to put Hawaii's citizens first. In FY 2021, we increased our technological capabilities and held 19 meetings, hearings and conferences hosted through WebEx and live streamed on YouTube. After the close of the fiscal year, we held an additional nine live streamed events.

As the COVID-19 pandemic persisted into its second year, we continued to support the state's economic recovery and provide essential services. We took swift actions to evaluate and address the financial sustainability of public utilities, while also providing relief for ratepayers during this turbulent economy. The Commission extended its moratorium on utility disconnections for non-payment to protect customers through May 31, 2021. As the economy recovers and we return to a new normal, we continue to utilize and improve our electronic docketing and filing systems to give our regulated utilities and the public easier access to our records.

All the while, we completed a comprehensive 2020-2022 PUC Strategic Plan with a new vision, mission, core values, and goals and objectives that will take lead us into the future of utility regulation.

In this Fiscal Year 2021 Annual Report, we proudly highlight the Commission's work and progress made this year.

With aloha and on behalf of my fellow commissioners and our staff,

James P. Griffin

James P. Griffin
Chair, Public Utilities Commission

2021 PUC Overview

Administrative

The Commission's administrative focus in Fiscal Year ("FY") 2021 continued to be on alleviating the devastating effects of the COVID-19 pandemic, implementing its strategic plan and developing the new Case and Document Management System. See page 4.

Special Fund

The Commission is special funded largely from fees collected from its regulated entities. In FY 2021, the Commission collected $19.9 million in revenue and expended or transferred $19.5 million from the fund, which included $11.8 million in direct expenditures and $7.7 million in transfers to other state agencies and the general fund. See page 73.

Enforcement

In FY 2021, the Commission implemented a new targeted enforcement plan to increase community involvement. After the close of the fiscal year, the Commission also debuted a new "Report a Motor Carrier Violation" form allowing members of the public to submit anonymous tips to our investigative team. See page 68.

Docket Proceedings

In FY 2021, 218 new dockets were opened with 154 dockets carried over from previous years. A total of 372 dockets were before the Commission for review and consideration. The majority of the new dockets are in the motor carrier industry, while most of dockets that carry over to the following year are in the electric industry. A total of 5,030 docketed documents were filed. The Commission also issued 622 decisions and orders and held 19 live-streamed hearings and meetings. After the fiscal year closed, the Commission held an additional nine live-streamed events. See page 8 for more docket statistics.

PUC BY THE NUMBERS

Fiscal Year 2021

ABOUT THE COMMISSION

3	68	$19.9M	$19.5M
Commissioners	Employees	Revenue	Expenditures & Transfers

REGULATED UTILITIES

1	2	4	39	175	1,603
Gas	Water Carriers	Electric	Water & Wastewater	Wireline & Wireless	Motor Carriers

CONTRACTED PROGRAMS

Relay Hawaii (711)

Relay Hawaii	Hawaii Energy	One Call Center

FILINGS

19	218	5,030	622
Live-Streamed Hearings & Meetings	New Dockets Opened	Documents Filed	Decisions Issued

2021 PUC Overview

COVID-19 Response

In FY 2021, the Commission followed through with its COVID-19 response plan established on March 24, 2020, that prioritized 1) ensuring reliable and affordable essential services; 2) achieving clean energy and climate goals, and 3) supporting economic recovery from COVID-19.

The Commission continued its moratorium on utility disconnections and terminations for non-payment and prohibited utility collection of late fees and interest payments through May 31, 2021. This ensured that essential basic needs, such as power and water, were available to customers who needed it most.

Additionally, the Commission authorized utilities to defer costs associated with the suspension of disconnections through May 31, 2021. In response to subsequent regulatory flexibility requests from several utilities, the Commission also granted additional deferred cost approval or emergency rate relief.

The shuttering of the economy left many motor carriers unable to pay their fees to the Commission. In response, the Commission continued to defer the assessment of penalties and interest for motor carriers through at least December 31, 2020. (See page 65 for more information on the effect of the COVID-19 pandemic on motor carriers.)

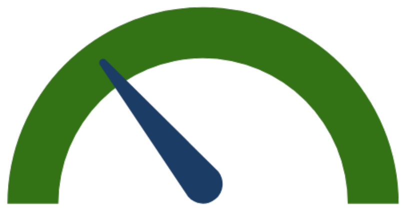
To increase public participation and accommodate social distancing requirements, the Commission held its public hearings and meetings virtually. In FY 2021, the Commission held 19 live streamed events and posted them to YouTube.

The Commission's move to all-electronic filing and processing was originally implemented to protect the health and safety of its employees and the public, but electronic filing and processing continues to provide additional efficiency benefits for our docketing and system processes. The Commission was already on track to upgrade its aging Document Management system to a new Case and Document Management System (CDMS), but the pandemic further served to highlight the importance of electronic filing and processing. We continue to move forward with the CDMS project to improve our IT infrastructure. (See page 6 to learn more about the CDMS project.)

The COVID-19 response plan kept the PUC on track to maintain its service throughout the pandemic.

2021 PUC Overview

Progress Towards a 100% Renewable Future



In FY 2021, the Commission made progress on promoting achievement of our State's clean energy goals. The Commission continues to aggressively investigate and pursue policies that accelerate Hawaii's progress towards a 100% renewable future.

The sections below highlight several key clean energy initiatives.

Performance-Based Regulation

The Commission continues to holistically assess the HECO Companies' regulatory framework to identify areas for improvement and develop new mechanisms to drive superior utility performance. In FY 2021, the Commission approved a new performance-based regulation framework that will strengthen the HECO Companies' financial condition and benefit customers by lowering utility costs, accelerating the integration of renewable energy resources, and improving customer service and engagement.

Looking forward into FY 2022, the Commission will focus its efforts on developing performance incentive mechanisms addressing grid reliability, timely retirement of fossil fuel generation units, interconnection of large-scale renewable energy projects, improved cost control, and expedient utilization of grid services from demand-side resources that will align the HECO Companies' financial incentives with customer needs and State policy goals. See Docket No. 2018-0088 on page 37 to read more.

Distributed Energy Resources

Distributed energy resources ("DER") programs offer opportunities for customers with on-site rooftop solar photovoltaic systems, battery energy storage, and other smaller-scale resources to utilize their investments to contribute to grid management and achievement of the State's clean energy goals.

In FY 2021, the Commission encouraged the development of an emergency capacity program that would make available grid service delivery from DERs as the AES coal plant retires. The Commission also approved Hawaiian Electric's Emergency Demand Response Program/Schedule Dispatch Program Implementation Plan, thereby enabling the establishment of the Battery Bonus program, which offers customers a one-time cash incentive to add energy storage to an existing or new rooftop solar system.

The ongoing DER proceeding aims to incentivize customer device usage in a way that benefits the grid and to ensure market stability for the clean energy industry in Hawaii. In addition to these programs offered directly by the HECO Companies, the Commission approved several Grid Service Purchase Agreements, which will supply energy and grid services that bolster system reliability. See Docket No. 2019-0323 on page 39 to read more.

2021 PUC Overview

Expand Access and Affordability of Clean Energy

Expanding access to the economic, environmental, and societal benefits of renewable energy will help the State reach its 100% RPS goal. Additionally, reducing overall electricity consumption will help the State to achieve its renewable portfolio standard goals.

Energy Efficiency

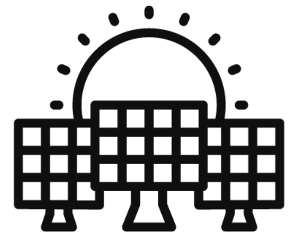
The State's Energy Efficiency Portfolio Standard ("EEPS") sets a goal of reducing statewide electricity use by 4,300 gigawatt hours by 2030. Funded by the Public Benefits Fee, Hawaii Energy, the Commission's third-party administrator, designs and delivers programs supporting the optimization of electricity use.

In FY 2021, Hawaii Energy offered efficiency incentives and enhanced community-based programming saving over 116 million in kWhs, for residential and commercial customers. Hawaii Energy also processed nearly 20,000 rebates, conducted approximately 7,000 participant hours of educational workshops and technical training, and completed over 11,000 projects for Hawaiian Electric customers.

In response to COVID-19 impacts, Hawaii Energy made significant adjustments to their Program Year 2020 and 2021 plans to support residents and businesses. These changes include an offering of the Energy Relief Grant, which provided over $2 million in funding to businesses and non-profits for energy efficiency upgrades, incentive increases by one to three times the previous year's offerings, and distribution of free home energy kits (in partnership with food bank community organizations).

See Docket No. 2007-0323 on page 37 to read more.

Community-Based Renewable Energy



The Community-Based Renewable Energy ("CBRE") framework allows utility customers who are unable to directly participate in renewable energy generation because of their location, building type, access to the electric utility grid, and other impediments to participate directly in off-site renewable energy projects through a bill credit arrangement.

In FY 2021, the Commission moved into Phase 2 of the HECO Companies' CBRE program, which dramatically expands access to the economic, environmental, and societal benefits of renewable energy. Phase 2 specifically addresses the needs of renters, shared building occupants, and low-to-moderate income earners. It already issued requests for proposals ("RFP") for Molokai and Lanai. The Commission also held community meetings for Oahu, Maui and Hawaii Island to discuss the project with the community ahead of issuing RFPs.

See Docket No. 2015-0389 on page 18 to read more.

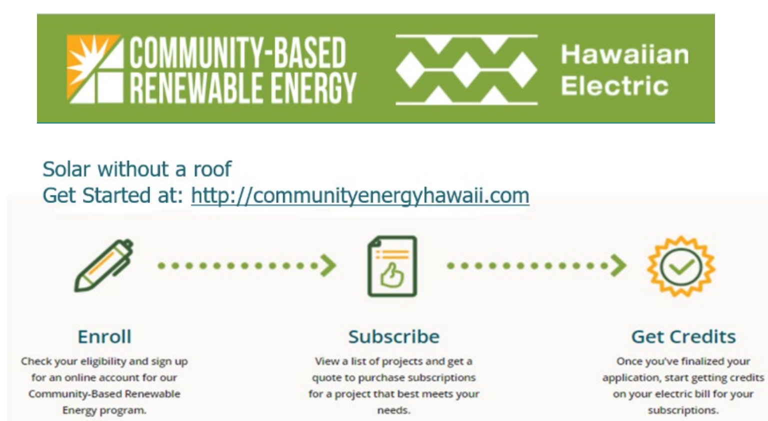


Table of Contents

I. Introduction

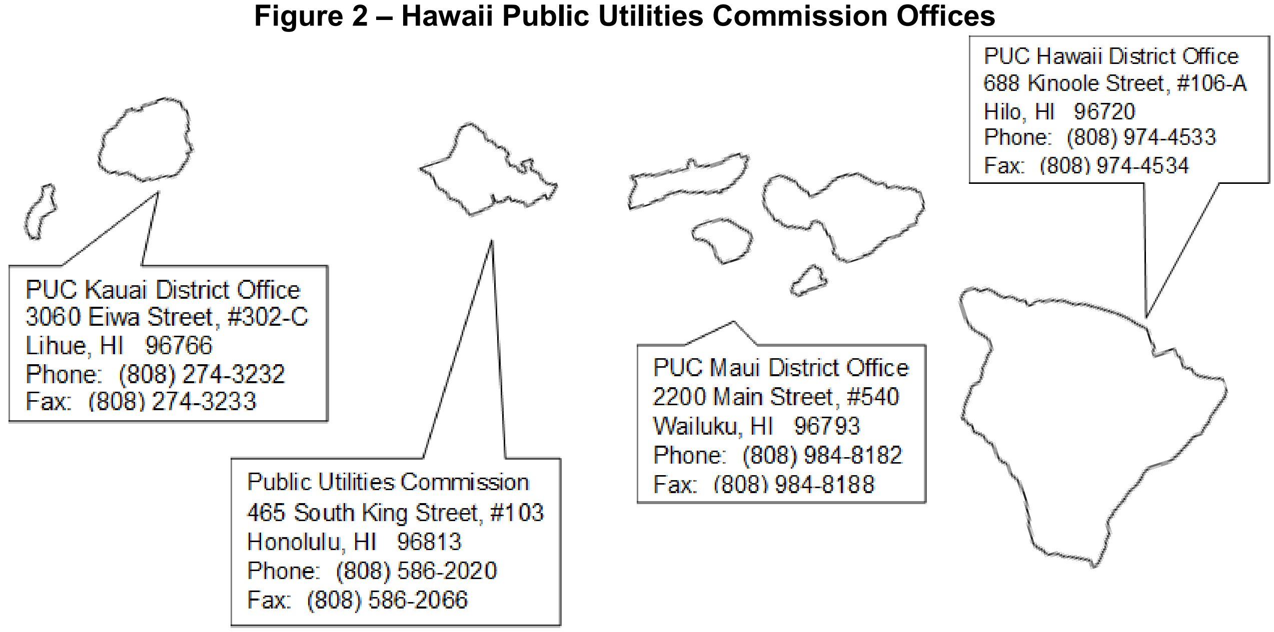
The Public Utilities Commission of the State of Hawaii submits this Annual Report pursuant to Hawaii Revised Statutes ("HRS") §§ 269-5 and 269-33. This report summarizes the activities and operations of the Commission and the public utilities it regulated during FY 2021, which runs from July 1, 2020 to June 30, 2021. Regulated utilities' reported financial and budget information reflect information from the 2020 fiscal year. Where possible, this report reflects the most current information.

The Commission regulates 1,824 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 Hawaii Public Utilities Commission

Industry	Type	Regulated Entities
Energy	Electricity	Hawaiian Electric Company, Inc.
		Maui Electric Company, Ltd.
		Hawaii Electric Light Company, Inc.
		Kauai Island Utility Cooperative
	Gas	The Gas Company, dba Hawaii Gas
Transportation	Water Carriers	Young Brothers
		Hono Heke
	Motor Carriers	1,026 Passenger Carriers
		577 Property Carriers
Telecom		Hawaiian Telcom
		174 Wireless and Wireline Companies
Water/Wastewater		39 Private Water and Sewer Companies

Figure 2 – Hawaii Public Utilities Commission Offices



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 the 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. Administrative Update

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

The PUC's Core Values help to guide us as we work toward achieving our goals. We continue to integrate our Core Values into our performance and personal interactions to fuel a healthy work culture.

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

Strategic Plan & Values

The Public Utilities Commission's 2020-2022 Strategic Plan is our long-range framework that helps us focus our efforts on actions to fulfill our mission and achieve our strategic goals. The plan's two main priority goals are: to establish well-documented, modernized policies and procedures; and to create a work environment that fosters organizational success.

Although the State's clean energy goals are not explicitly stated in the PUC's Strategic Plan, the plan aligns with and supports the State's efforts to reach 100% renewable energy by 2045. As the PUC implements actions to achieve its Strategic Plan goals, we will be in a better position to support Hawaii's communities and help the State achieve its clean energy goals.

In early 2021, the PUC continued its strategic planning process and refined the Strategic Action Plans, which focuses on three areas: Communications, Human Resources, and Consumer Affairs and Compliance. These comprehensive operational plans identify concrete and detailed initiatives to support the two strategic goals. The Communications Action Plan includes initiatives to enhance internal communications by utilizing technology to share information (resources, timely updates) with employees, establish regularly scheduled all staff and section meetings, and improve external communications processes (i.e., public comments, complaints). The Human Resources Action Plan includes the creation of a professional development program for staff and the development of a holistic orientation and on-boarding process for all new employees. The Consumer Affairs and Compliance Action

Plan includes the creation of an internal online repository for forms and documented policies and procedures, and the enhancement of the PUC website with pertinent information and resources about policies and procedures that is well-organized, clear, and easy to access.

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 2023, 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 standardized 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.

Case and Document Management System Project

The new Case and Document Management System (CDMS) will replace the Commission's current Document Management System (DMS) with a modern, user-friendly and integrated Content and Case Management workflow solution that can accommodate docketed and non-docketed processes and documents. This project aligns with the 2018 State Auditor's recommendation to improve the PUC's Information Technology infrastructure and customer accessibility.

The CDMS project will replace the current DMS repository with the following:

- A cloud-based repository with full-text search
- Form-based filing that makes it easy on the filer to provide metadata that drives search optimization
- Integrated case management application that accommodates docketed and non-docketed processes with a highly configurable workflow tool
- A user-friendly web interface (i.e., web portal)
- Capability to submit confidential filings and documents securely online

The CDMS Solution Integrator RFP was issued on October 19, 2020, and the Independent Verification and Validation ("IV&V") RFP was issued on February 4, 2021. Pacific Point was selected as the CDMS Solution Integrator, and PCG Consulting was selected as the IV&V Contractor. Work with Pacific Point and PCG commenced on July 1, 2021.

All electronic documents will be migrated to the new DocuSign document repository. This project will affect PUC staff and the majority of the internal work processes. Documentation of current-state workflows will continue as the automated business workflows are developed in the new CDMS system. As of November 2021, Pacific Point has completed the Requirements phase and has begun the Solution Development phase.

Personnel Update

During the fiscal year, the Commission redescribed 9 positions, and recruited and filled 12 vacant positions. The newest employees benefited from a new holistic employee on-boarding process. The Commission's first all-staff Strategic Planning Retreat was held in January 2020. The Commission held its all-hands meeting in an all-virtual participation format in February and December 2021, and plans to regularly incorporate all-hands meetings as a forum to share important updates, as well as Commission staff work and accomplishments. As the COVID-19 pandemic continues, the Commission continues to support essential operations while keeping its staff and the public informed.

III. Recommendations for Legislative & Executive Action

Recommendation for the 2022 Legislature

Apply the existing advance warning requirements under HRS Chapter 269E to excavators operating on residential properties and clarify various excavation requirements and reporting procedures.

Excavators are currently required to call the One Call Center, as set forth in chapter 269E, HRS, prior to commencing excavation. This requirement provides the opportunity for the One Call Center to check for pipelines or similar infrastructure where an individual or organization plans to dig, in order to avoid accidentally hitting such infrastructure.However, the current statute does not require excavators operating on residential properties (one to two family homes) to contact the One Call Center prior to excavation. As a result, underground utility infrastructure is frequently impacted on residential properties. In 2020, 68% of subsurface utility infrastructure "hits" occurred on residential property.

This exemption creates significant risk for homeowners who are digging on their property, contractors who are hired to do such work, and community members who use shared infrastructure. For example, breaching a water pipeline can result in long water outages, especially in concentrated residential areas. In the case of a gas leak, there may be risks of physical harm to homeowners, neighbors, and those performing the excavation work.

The Commission is requesting statutory amendments to include residential properties under the existing advance warning requirements and to clarify various requirements and reporting procedures. These amendments will reduce risks of water outages, gas leaks, electrocution, and other harms that can be caused by digging into subsurface utility infrastructure.

Implemented: Recommendation for the 2021 Legislature

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

The Commission's only legislative proposal in 2021 was passed by the Legislature and signed into law by Governor Ige as Act 72 on June 25, 2021. Act 72 updated various provisions in HRS chapters 269, 271, and 271G to allow the Commission to utilize electronic processes in various situations where it was previously required to strictly employ hard copy service or filing.

Prior to the COVID-19 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 nearly all docketed filings through electronic means. This modification has allowed the Commission to conduct business more safely and efficiently, while becoming more accessible to regulated entities, stakeholders, and members of the public.

IV. 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 2020 are under docket number "2020-0000" and those from calendar year 2021 are under docket number "2021-0000"). In this section, docket summaries and regulatory issues are reported by industry.

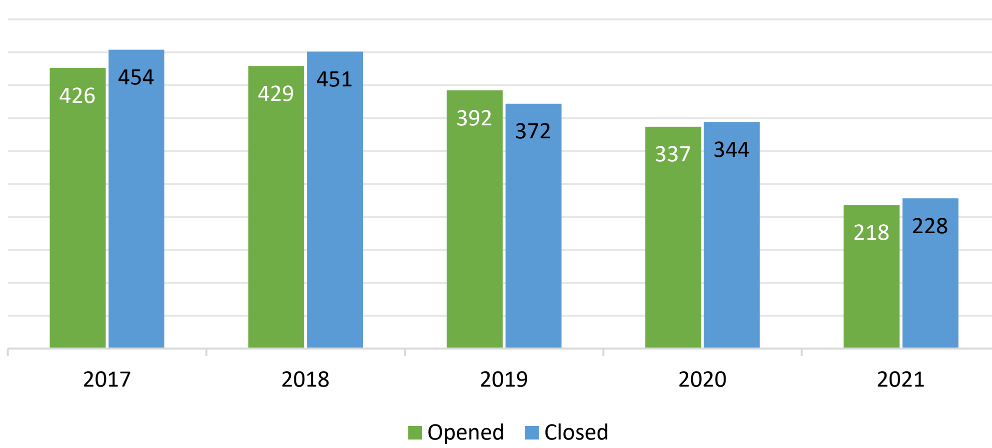
Docket Statistics

The Commission issued a total of 622 decisions and orders in FY 2021. At the beginning of FY 2021, there were 154 pending dockets that had been opened and carried over from previous fiscal years. During the past fiscal year, an additional 218 new dockets were opened. Thus, during FY 2021, a total of 372 dockets were before the Commission for review and consideration. Of the 372 dockets, 228 were closed by the end of FY 2021. As of June 30, 2021, a total of 144 open dockets remains pending and carried over to FY 2022. The number of dockets by type and status are shown in Table 1. The number of dockets opened and closed over the past five fiscal years are sown in Figure 3.

Table 1 – Public Utilities Commission Dockets Opened Closed and Carried Over

Sector	Carried over from FY20	Opened in FY21	Total of FY20 Carried Over + FY21 Opened	Closed in FY21	To Carry Forward to FY22
Electric	59	37	96	26	70
Gas	5	8	13	3	10
Telecommunication	13	25	38	30	8
Water/Sewer	16	6	22	12	10
Motor Carrier - Passenger	40	81	121	97	24
Motor Carrier - Property	12	41	53	50	3
Water Carrier	6	4	10	3	7
One Call Center	2	15	17	6	11
Other	1	1	2	1	1
TOTAL	**154**	**218**	**372**	**228**	**144**

Figure 3 - Dockets Opened and Closed, Fiscal Years 2017-2021



A. Electricity

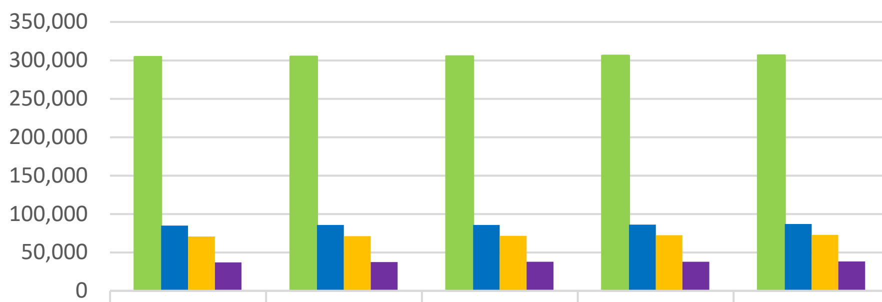
The Commission regulates four electric utilities engaged in the production, purchase, transmission, distribution, and sale of electric energy in the State: Hawaiian Electric Company, Inc., ("HECO"), which serves the island of Oahu; Maui Electric Company, Limited ("MECO"), which serves the islands of 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) Rate Cases, 4) Other Ratemaking and Tariffs, 5) Summary of Power Purchase Agreements, 6) Resource Acquisition, 7) Fuel Contracts, 8) Capital Expenditures, 9) Overhead and Underground Transmission Lines, 10) Financing, 11) Property and Asset Transfers, 12) Donations, 13) Petitions and Complaints, 14).Electrification of Transportation, 15) COVID-19 Related, 16) Miscellaneous, 17) Commission-Directed Investigations, and 18) Reliability and Quality of Service.

1) Operations

The number of customers served by electric utilities has shown modest year-over-year growth since 2016. See Figure 4.

Figure 4 – Number of Electric Utility Customers, Calendar Years 2016-2020[1]

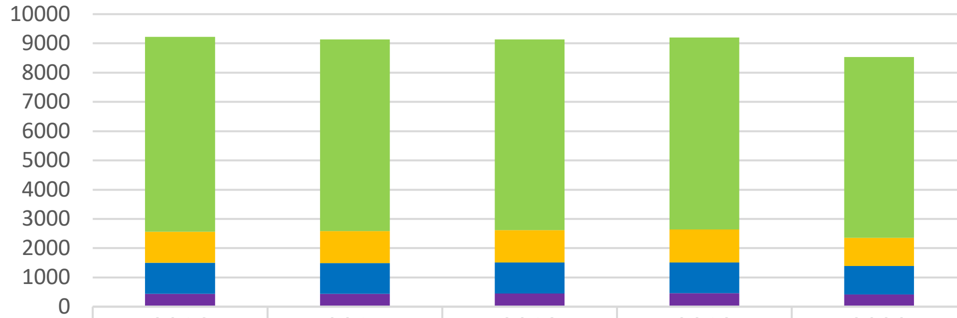


	2016	2017	2018	2019	2020
HECO	304,261	304,948	305,285	305,984	306,606
HELCO	85,029	85,925	85,811	86,271	87,023
MECO	70,872	71,352	71,650	72,233	72,948
KIUC	37,130	37,439	37,705	37,917	38,257

Annual electricity sales have been slightly decreasing statewide over the years, with an average 9% decrease across the islands between the years 2019 and 2020 largely due to the COVID-19 pandemic.[2] See Figure 5.

[1] Data obtained from the electric utilities' Annual Financial Reports filed with the Commission.
[2] Hawaiian Electric Companies 10K Annual Report filed February 26, 2021 at page 27. https://www.hei.com/investor-relations/reports-and-filings/

Figure 5 – Annual Electricity Sales in Gigawatt-hours, 2016-2020



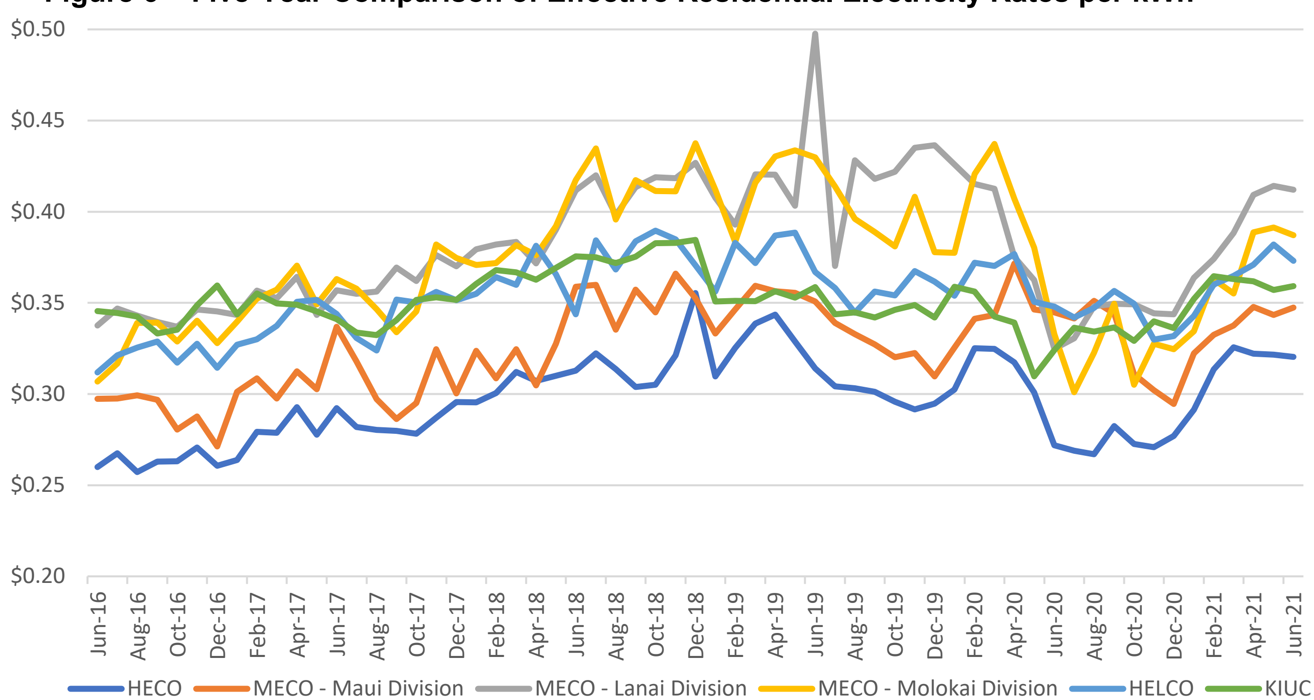
	2016	2017	2018	2019	2020
HECO	6,660	6,549	6,526	6,563	6,183
MECO	1,059	1,095	1,099	1,127	959
HELCO	1,067	1,047	1,064	1,050	978
KIUC	439	445	451	460	415

2) 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 6, the current effective rate is reported as monthly residential electricity revenues divided by residential electricity sales.

Figure 6 – Five-Year Comparison of Effective Residential Electricity Rates per kWh[3]



[3] Data obtained from DBEDT Monthly Energy Trends https://dbedt.hawaii.gov/economic/energy-trends-2/

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

	Jun-16		Jun-17		Jun-18		Jun-19		Jun-20		Jun-21	
	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill
HECO	$0.26	$122.51	$0.29	$137.43	$0.31	$147.38	$0.31	$160.60	$0.27	$157.63	$0.32	$160.04
HELCO	$0.31	$135.93	$0.34	$143.09	$0.34	$162.65	$0.37	$163.59	$0.35	$145.72	$0.37	$177.79
MECO (Maui)	$0.30	$150.59	$0.34	$165.96	$0.36	$179.98	$0.35	$192.75	$0.34	$161.58	$0.35	$191.51
MECO (Lanai)	$0.34	$141.85	$0.36	$150.25	$0.41	$183.55	$0.50	$207.97	$0.32	$150.55	$0.41	$196.83
MECO (Molokai)	$0.32	$96.20	$0.36	$111.84	$0.42	$127.42	$0.43	$138.31	$0.33	$108.18	$0.39	$137.47
KIUC	$0.35	$170.94	$0.34	$171.65	$0.38	$196.69	$0.36	$188.98	$0.34	$171.23	$0.36	$199.14

3) Rate Cases

Hawaii Electric Light Company, Inc. ("HELCO") 2019 Test Year Rate Case

Docket No. 2018-0368, Status: Closed

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 April 11 and 12, 2019, the Commission held public hearings on HELCO's Application in Kona and Hilo on Hawaii Island. 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. Subsequently, following further discovery and briefing, the Commission issued Decision and Order No. 37237 on July 28, 2020, which maintained the Commission's interim decision to hold rates steady, i.e., no rate increase for customers.

Hawaiian Electric Company, Inc. ("HECO") 2020 Test Year Rate Case

Docket No. 2019-0085, Status: Closed

On August 21, 2019, 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 6:00 p.m. at the Public Utilities Commission's Hearing Room. On May 27, 2020, HECO and the Consumer Advocate submitted a proposed joint stipulation, which offered to 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.

4) Other Ratemaking and Tariffs

HECO's Application for Approval of a Green Tariff Program Phase 1 Pilot
Docket No. 2020-0204; Open

On December 8, 2020, HECO filed its application requesting approval to establish a Green Tariff Program Phase 1 Pilot and to receive waiver from the Commission's Framework for Competitive Bidding for a request for proposals ("RFP") to be issued by HECO in connection with the procurement of a solar plus storage facility on land owned by the University of Hawaii ("UH") on the island of Oahu.

Under the Green Tariff Program, qualified participants will have the ability to attribute all or a part of the energy supplied to them to specific renewable energy resources as an adjustment to their utility bill. A critical feature of the Green Tariff Program is that participants are required to provide land at no cost to the project developer, which allows for more favorable pricing and helps address the important challenge of finding available land to site new renewable energy projects. The Docket is currently pending before the Commission.

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; Closed

On May 24, 2019, the HECO Companies submitted an application requesting approval to modify some of their existing Performance Incentive Mechanisms ("PIM") tariffs to reflect proposed changes to the measurements used to calculate the PIMs. In particular, the Companies sought 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. On February 20, 2021, the Commission issued Decision and Order No. 37600, which resolved the remaining issue by granting the Companies' request to use a modified methodology for purpose of setting targets and measuring the Companies' performance for their service reliability PIMs going forward. See also the Commission's investigation on Performance Based Regulation in Docket No. 2018-0088 on page 37.

HECO Protected Agricultural Rider
Docket No. 2021-0078; Open

On May 21, 2021, the Hawaiian Electric Companies filed an application requesting approval of a new protected agricultural rider and associated form contract. Under the new agricultural rider, titled "Rider PA," commercial customers would be eligible to receive electricity at preferential rates, provided that 70% or more of the customer's electricity usage is for protected agricultural activities. This new rider would be available to customers in all five of the Hawaiian Electric Companies' service territories. This Docket is currently pending before the Commission.

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"), regarding Well 17. 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.

5) Summary of Power Purchase Agreements

In accordance with Act 260, SLH 2013, summaries of Power Purchase Agreements ("PPAs"), including pricing by island, are provided in the following tables:

Table 3 - Summary of Power Purchase Agreements in Effect on Oahu, FY 2021

OAHU Facility Name	Export Capacity (MW)	Facility Type	Average FY21 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	$0.2144	Any	Wind	2009-0176	5/31/2031
Kawailoa Wind	69	As Available	$0.2292	Any	Wind	2011-0224	11/30/2032
Kalaeloa Renewable Energy Park	5	As Available	$0.2160	Any	Solar	2011-0384	11/22/2033
Kalaeloa Solar Two	5	As Available	$0.2385	Any	Solar	2011-0051	12/31/2032
Kapolei Sustainable Energy Park	1	As Available	$0.2360	Any	Solar	2011-0185	12/30/2031
IES Downstream LLC	9.6	As Available	$0.0766	On Peak[b]	Refinery Gas / Naphtha	Docket No. 6717. In service 8/2/1990.	Year to year
			$0.0933	Off Peak[b]			
Par Hawaii Refining LLC[c]	18.5	As Available	$0.0757	On Peak	Refinery Gas / Naphtha	Docket No. 5025. In service 12/28/1983.	Year to year
			$0.0883	Off Peak			
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.	11/30/2041
Lanikuhana Solar	14.7	As Available	$0.1305	Any	Solar	In service 9/19/2019.	9/30/2041
Waipio PV	45.9	As Available	$0.1218	Any	Solar	In service 9/19/2019.	9/30/2041

AES Hawaii[d]	180	Firm	$0.0627	Any	Coal	Docket No. 6177. In service 9/1/1992.	9/1/2022
Kalaeloa Partners[e]	208	Firm	$0.1119	Any	LSFO*	Docket No. 6378. In service 5/23/1991.	10/31/2019
Na Pua Makani Power Partners, LLC	24	As Available	$0.1393	Any	Wind	2013-0423 In service 12/11/2020	12/11/2040
H-POWER	68.5	Firm	$0.1804	On Peak	Waste	2012-0129	4/2/2033
			$0.1351	Off Peak			
Feed-in Tariff	Varies	As Available	$0.2352	Any	Solar	2008-0273	20 years
Avoided Energy Cost Rate			$0.0766	On Peak	Docket No. 7310, Decision and Order No. 24086; 2008-0069		
			$0.0933	Off Peak	Docket No. 7310, Decision and Order No. 24086; 2008-0069		

a Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).

b "On peak" is from 7 a.m. to 9 p.m. "Off peak" is from 9 p.m. to 7 a.m.

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.

Table 4 – Summary of Power Purchase Agreements in Effect on Hawaii Island, FY 2021

HAWAII Facility Name	Export Capacity (MW)	Facility Type	Average FY21 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	$0.1186	On Peak	Wind	2004-0016	5/18/2021
			$0.1148	Off Peak			
Hamakua Energy [d]	60	Firm	$0.1587	Any	Naphtha/ Biodiesel	1998-0013	12/31/2030
Puna Geothermal Venture (PGV)[c]	25	Firm	$0.1276	On Peak	Geo-thermal	2011-0040	12/31/2027
			$0.1228	Off Peak			
	5	Firm	$0.1345	Any			
	8	Cycling	$0.0684	On Peak			
			$0.0684	Off Peak			
Tawhiri Power (Pakini Nui)	20.5	As Available	$0.1313	On Peak	Wind	2004-0346	4/2/2027
			$0.1263	Off Peak			
Wailuku River Hydro	12.1	As Available	$0.1204	On Peak	Hydro	6956	5/12/2023
			$0.1156	Off Peak			
Feed-in Tariff	Varies	As Available	$0.2348	Any	Solar	2008-0273	20 years
Schedule Q[b]	Varies	As Available	$0.1139	Any	Docket No. 7310 Decision and Order No. 24086; 2008-0069		
Avoided Energy Cost Rate			$0.1191	On Peak	Docket No. 7310 Decision and Order No. 24086		
			$0.1156	Off Peak			

a Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).

b Includes County of Hawaii Department of Water Supply and Palm Valley Farm.

c PGV returned to service in November 2020. Average price is based on period from November 2020 to June 2021.

d Energy Price based on Hamakua Energy's Energy Cost, which includes Fuel and Variable O&M components.

Table 5 – Summary of Power Purchase Agreements in Effect on Maui Island, FY 2021

MAUI Facility Name	Export Capacity (MW)	Facility Type	Average FY21 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	$0.1394	On Peak	Wind	2004-0365	6/9/2026
			$0.1307	Off Peak		6/9/2006	
Kaheawa Wind Power II	21	As Available	$0.2511	Any	Wind	2010-0279 7/2/2012	7/2/2032
Auwahi Wind Energy	21	As Available	$0.2118	Any	Wind	2011-0060 12/8/2012	12/28/2032
Makila Hydro[b]	0.5	As Available	$0.0000	On Peak	Hydro	2005-0161	7/1/2019
			$0.0000	Off Peak		9/22/2006	
Feed-in Tariff	Varies	As Available	$0.2261	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			$0.1065	On Peak	Docket No. 7310 Decision and Order No. 24086		
			$0.1007	Off Peak			

a. Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).
b. The Makila Hydro, LLC PPA was terminated on 7/1/2019. Makila Hydro, LLC did not sell any energy to Maui Electric in Fiscal Year 2021.

Table 6 – Power Purchase Agreements in Effect on Lanai Island, FY 2021

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	1.2	As Available	$0.3000	Any	Solar	2008-0167 12/19/2008	12/19/2033

a There are no FIT projects on Lanai.

Table 7 – Power Purchase Agreements in Effect on Molokai Island, FY 2021

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

Table 8 – Summary of Power Purchase Agreements in Effect on Kauai Island, FY 2021

KAUAI Facility Name	Facility Capacity MW	Facility Type	Average FY21 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	$0.1750	Any	Hydro	2014-0203	01/01/2044
Kapaa	1	As Available	$0.2000	Daytime	Solar	2010-0179	3/4/2031
Kauai Coffee	4.8	As Available	$0.2013	Any	Hydro	2012-0150	1/31/2033
Kekaha Ag Assoc	1.5	As Available	$0.0781	Any	Hydro	2001-0055	Month to Month
Ka'ie'ie Waho Company (formerly McBryde)	6	As Available	$0.2000	Daytime	Solar	2011-0180	12/21/2032
MP2 Kaneshiro	0.300	As Available	$0.2000	Daytime	Solar	2011-0362	1/4/2033
Pioneer Seed	0.25	As Available	N/A	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	$0.2571	Any	Biomass	2011-0032	1/31/2036
KRS1 Anahola	12	As Available	$0.1280	Daytime	Solar	2011-0323	10/30/2040
SolarCity/Tesla	13	As Available	$0.1390	Any	Solar & Storage	2015-0331	5/26/2037
AES Lawai	20	As Available	$0.1108	Any	Solar & Storage	2017-0018	06/01/2044
AES Kekaha	14	As Available	$0.0969	Any	Solar & Storage	2017-0443	04/01/2046
Avoided Energy Cost Rate			$0.1152	Docket No. 7310 Decision and Order No. 24086			

6) Resource Acquisition

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

On July 9, 2020, the HECO Companies filed a Request to Recover Demand Response ("DR") Portfolio Variable Costs related to negotiated and finalized Grid Service Purchase Agreements ("GSPAs") for five years through the Demand-Side Management ("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 Fast Frequency Response grid services on Oahu, 13 MW on Maui , and 13 MW on Hawaii Island. On December 31, 2020, the Commission issued Decision and Order No. 37523, by which the Commission: 1) approved the HECO Companies' GSPA with Open Access Technology International, Inc. ("OATI"), and Swell Energy, Inc. ("Swell"); and 2) approved the HECO Companies' request to recover a portion of the Revised DR Portfolio variable costs through the HECO and MECO DSM Surcharge. The Commission also ordered that all future GSPA applications should be filed as a separate application and not in the instant docket.

HECO and MECO continue 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"), and Residential Direct Load Control Program ("RDLC") and Fast Demand Response Programs.. In addition, the HECO Companies have provided the Commission with Annual Program Accomplishments and Surcharge Reports.

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

On December 22, 2017, in Docket No. 2015-0389, the Commission adopted a CBRE Framework for the HECO Companies. The CBRE framework allows utility customers who are unable to directly participate in renewable energy generation because of their location, building type, access to the electric utility grid, and other impediments to 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.

In FY 2021, the Commission moved into Phase 2 of the HECO Companies' CBRE program to dramatically expand access to the economic, environmental, and societal benefits of renewable energy. Phase 2 specifically addresses the needs of renters, shared building occupants, and low-to-moderate income earners. Phase 2 requests for proposals ("RFP") for Molokai and Lanai are now open. The Commission also offered and/or held community meetings for Oahu, Maui and Hawaii Island to hear community concerns regarding project locations, community benefits, and customer education, before issuing final RFPs.

HELCO Request for Approval of Amended and Restated Power Purchase Agreement for Renewable Dispatchable Firm Energy and Capacity with Hu Honua Bioenergy, LLC
Docket No. 2017-0122; Open

On May 24, 2021, the Hawaii Supreme Court issued its decision in SCOT-20-0000569, which vacated the Commission's previous dismissal of HELCO's application for approval of a power purchase agreement with Hu Honua Bioenergy, LLC, and remanded the matter back to the Commission for further proceedings. On June 30, 2021, the Commission issued Order No. 37852, which officially re-opened this docket and established a statement of issues consistent with the Court's instructions in SCOT-20-0000569 and a procedural schedule to guide the remanded proceedings. Pursuant to the procedural schedule, discovery and prehearing testimonies have occurred and an evidentiary hearing is scheduled to take place end of January thru early February 2022.

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; Suspended

On August 6, 2019, the HECO Companies filed a Proposed Draft Request for Proposals ("RFP") 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 June 8, 2020, the HECO Companies proposed combining the Lanai RFP with the RFP underway in the Community Based Renewable Energy proceeding, Docket No. 2015-0389. On September 14, 2021, after numerous meetings and public comments, the Molokai Clean Energy Hui filed an update on its Community Energy Resilience Action Plan ("the Molokai Plan"), in which the Molokai Clean Energy Hui stated that it was collaborating with Sustainable Molokai and the Hawaii Natural Energy Institute to develop an energy plan for Molokai based on thorough, timely, and unbiased technical and economic analyses, and estimated that the Molokai Plan would be completed by March 31, 2023. In light of the above, on September 29, 2021, the Commission suspended the docket, pending the completion and submission of the Molokai Plan. In the interim, the Molokai Clean Energy Hui, Sustainable Molokai, and the Hawaii Natural Energy Institute file regularly updates on the Molokai Plan's progress with 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.

KIUC Application for Approval of Power Purchase Agreement for Renewable Dispatchable Generation with AES West Kauai Energy Project, LLC
Docket No. 2020-0218; Open

On December 31, 2020, KIUC, filed an application requesting approval of: 1) a power purchase agreement between KIUC and AES West Kauai Energy Project, LLC; 2) the commitment of at least $2.7 million to construct 1.5 miles of new transmission line and reconductor 1.0 miles and install 2.65 miles of single mode fiber optic line along KIUC's existing transmission system; and 3) a 69 kilovolt overhead line extensions associated with interconnecting the project with KIUC's system.

On December 1, 2021, the Commission issued Decision and Order No. 38095, approving KIUC's requests, finding that the PPA would deliver benefits including bill savings to KIUC's members, operational flexibility to address KIUC's system's needs with renewable energy, insulation from the volatility of fossil fuel costs, and contributing towards KIUC's Renewable Portfolio Standards.

On December 13, 2021, Po ʻai Wai Ola/West Kauai Watershed Alliance, which is a participant to this proceeding, filed a motion seeking reconsideration of Decision and Order No. 38095, which is currently pending before the Commission.

HECO Companies' Competitive Procurement of Renewable Energy and Storage

Building on the success of the HECO Companies' 2019 competitive procurement process, which added over one gigawatt-hours of storage and 247 megawatts of solar, the Commission directed the Companies to launch a second solicitation for more resources. These projects are expected to contribute towards Hawaii's 100% Renewable Portfolio Standard compliance, support system reliability and grid stability, and insulate customer bills from the volatility of fossil fuel costs. The following table summarizes dockets related to the HECO Companies' competitively procured projects during the fiscal year.

Project	Company	Docket No.	Docket Status	PPA Status	Transmission Interconnection Status
AES Waikoloa Solar, LLC	HELCO	2018-0430	Closed	Approved on 3/25/2019 in D&O 36233.	Approved on 2/4/2021 in D&O 37606
Hoʻohana Solar 1, LLC	HECO	2018-0431	Closed	Approved on 3/25/2019 in D&O 36236.	Approved on 8/10/2021 in D&O 37906
Hale Kuawehi Solar LLC	HELCO	2018-0432	Closed	Approved on 3/25/2019 in D&O 36234	Approved on 2/4/2021 in D&O 37607
Paeahu Solar, LLC	HELCO	2018-0433	Suspended	Docket suspended pending outcome in SCOT-21-0000041	
Mililani I Solar, LLC	HECO	2018-0434	Closed	Approved on 3/25/2019 in D&O 36232. Amendment approved on 10/6/2021 in D&O 38006	Approved on 3/19/2021 in D&O 37683
Waiawa Solar Power LLC	HECO	2018-0435	Closed	Approved on 3/25/19 in D&O 36231 Amendment approved on 10/6/21 in D&O 38007	Approved on 3/19/21 in D&O 37683
AES Kuihelani Solar	MECO	2018-0436	Closed	Approved on 3/25/19 in D&O 36235	Approved on 10/1/21 in D&O 37995
AES West Oahu Solar	HECO	2019-0050	Closed	Approved on 8/20/19 in D&O 36480	Approved on 3/18/21 in D&O 37682
Kapolei Energy Storage I, LLC	HECO	2020-0136	Closed	Approved on 4/29/21 in D&O 37754	Approved on 9/15/21 in D&O 37966
Waiawa Phase 2 Solar, LLC	HECO	2020-0137	Open	Approved on 12/30/21 in D&O 37516	Pending before the Commission
AES Mountain View Solar LLC	HECO	2020-0139	Open	Approved on 3/25/21 in D&O 37699	Pending before the Commission

Mahi Solar, LLC	HECO	2020-0140	Open	Approved on 12/30/20 in D&O 37515	Pending before the Commission
Pulehu Solar LLC	MECO	2020-0141	Open	Approved on 4/14/21 in D&O 37731	Pending before the Commission
Kahana Solar, LLC	MECO	2020-0142	Open	Approved 11/19/21 in D&O 38077	Pending before the Commission
Barbers Point Solar, LLC	HECO	2020-0143	Suspended	Docket suspended pending completion of environmental review for the project	
Kamaole Solar LLC	MECO	2021-0026	Open	Approved on 9/15/21 in D&O 37965	Pending before the Commission

7) Fuel Contracts

KIUC Request for Approval of Fuel Supply Agreement with IES Downstream, LLC
Docket No. 2019-0380; Closed

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. Following additional discovery and briefing, on December 15, 2020, the Commission gave final approval for the Fuel Supply Agreement between KIUC and IES Downstream, LLC subject to certain conditions.

HECO Request for Approval for its Consent to a Facility Fuel Supply Contract Between Par Hawaii Refining LLC and Kalaeloa Partners, L.P
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 decision is expected by early 2022.

HECO Request for Approval of First Amendment to a Petroleum Fuel Supply Contract with Hawaiian Electric and Par Hawaii Refining, LLC
Docket No. 2020-0090; Open

On June 9, 2020, HECO filed an application requesting the Commission issue a Decision and Order: 1) approving an amended petroleum fuel supply contract ("First Amendment") between Par Hawaii Refining, LLC, and HECO; 2) approving a process to create the ability for HECO 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 HECO's Energy Cost Recovery Clause ("ECRC"); and 4) granting HECO 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. Following additional discovery and briefing, on July 6, 2021, the Commission issued a final Decision and Order No. 37857, approving HECO's request, with conditions. This docket remains open as the Commission is currently reviewing HECO's compliance with the Commission conditions imposed in Decision and Order No. 37857.

HECO and MECO Request for Approval of Fuels Transportation Contract with Sause Bros., Inc.
Docket No. 2021-0085; Open

On April 15, 2021, HECO and MECO filed a joint application seeking expedited Commission approval of an inter-island fuels transportation contact with Sause Bros., Inc. This contract would replace an existing, expiring contact for inter-island fuel transportation services to deliver fuel from Barers Point Harbor on Oahu to fuel storage facilities on the neighbor islands. On December 23, 2021, the Commission issued interim Decision and Order No. 38148 which, on an interim basis, approved the inter-island fuels transportation contract with Sause Bros., Inc. and, also on an interim basis, approved the companies' inclusion of certain costs in their respective energy cost recovery clauses. This docket remains open pending a final decision and order from the Commission.

8) Capital Expenditures

The following section provides information on capital improvement projects ("CIP") for HECO, HELCO, MECO, and KIUC for the calendar year ("CY") 2020.

HECO

HECO's actual CY 2020 plant additions, before reduction for contributions in aid of construction received, total $234.3 million.

Table 9 – HECO Summary of CY 2020 Plant Additions[4]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$224.5	$220.1	$4.4
Less than $2.5 million - Plant additions budgeted in 2020, delayed to 2021 or beyond or cancelled	$0.0	$45.7	($45.7)
Subtotal - Less than $2.5 million	**$224.5**	**$265.8**	**$(41.3)**
GO7 - Greater than $2.5 million	$9.8	$17.4	$(7.6)
GO7 - Greater than $2.5 million - Plant additions budgeted in 2020, delayed to 2021 or beyond	$0.0	$7.1	($7.1)
Subtotal - GO7 - Greater than $2.5 million	**$9.8**	**$24.5**	**($14.7)**
Corporate Placeholder Adjustment	**$0.0**	**($71.6)**	**$71.6**
Total	**$234.3**	**$218.7**	**$15.6**

[4] 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.

HELCO

HELCO's actual CY 2020 plant additions, before reduction for contribution in aid of construction received, total $48.8 million.

Table 10 – HELCO Summary of CY 2020 Plant Additions[5]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$48.5	$43.8	$4.7
Less than $2.5 million - Plant additions budgeted in 2020, delayed to 2021 or beyond or cancelled	$0.0	$11.2	($11.2)
Subtotal - Less than $2.5 million	**$48.5**	**$55.0**	**($6.5)**
GO7 - Greater than $2.5 million	$0.3	$3.1	($2.8)
Subtotal - GO7 - Greater than $2.5 million	**$0.3**	**$3.1**	**($2.8)**
Total	**$48.8**	**$58.1**	**($9.3)**

MECO

MECO's actual CY 2020 plant additions, before reduction for contribution in aid of construction received, total $42.1 million.

Table 11 – MECO Summary of CY 2020 Plant Additions[6]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$38.2	$37.4	$0.8
Less than $2.5 million - Plant additions budgeted in 2020, delayed to 2021 or beyond or cancelled	$0.0	$7.4	($7.4)
Subtotal - Less than $2.5 million	**$38.2**	**$44.8**	**($6.6)**
GO7 - Greater than $2.5 million	$3.9	$2.9	$1.0
GO7 - Greater than $2.5 million - Plant additions budgeted in 2020, delayed to 2021	$0.0	$3.7	($3.7)
Subtotal - GO7 - Greater than $2.5 million	**$3.9**	**$6.6**	**($2.7)**
Total	**$42.1**	**$51.4**	**($9.3)**

KIUC

For CY 2020, KIUC completed 52 CIPs for which none of the individual projects had a total cost exceeding $1 million. KIUC completed three (3) CIPs for which the project had an individual total cost between $1 million and $2.5 million and zero (0) CIP with a total cost at or exceeding $2.5 million in Calendar Year 2020. As shown in Table 12, the total aggregate cost is approximately $12.6 million.

[5] 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.
[6] 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.

Table 12 – KIUC Summary of CY 2020 Completed CIPs[7]

($ in million)	Actual	Budget	Variance
Completed CIPs with a total cost of less than $1 million	$8.7	n/a	n/a
Completed CIPs with a total cost of between $1 million to under $2.5 million	$3.9	$4.2	($0.3)
Completed CIPs with a total cost of $2.5 million or more	$0.0	$0.0	$0.0
Total	**$12.6**	**$4.2**	**($0.3)**

The following section summarizes proceedings before the Commission in FY 2021 related to capital expenditures in excess of $2.5 million.

HECO Companies Request for Phase 1 of the Grid Modernization Project
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 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 Companies to make meter data available to all customers, via the customer portal, in Green Button format. The Commission encouraged the 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 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. On March 3, 2021, the Commission approved the Companies' opt-out deployment plan. On November 4, 2021, the Commission sought information from the Companies on the feasibility and resources required to complete deployment of advanced meters by Q3 2024, Q4 2024, or Q2 2025.

HECO Companies Request for Phase 2 of the Grid Modernization Project
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 component of their Grid Modernization Strategy. On December 30, 2019, the Commission suspended deliberations in this docket until the HECO Companies filed a supplemental application for the broad deployment of sensors and field devices. The Companies filed their updated application, including sensors and field devices on March 31, 2021. After resuming the docket and reviewing the updated Phase 2 application, on November 16, 2021, the Commission again suspended this docket pending the completion of Phase 1, the subject of Docket No. 2018-0141.

[7] 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 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.

KIUC Request for Reconfiguration of Existing Transmission System from Kilohana to Hanahanapuni and from Kilohana to Lihue

Docket No. 2020-0040; Closed

On February 24, 2020, KIUC filed an application requesting approval to commit funds for the reconfiguration of the 69 kilovolt transmission system running from Kilohana to Hanahanapuni and from Kilohana Lihue. The proposed transmission system reconfiguration is intended to minimize incidences of bird strikes by protected species, including the Newell's Shearwater, Hawaiian Petrel, and Band-Rumped Storm-Petrel, and 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, but required KIUC to report on the final costs of the projects within 60 days of its completion.

HELCO Request for the Purchase and Installation of Item No. HZ.005027 Keahole Battery Energy Storage System Project

Docket No. 2020-0127; Open

On August 28, 2020, HELCO filed an application requesting approval to commit approximately $16.9 million to purchase and install a 12 megawatt /12 megawatt-hour Battery Energy Storage System ("BESS") Project ("Project") at the Keahole Generating Station in Kailua-Kona, on Hawaii Island, and a 69 kilovolt overhead line to connect the Project to HELCO's transmission system. HELCO subsequently sought and received approval to amend its application to seek recovery of Project costs through the Exceptional Project Recovery Mechanism ("EPRM"). HELCO states that the Project will provide contingency storage and fast frequency response service needed to help avoid customer outages and possible failure of the system during loss of generation and other disturbances. HELCO's request is currently pending before the Commission.

MECO Request for the Purchase and Installation of Item MZ.005002, Waena Battery Energy Storage System

Docket No. 2020-0132; Open

On August 28, 2020, MECO filed an application requesting approval to commit approximately $60 million to purchase and install a 40 megawatt ("MW")/160 megawatt-hour ("MWh") Battery Energy Storage System ("BESS") at its Waena Site in Central Maui, as well as a 69 kilovolt overhead line to connect the Project to MECO's transmission system. MECO subsequently requested and received approval to amend its application to seek recovery of Project costs through the Exceptional Project Recovery Mechanism. MECO states that the Project will help facilitate the retirement of Kahului Power Plant, support the integration of more renewable resources, and provide grid services. MECO's request is currently pending before the Commission.

HECO Request for the PE.000075, Waiau 46 kV Substation Replacement
Docket No. 2020-0153; Closed

On September 30, 2020, HECO filed an application requesting approval to: 1) commit approximately $73 million for the construction and installation of a 46 kilovolt ("kV") Gas Insulated Substation facility to replace the existing Waiau 46 kV Air Insulated Substation and 2) construct related 46 kV sub-transmission lines above and below the surface of the ground. In support, HECO stated that much of the existing Waiau 46 kV substation's structure and equipment had reached the end of its useful life and needed to be replaced in order to maintain reliable electrical service. On October 22, 2021, the Commission approved HECO's requests, but required HECO to report on the project's actual costs, including an explanation for any deviations from the estimated costs.

MECO Request for the Switchyard/Synchronous Condenser Project
Docket No. 2020-0167; Open

On October 22, 2020, MECO filed an application requesting approval to commit approximately $38.8 million for the Switchyard/Synchronous Condenser Project ("Project'), which includes: 1) approximately $29,900,000 for the construction of a Switchyard at MECO's Waena site, including the extension of two 69 kilovolt overhead transmission lines and the relocation of an existing short section of an overhead transmission line; and 2) approximately $8,900,000 for the conversion of two generating units to Synchronous Condensers at Kahului Power Plant ("KPP") in Central Maui. MECO subsequently requested and received leave to amend its application to seek recovery of Project costs through the Exceptional Project Recovery Mechanism. In support, MECO stated that the project will facilitate the retirement of the Kahului Power Plant, as well as the integration of more renewable energy on to MECO's system. On November 23, 2021, the Commission approved MECO's requests, but limited the amount of project costs recoverable through the EPRM and required MECO to report on the project's development, as well as provide a plan to decommission KPP.

HECO Request for Item P.G.005198 Waiau Fuel Oil Tank Farm Containment Project.
Docket No. 2020-0187; Closed

On November 10, 2020, HECO filed an application requesting approval to commit approximately $5,227,459 to install an impermeable geomembrane liner on the surface of the ground at the Waiau Fuel Oil Tank Farm ("Tank Farm"). HECO asserted that the geomembrane liner was necessary due to a recent low sulfur fuel oil leak at the Tank Farm. On April 29, 2021, the Commission approved HECO's request, but required HECO to provide a report on the project's final costs, including any deviation from project estimates.

HECO Request for Item PE005043, Archer GIS Replacement
Docket No. 2020-0115; Closed

On October 25, 2019, HECO filed an application requesting approval to replace the Gas Insulated Switchgear ("GIS") at its Archer Substation with a new GIS due to the equipment's age and failures. HECO stated that the GIS is necessary to connect three 138-46 kilovolt ("kV") transformers, which in turn energize five 46 kV circuits and two 46-12 kV distribution transformers that expand from the Archer Substation to energize fifteen 46-12 kV distribution transformers spanning from downtown Honolulu to Waikiki. On August 5, 2021, the Commission approved HECO's request, but required HECO to provide a response on the project's final costs, including any deviation from project estimates.

HECO Request for the Revision and Installation of the Waiawa Under Frequency Load Shed Project
Docket No. 2021-0017; Open

On January 29, 2021, HECO filed an application requesting expedited approval to commit funds for the revision and installation of the Waiawa Under Frequency Load Shed scheme ("UFLS"), which HECO maintains is necessary to accommodate the expected load growth on the Waiau-Mililani and Wahiawa-Waimano 46 kilovolt circuits. HECO also requested interim cost recovery for the UFLS through the recently approved Exceptional Project Recovery Mechanism. HECO's request is currently pending before the Commission.

HECO Request for Item PG005165, Waiau Unit 10 Stationary Turbine Blade Replacement
Docket No. 2021-0019; Closed

On February 1, 2021, HECO filed an application requesting expedited approval to commit funds to replace the stationary turbine blades on its Waiau 10 combustion turbine generator, which were past its recommended number of life cycles and had formed cracks. In order to address risks associated with safety and more severe damage to the turbine, HECO proposed replacing the turbine blade. On May 28, 2021, the Commission approved HECO's request, but required HECO to file a report on the project's final costs, including any deviation from the project estimates.

HECO Request for Items PG005070, PG005071, PG005153, Waiau Unit 10 Projects
Docket No. 2021-0053; Closed

On March 31, 2021, HECO filed an application requesting approval to commit funds to replace the turbine blades, turbine rotor, and compressor blades on its Waiau 10 combustion turbine generator due to the age of these parts and the attendant risk of failure. According to HECO, these identified parts had all exceeded their original manufacturers recommended number of cycles. On November 4, 2021, the Commission approved HECO's request, but required HECO to submit a report detailing the project's actual costs and explaining any deviance from the project estimates.

HECO Request for Item PG005219, Waiau Unit 9 Turbine Rotor Replacement Project
Docket No. 2021-0076; Closed

On May 13, 2021, HECO filed an application requesting approval to commit funds to replace the turbine rotor on its Waiau 9 combustion turbine generator due to the age of this part. According to HECO, the turbine rotor has exceeded the original equipment manufacturer's recommended number of cycles. HECO notes that these improvements to the Waiau 9 combustion turbine are consistent with repairs to the Waiau 10 combustion turbine, which was the subject of Docket No. 2021-0053. On December 16, 2021, the Commission approved the commitment of funds for this project.

HECO Request for the PZ.005125 - Kahe-Waiau 138 kV Undergrounding Project
Docket No. 2021-0086; Open

On June 15, 2021, HECO filed an application requesting approval to commit approximately $4.2 million to relocate a section of the existing overhead Kahe-Waiau transmission line underground, as well as to recover project costs through the Exceptional Project Recovery Mechanism. HECO states that the project is necessary in order to facilitate the interconnection of the Kahe-Halawa #1 138 kilovolt ("kV") line and Hawala #2 138 kV line into an anticipated Ho ʻohana Switching Station, which will, in turn, be used to integrate future renewable energy projects. The Commission is currently reviewing HECO's application.

HELCO Request to Perform Major Overhaul on Keahole CT-5
Docket No. 2021-0097; Open

On July 2, 2021, HELCO filed an application requesting approval to commit approximately $3,801,000 to perform an overhaul on one of its three nominal 20 megawatt combustion turbine generators at its Keahole power plant. HELCO indicates that an overhaul is recommended after approximately 50,000 hours of operation, which CT-5 is expected to reach in early- to mid-2023, to ensure continued reliable and safe operations of the unit. The application is currently pending before the Commission.

HECO Request for Item PZ.005089, Kulanihakoi Substation Project
Docket No. 2020-0182; Open

On November 4, 2020, HECO filed an application requesting approval of its Kulanihakoi Substation Project that would occur in the Hoʻopili area on the island of Oahu, as well as cost recovery under the Major Project Interim Recovery Adjustment Mechanism. On May 28, 2021, HECO filed an amended application that, among other things, amended its cost recovery request under the Exceptional Project Recovery Mechanism ("EPRM"). HECO stated that the Kulanihakoi Substation will primarily accommodate the expected load growth from the planned Ho ʻopili subdivision and other future developments. On November 30, 2021, the Commission approved HECO's request to commit approximately $18,061,454 to build the Kulanihakoi Substation, but denied HECO's request to include these costs in the EPRM, finding that although HECO had demonstrated that the project merited cost approval, it did not justify the exceptional cost recovery treatment provided under the EPRM.

HECO Request for Item P0003050, 46-kilovolt Mobile Substation Purchase
Docket No. 2021-0052; Open

On April 30, 2021, HECO filed an application requesting approval of its 46 kilovolt mobile substation project which would replace the older of the two mobile substations currently owned by HECO, which has reached the end of its usable life. HECO states that the mobile substation will be used to help restore service in the event of an unplanned substation or extended planned substation outage. HECO's request is currently pending before the Commission.

9) Overhead and Underground Transmission Lines

Pursuant to HRS § 269-27.5, whenever a public utility plans to place, construct, erect, or otherwise build a new 46 kilovolt ("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 highvoltage 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 and power purchase agreements with independent power producers include overhead and underground power line components, which are described separately above.)

Docket No.	Company	Status
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.
2019-0119 *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	The Commission approved HECO's request to relocate the overhead portion of existing distribution circuits that are currently in the Right of Entry granted by the University of Hawaii West Oahu in Kapolei on the island of Oahu.
2020-0050 *Closed*	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 was suspended 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 unsuspended the docket and held a virtual public hearing on March 11, 2021. The Commission approved HECO's request on August 12, 2021.
2020-0182 *Closed*	HECO	HECO requests Commission approval to construct overhead and underground lines within the Ho`opili area on the island of Oahu and in connection with HECO's proposed Kulanihakoi Substation.
2021-0070 *Open*	HECO	HECO requests Commission approval to construct an overhead and underground line for the Honouliuli Wastewater Treatment Plant CEIP-46 46 kilovolt overhead sub-transmission line relocation project. This docket is currently pending before the Commission.

10) 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; Closed

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 Decision and Order No. 36330, approving the Companies' request subject to certain conditions. On November 17, 2020, the Commission issued Order No. 37443 closing the docket, noting that the HECO Companies had satisfied the conditions required by Decision and Order No. 36330.

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. On February 9, 2021, the Commission approved the HECO Companies' requests subject to certain conditions. This docket remains open because Act 41's authorization ends on June 30, 2024, and the HECO Companies may file a letter request requesting Commission approval and/or certification of additional projects to be financed by the special purpose revenue bonds.

HECO Letter Request for Expedited Approval of a One-Year Extension and Flexibility to Exercise a Commitment Increase Option of its Second Amended and Restated Revolving Syndicated Credit Agreement.
Docket No. 2020-0178; Closed

On November 2, 2020, HECO filed a Letter Request requesting expedited approval to extend and exercise a commitment increase option of its Second Amended and Restated Revolving Syndicated Credit Agreement. On February 1, 2021, the Commission approved HECO's requests, subject to a reporting condition, and closed the docket.

KIUC Request for Approval to Extend the Term of an Existing Line of Credit
Docket No. 2021-0061; Closed

On April 15, 2021, KIUC filed an application requesting Commission approval: 1) of a five-year extension of KIUC's existing $20 million unsecured line of credit facility and 2) for KIUC to enter into a second amended and restated revolving line of credit agreement with National Utilities Cooperative Finance Corporation.

On September 30, 2021, the Commission issued Decision and Order No. 37993, which granted KIUC's requested approvals subject to certain reporting requirements. On December 14, 2021, the Commission issued Order No. 38122, closing the docket, noting that KIUC had complied with the reporting requirement set forth in Decision and Order No. 37993.

HECO Letter Request for Expedited Approval of Amended Revolving Line of Credit
Docket No. 2021-0094; Open

On June 25, 2021, HECO filed a letter request for expedited Commission approval of HECO's third amended and restated revolving syndicated credit facility agreement. This docket is currently pending before the Commission.

11) Property and Asset Transfers

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, wherein it granted final approval of 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.

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), noting that the Lot had been not in use since 2000 and was no longer suitable for utility use.

12) Donations

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

On July 13, 2020 the Commission approved MECO'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.

HELCO 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, HELCO 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 HELCO 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.

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

On April 21, 2020 the HECO Companies 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. On September 4, 2020, the Commission approved the HECO Companies use of the Streamlined Donation process, which allows for expeditious review of donations to non-profit organizations after they are made, through December 31, 2020, but indicated that further extensions may be granted. Among other conditions, the HECO Companies were required to provide a report on donations made during this period using the Streamlined Donation process.

On October 27, 2021, the Commission issued Order No. 38044, which extended the use of the Streamlined Donation process for three years. During this period, the HECO Companies will file annual reports with the Commission on donations made under the Streamlined Donation process. At the end of the three-year extended period, the Commission will re-assess the process.

13) 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 ("Complaint") against HECO and HELCO regarding 27 Feed-in-Tariff ("FIT") solar projects slated for construction in the Ocean View subdivision on the island of Hawaii. The Bosted's Complaint alleged six counts, but primarily asserted that the 27 FIT projects constituted a single project and had circumvented the Commission's Competitive Bidding Framework.

On August 5, 2021, the Commission issued Order No. 37898, which partially granted a motion to dismiss filed by the FIT project developers and dismissed five of the Bosted's six counts. The Commission is in the process of scheduling a hearing on the Bosted's remaining count, regarding circumvention of the Competitive Bidding Framework.

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

On May 10, 2018, Edward C. Murley filed a formal complaint ("Complaint") against HECO asserting that HECO did not provide proper notice when it replaced seven utility poles near Mr. Murley's residence. Following discovery and attempts at mediation, the Commission issued Decision and Order 37941 on August 31, 2021, which resolved the Complaint and ordered HECO to pay a penalty to Mr. Murley in the amount of $1,000. Shortly thereafter, in response to a request by Mr. Murley, the Commission modified this directive and instructed HECO to pay the $1,000 penalty to the Commission, so that those monies could be directed to serve the public interest. On November 9, 2021, HECO timely submitted the penalty to the Commission. On December 14, 2021, the Commission issued Order No. 38121, closing the docket.

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

On December 3, 2018, Life of the 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 50% within ten years. Life of the Land's compliant is currently pending before the Commission.

14) Electrification of Transportation

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

On June 13, 2018, the Commission instituted a proceeding related to the HECO Companies' 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 (Docket No. 2018-0088). 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.

HECO Companies' Application to Establish Electric Vehicle Tariffs on a Pilot Basis
Docket No. 2020-0152; Open

On September 30, 2020, the HECO Companies filed their Application requesting: 1) approval of a new Schedule EV-J and Schedule EV-P on a pilot basis, available to a maximum of 1,000 customers for Schedule EV-J and a maximum of 500 customers for Schedule EV-P; 2) approval for the proposed rates to become effective three months after approval and to remain in effect for five years, allowing the Companies to file revised EV-J and EV-P tariff sheets with the appropriate effective and sunset dates after approval, and 3) allowing the Companies to file revised Schedule EV-F, the Commercial Public Electric Vehicle Charging Facility Service Pilot tariffs, closing EV-F to new customers on Oahu, Hawaii Island, and Maui, to be effective when Schedules EV-J and EV-P become effective. On December 30, 2021, the Commission approved the requested pilot tariffs.

HECO Companies' Application for Approval of the Charge Ready Hawaii Pilot Project
Docket No. 2020-0202; Open

On December 4, 2020, the HECO Companies filed their Application requesting approvals necessary to implement a Charge Ready Hawaii Pilot Project and to recover the associated Pilot costs through the Renewable Energy Infrastructure Program surcharge mechanism. In January 2022, the Commission approved the pilot project subject to conditions.

15) COVID-19 Related

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, which is 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.

On October 30, 2020, the HECO Companies requested Commission approval to extend their deferral accounting period beyond December 31, 2020, citing ongoing impacts from the COVID-19 pandemic and continued uncertainty of when said impacts would decrease and eventually end. On March 8, 2021, the Commission issued Decision and Order No. 37666, approving the HECO Companies' request to extend deferral accounting beyond December 31, 2020, and establishing June 30, 2021 as the deferred accounting end date.

On April 26, 2021, the Commission issued Order No. 37746, closing the docket.

On May 27, 2021, the HECO Companies filed a motion to reopen the docket, seeking an opportunity to request an extension of deferred accounting beyond June 30, 2021, which the Consumer Advocate opposed on June 4, 2021. The Commission reopened the docket on July 15, 2021 with Order No. 37871, and on October 10, 2021, the Commission approved the HECO Companies' request to extend deferral counting to December 31, 2021. The docket remains open, with no decisions immediately pending before the Commission.

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.

KIUC has continued to file the required reports and continued to utilize the deferred accounting treatment made available through the Commission's Decision and Order No. 37252.

16) Miscellaneous

Green Energy Market Securitization Program and Green Infrastructure Fee
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, 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.

In its quarterly report to the Commission for Fiscal Year 2021 (filed August 17, 2021), HGIA reported approximately $40.3 million remaining GEMS funds available to lend with $4.3 million of that, available under the State Revolving Loan Fund and the remaining $36 million available to finance eligible projects for Low and Moderate-Income single-family residential homeowners and renters, small businesses, multi-family rental project and non-profits.

The Commission continues to review requests filed by HGIA in relation to the GEMS Program. To learn more, about the GEMS Program, visit https://gems.hawaii.gov/.

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.

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 12-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.

The Commission continues to review the Companies' quarterly status reports and 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.

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 HECO 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 ("MLA"). On February 5, 2020, the HECO 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 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 HECO 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 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.

On February 1, 2021, the Commission issued Order No. 37599, deferring decision-making on the Companies' request, and extending the program to continue through June 30, 2021, and requiring additional elements in the Companies' quarterly reports.

The Commission issued and received responses from the HECO Companies to information requests related to a program redesign to make the benefit of the program available to those who have a qualifying medical condition but are not enrolled in LIHEAP. On January 6, 2022, the Commission directed Hawaiian Electric to implement a permanent Special Medical Needs Program starting on April 1, 2022 .

17) Commission-Directed Investigations

Energy Efficiency

Docket No. 2007-0323; Open

Pursuant to HRS 269-121, the Commission established the Public Benefits Fee ("PBF"), to fund programs supporting clean energy technology, demand response technology, energy use reduction, and demand-side management infrastructure. The Commission contracts with a third-party administrator, Hawaii Energy, to design and deliver these programs that support the optimization of electricity use as the State's electric system evolves and grows more complex, strengthen local communities and businesses, and boost Hawaii's economy. As a part of its contract, the Hawaii Energy program may earn performance awards for achieving specific objectives and program goals. In July 2020, the Commission approved a program performance payment of $999,041 to Hawaii Energy for Program Year 2018.

On June 24, 2021 in Order No. 37845, the Commission continued to set the PBF surcharge at 2%. HECO Company customers are billed this fee as a separate line item titled "PBF surcharge." The split between the residential and commercial collection components remains at 45% residential and 55% commercial.

Hawaii Energy is currently in the final year 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. The plan also includes innovative clean energy technologies to promote market transformation and opportunities for economic development. Achievements in Program Year 2020 (July 2020 through June 2021) include over 116 million kWh of energy savings for residential and commercial customers, nearly 20,000 rebates processed, approximately 7,000 participant hours in educational workshops and technical training, and over 11,000 projects completed for Hawaiian Electric customers (including residents and businesses in Hawaii County, Maui County, and the City & County of Honolulu).

Hawaii Energy made significant adjustments to their Program Year 2020 plans in response to COVID-19 impacts and provided further support to residents and businesses through increased energy efficiency incentives and enhanced community-based programming. These changes include an offering of the Energy Relief Grant, which provided over $2 million in funding to businesses and non-profits for energy efficiency upgrades, incentive increases by one to three times the previous year's offerings, and distribution of free home energy kits (in partnership with food bank community organizations).

In 2021, the Hawaii Energy team was recognized nationally as a U.S. EPA Energy Star Partner of the Year. Brian Kealoha, Hawaii Energy Executive Director, testified before the U.S. Senate Energy Subcommittee on behalf of the State of Hawaii, on the topic of affordable, reliable, and clean energy programming for rural and low-income communities.

More information and annual reports about Hawaii Energy's programs are available on their website: HawaiiEnergy.com. Information about the Hawaii EEPS goals and associated meetings and activities are available on HawaiiEEPS.org.

Performance Based Regulation

Docket No. 2018-0088; Open

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.

During the first phase of the proceeding, which concluded in May 2019, the Commission utilzied a collaborative stakeholder process to identify priority goals and outcomes to help guide PBR development. During the second phase, which concluded in December, the Commission used a combination of collaborative workshops and formal discovery, briefing, and a hearing to develop and approve a new regulatory framework for the HECO Companies. This new framwork facilitates the transition of the regulatory stucture away from the traditional cost of service model to a new performance based model, with enahced regulatory mechanisms aimed at cost control balanced with performance incentives to drive superior performance in desirable areas such as improved interconnection of demand-side systems, assistance to low- to moderate-income customers, and acclerating acheivement of the State's Renewable Portfolio Standards.

During FY 2021, the Commission has continued to enhance the PBR Framework by approving additonal performance incentives, as well as a suite of reporting mechanisms which will allow the Commission and stakeholders to track the HECO Companies' performance across a broad range of metrics. The Commission has also approved a new pilot review process, under which the HECO Companies can seek expedited review of new pilot programs intended to drive innovation in key areas. The Commisison is also overseeing the development of a webpage on the HECO Companies' website, which will allow interested members of the public to view the information reported by the Companies under the PBR Framework. Recently, the Commission has identified several new areas of concern for the PBR Working Group. The Commisison is presently engaged in overseeing a collaborative Working Group process, during which members of the Working Group are developing and vetting new performance incentive proposals to address the Commision's Areas of Concern. The Working Group process will transition to a more formal proceeding with discovery and a hearing in early 2022. The Commission's ongoing investgiaton into these new performance mechanisms reflects the evolving nature of the PBR Framework, as well as the Commission's and stakeholders' continued investment in a collaborative approach to discuss, develop, and vet PIM proposals.

See also, summary of the HECO Companies request to modiffy the PIMS Tariffs in Docket No. 2019-0110 on page 12.

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.; Hawaii Electric Light Company, Inc.; and Maui Electric Company, Limited (the "HECO Companies").

Parties to the proceeding 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 by the Commission and develop recommendations for drafting a microgrid services tariff. Throughout the Working Group process, the Working Groups met monthly and they also met approximately every other month with the Commission for a Status Conference to discuss the Working Groups' progress

On December 10, 2020, the Commission issued a Guidance Letter acknowledging that the Draft Tariff and related documents were close to completion and requesting that the Parties reconvene the Working Group to collaborate and finalize the Draft Tariff and related documents. The Working Group reconvened and met throughout December 2020 and January 2021.

On February 1, 2021, the Working Group submitted a Draft Microgrid Services Tariff and related documents. On May 17, 2021, following review of the Draft Tariff, related documents, and comments submitted by the Parties, the Commission issued Decision and Order No.

37786, in which it accepted the Working Groups' proposed Microgrid Services Tariff, as well as associated submissions, including a Microgrid Participant's Bill of Rights and corresponding modifications to other tariffs to effectuate the Microgrid Services Tariff.

On September 21, 2021, the Commission issued a Guidance Letter in preparation for Phase 2 of the docket. The Commission is currently reviewing the Parties' recommendations in preparation for initiating Phase 2.

Integrated Grid Planning
Docket No. 2018-0165; Open

In July 2018, the Commission opened this proceeding to investigate the HECO Companies' Integrated Grid Planning ("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. On August 19, 2021, the HECO Companies filed revised and updated modeling inputs and assumptions in response to Commission guidance. The Commission is reviewing those revised inputs and assumptions. On November 5, 2021, the HECO Companies filed its first draft of its grid needs assessment methodology, which is also under Commission review.

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.

The proceeding is divided into three tracks: 1) "DER Program Track"; 2) "Advanced Rate Design ("ARD") Track and 3) "Technical Track." The Commission-hosted working group meetings in the Advanced Rate Design Track and technical conferences in the DER Program Track and the Technical Track concluded in the Spring of 2021. In these meetings, the Parties presented and exchanged information with each other and the Commission, which informed their subsequent submissions. Final Proposals for the ARD and DER Program Tracks were filed with the Commission for review and decision-making in March and May, respectively.

In March of 2021, the Commission identified the need for concerted actions to mitigate possible resource shortfalls following the retirement of the AES coal plant on Oahu beginning in September 2022 and encouraged the DER Docket Parties to develop an emergency capacity program that would make available grid service delivery from DERs. Throughout the Spring and into the Summer of 2021, the Parties met with each other and the Commission to develop an emergency demand response program to address the identified shortfall. On June 30, 2021, the Commission issued Decision and Order No. 37853, which approved Hawaiian Electric's Emergency Demand Response Program/Schedule Dispatch Program Implementation Plan, thereby enabling the establishment of the Battery Bonus program. The Battery Bonus program allows Hawaiian Electric to offer a one-time cash incentive for residential and commercial customers to add energy storage to an existing or new rooftop solar system.

The Commission is currently reviewing Parties' Final Proposals for the ARD and DER Program tracks. In the Technical Track, the Commission issued Decision and Order No. 38062 on November 4, 2021, wherein the Parties' stipulations related to Rule No. 14H tariffs and proposed Utility-Required Profile Ranges of Adjustment were approved, subject to certain conditions. The Commission also approved the Parties' stipulations related to volt-watt activation and provided guidance for the development of an incentive-based approach to addressing legacy inverter upgrades. Collectively, these decisions are expected to address the Technical Track primary objectives of harmonizing the Companies' Rule 14H tariffs with the IEEE 1547-2018 standard (the "national standard") and streamlining and improving the interconnection process for DERs.

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

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.

Establishment of 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.

18) 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."***

The reliability indices for 2015 - 2020 reported in each of the HECO Companies' respective Annual Service Reliability Report for 2020 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.[8]

and recommends that indices should be calculated for two conditions:

1) All events included
2) MEDs removed[9]

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 …
>
> 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.[10]

[8] IEEE 1366, page 10.
[9] IEEE 1366, page 13.
[10] IEEE 1366, "5.3 Major Event Days and catastrophic days," pages 19-20.

Table 13 - HECO SAIDI and SAIFI Reliability Index, 2015 - 2020

HECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
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
2020	120.08	81.62	1.178	0.914

Table 14 - HELCO SAIDI and SAIFI Reliability Index, 2015 - 2020

HELCO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
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
2020	128.76	128.76	1.819	1.819

Table 15 - MECO SAIDI and SAIFI Reliability Index, 2015 - 2020

MECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2015	455.33	134.03	3.040	1.625
2016	186.87	135.18	2.001	1.608
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
2020	235.59	166.43	1.901	1.725

HECO Service Quality

HECO's reported SAIDI and SAIFI reliability indices for 2020 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 7 and Figure 8, respectively.[11]

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

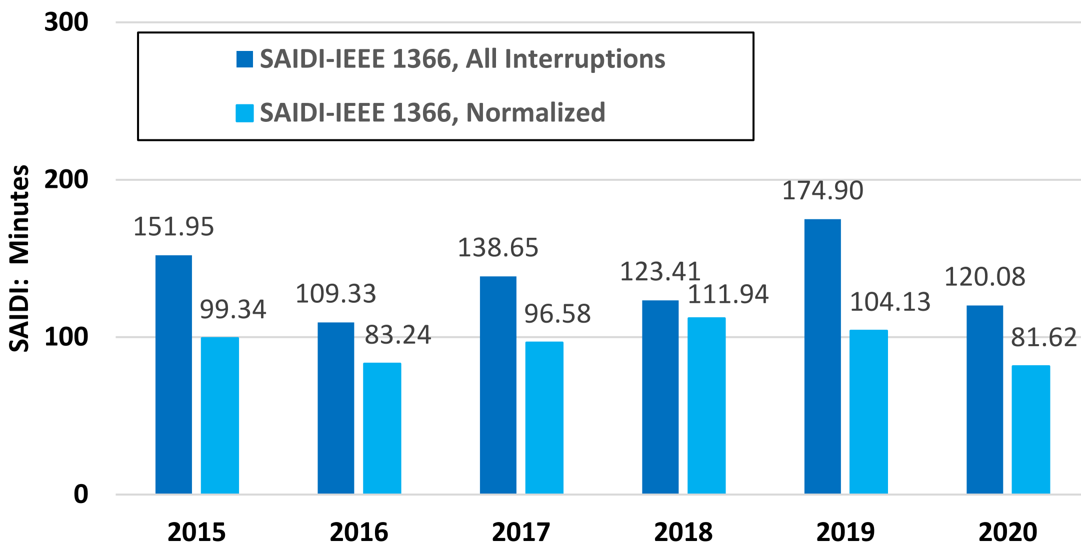
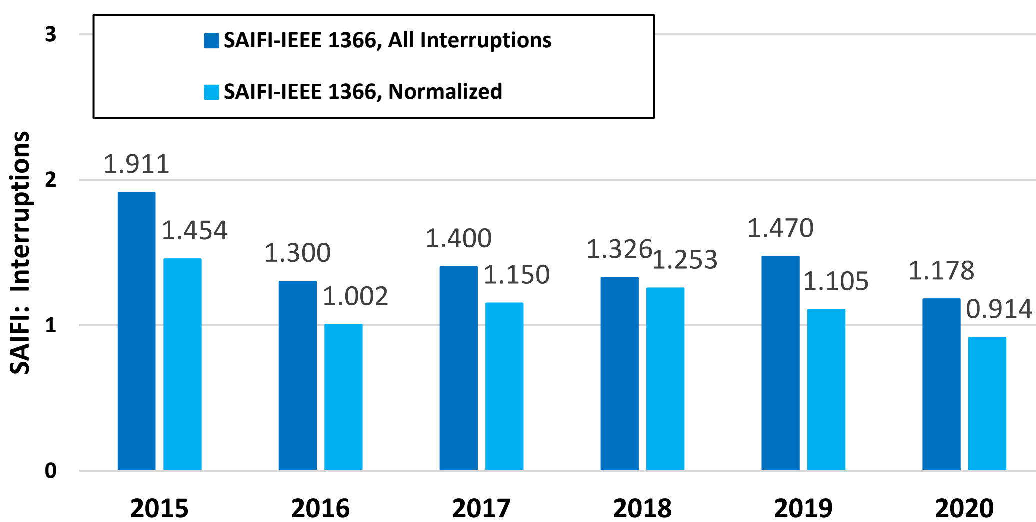


Figure 8 – HECO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



[11] 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.

HELCO Service Quality

HELCO's reported SAIDI and SAIFI reliability indices for 2020 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 9 and Figure 10, respectively.

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

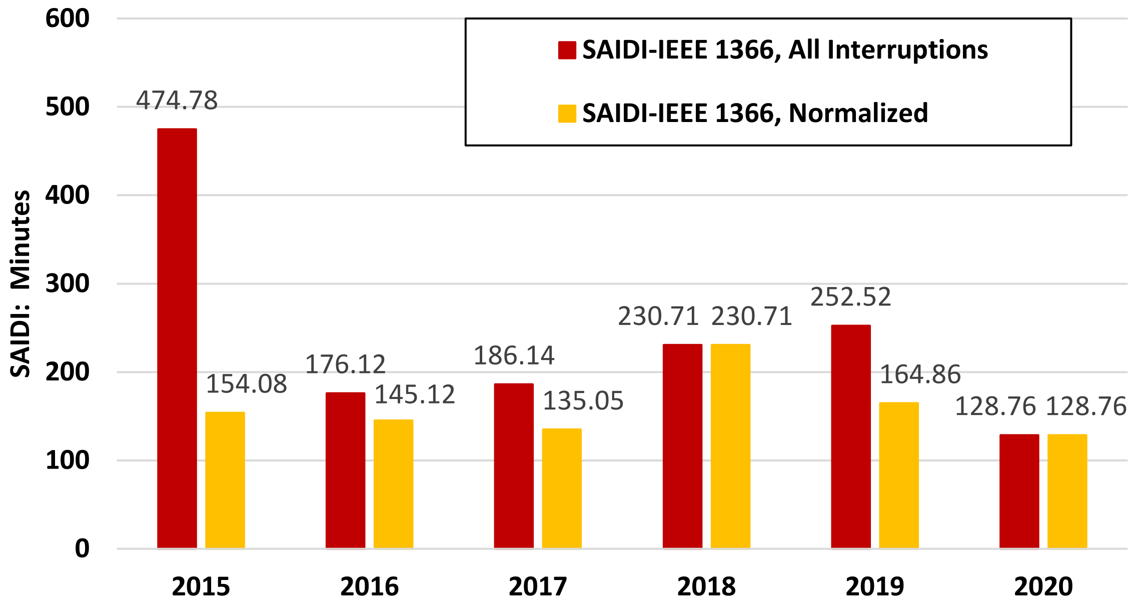
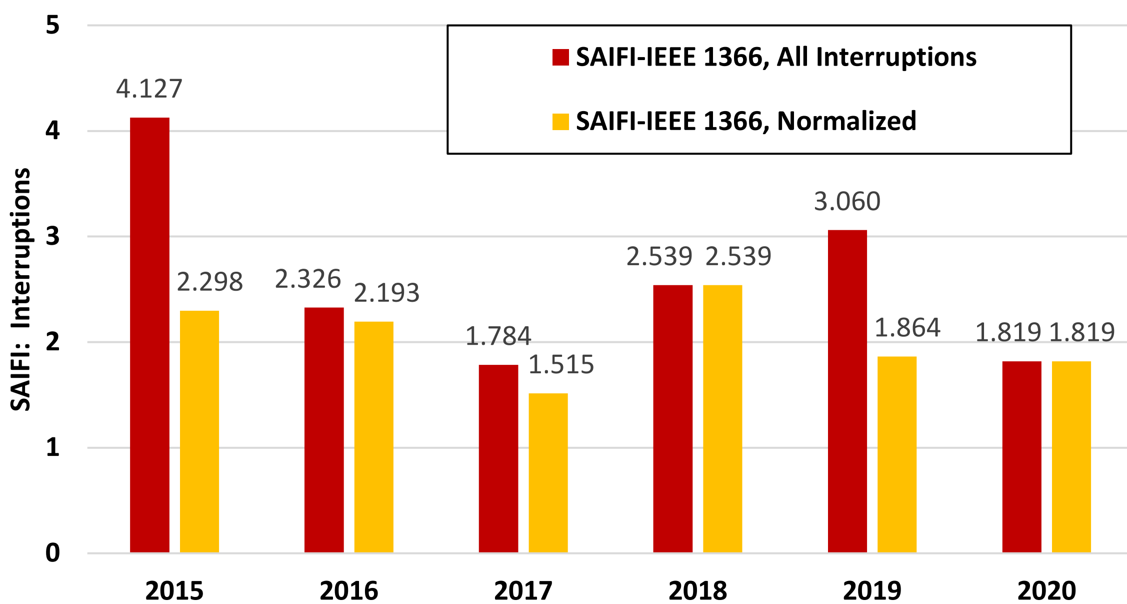


Figure 10 – HELCO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



MECO Service Quality

MECO's reported SAIDI and SAIFI reliability indices for 2020 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 11 and Figure 12, respectively.[12]

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

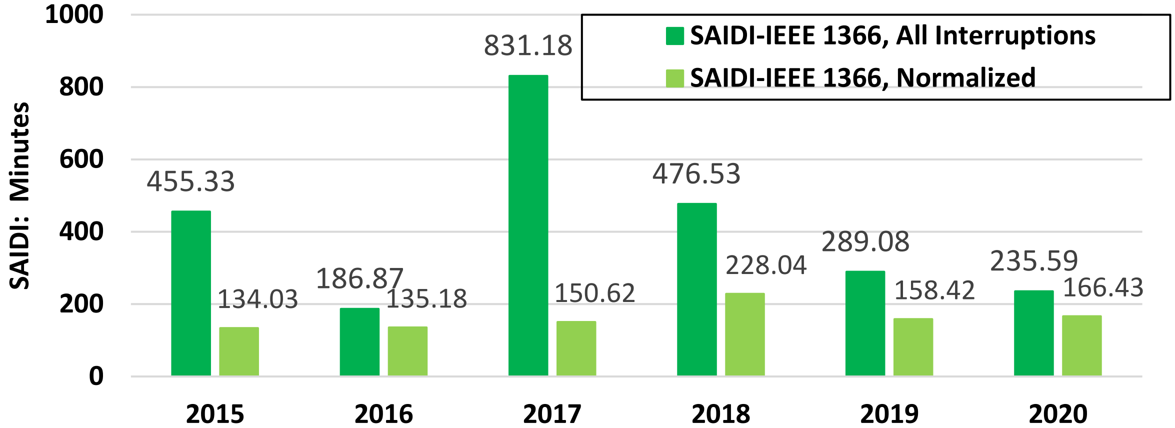
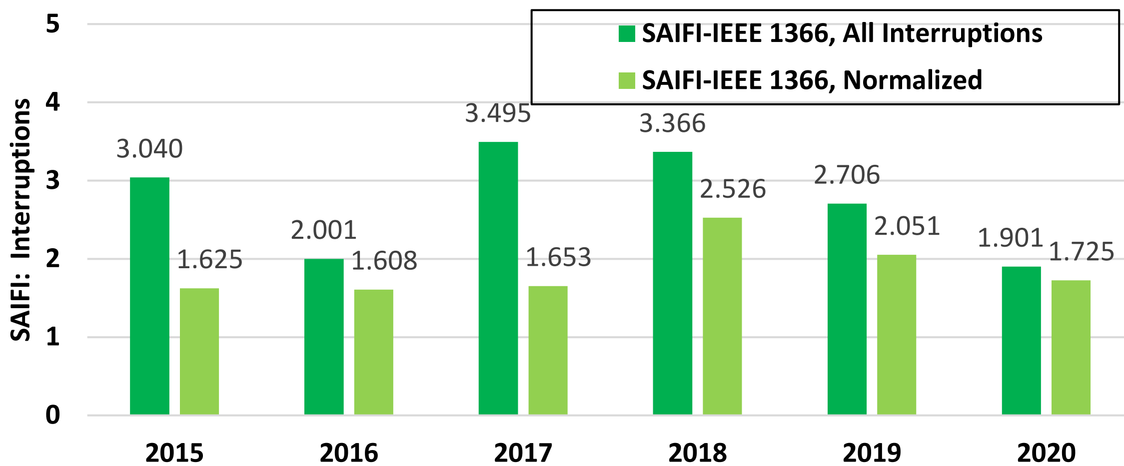


Figure 12 – MECO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



[12] 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.

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 2020 and the prior four years are shown in Figure 13 and Figure 14, respectively.

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

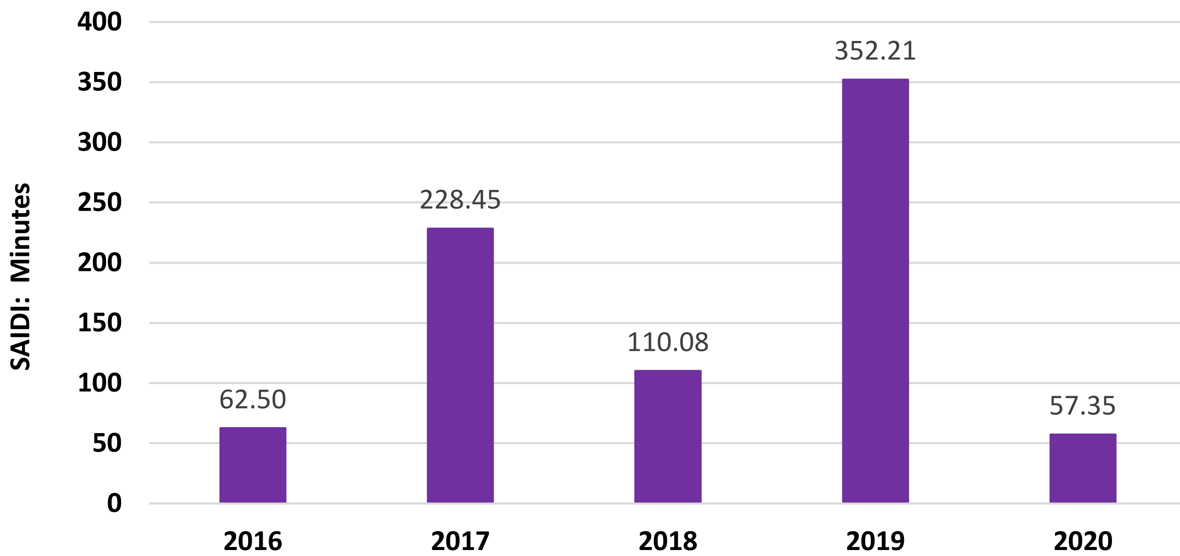
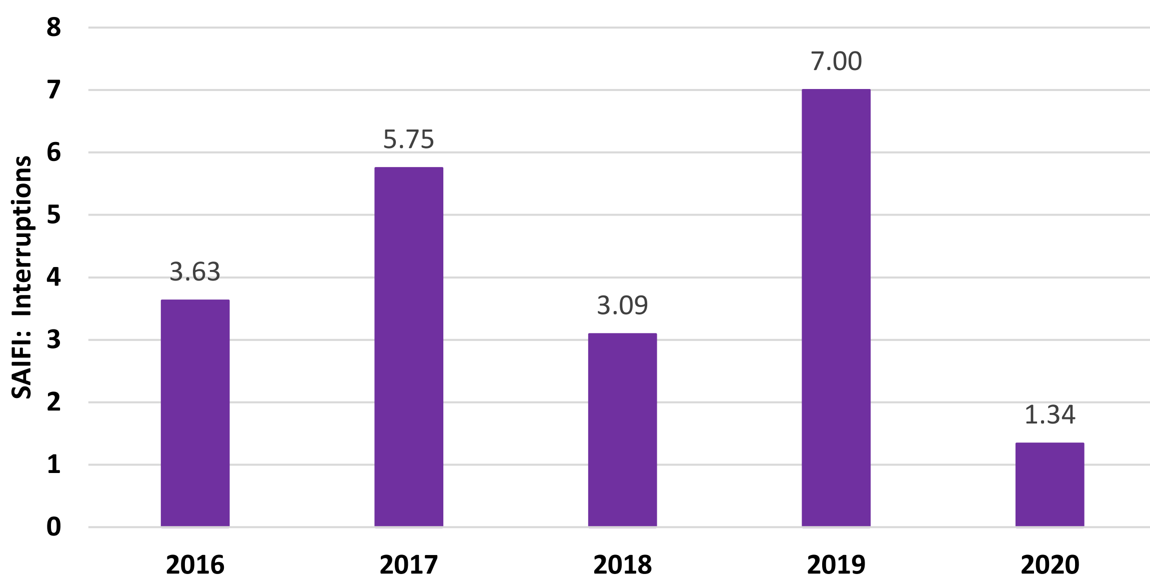


Figure 14 – KIUC System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



B. Gas

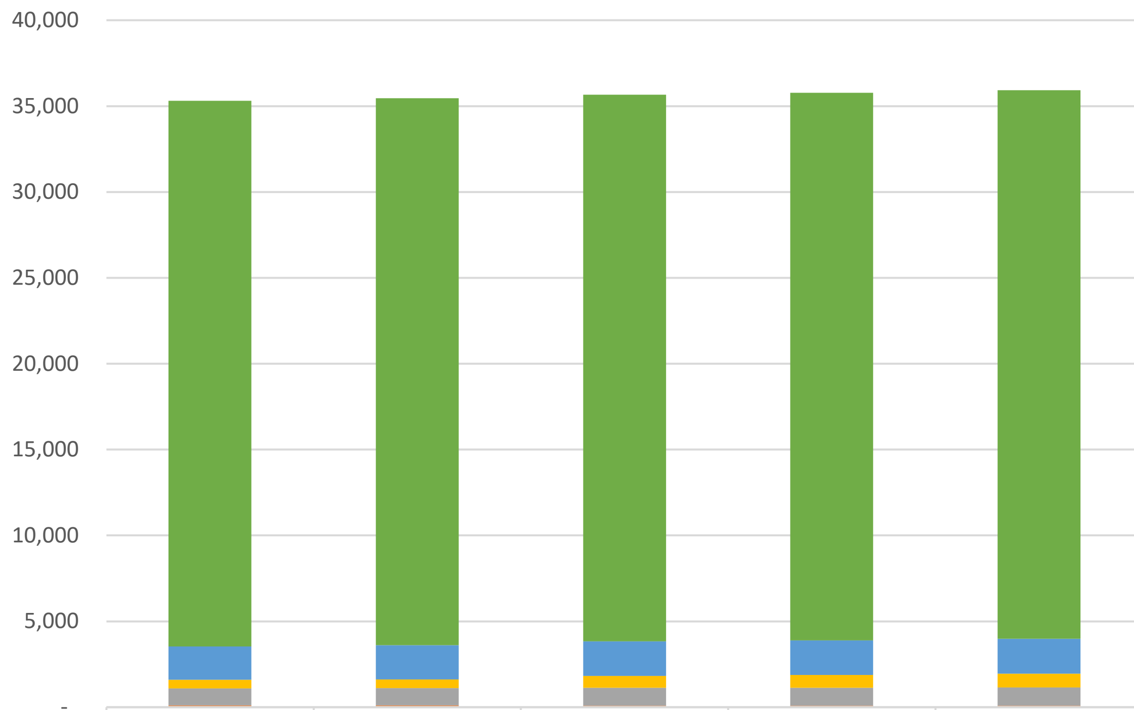
The Gas Company, LLC dba Hawaii Gas ("Hawaii Gas"), is the only duly franchised public utility providing gas service for residential, commercial, and industrial uses throughout the State. The following sections summarize: 1) Utility Operations, 2) Rates, 3) Capital Expenditures, and 4) other Miscellaneous proceedings involving Hawaii Gas during FY 2021.

1) Operations

Hawaii Gas serves over 35,000 utility gas customers in its six gas districts; Honolulu, Hilo, Maui, Molokai, Lanai, and Kauai. Between 2016 and 2020, the number of customers has remained relatively flat. Over 90% of Hawaii Gas' utility customers are in its Honolulu District. See Figure 15.

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 15 – Average Gas Customers per Calendar Year, 2016 - 2020

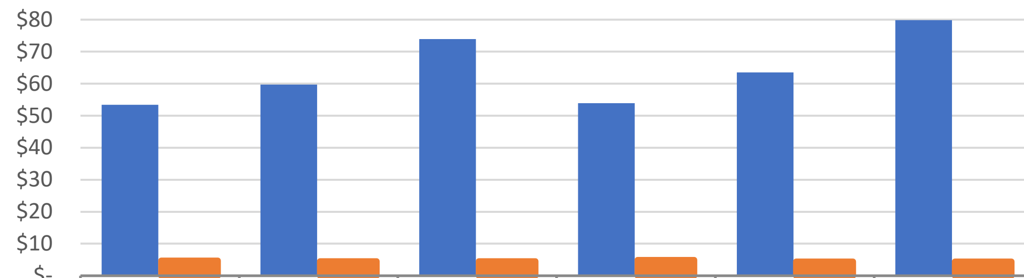


	2016	2017	2018	2019	2020
Oahu	31,787	31,843	31,838	31,880	31,941
Hawaii	1,929	1,987	2,013	2,023	2,034
Maui	508	509	695	742	795
Kauai	985	1,012	1,030	1,043	1,060
Molokai	84	80	73	68	67
Lanai	22	22	22	22	22

<u>2) Rates</u>

For CY 2020, average residential utility gas bills ranged from approximately $53.93 on Kauai to $79.81 on Hawaii, and the cost per therm ranged from approximately $4.43 on Molokai to $5.89 on Oahu. <u>See</u> Figure 16.

Figure 16 – Average Monthly Residential Utility Gas Bills and Costs Per Therm, CY 2020



	Kauai	Maui	Lanai	Oahu	Molokai	Hawaii
Res Bill	$53.39	$59.71	$73.90	$53.95	$63.50	$79.81
Costs per therm	$4.77	$4.55	$4.51	$4.89	$4.43	$4.47

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 that an interim rate relief in the amount of a revenue increase of $8,896,152, was appropriate. The $8,896,152 increase represents an increase of 8.39% over revenues at Hawaii Gas' rates prior to Decision and Order No. 35550. 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.

On December 21, 2018, the Commission issued its Final Decision and Order, finding that Hawaii Gas was entitled to a revenue increase of $8,896,152, and that a rate of return of 7.095% was fair. 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.

On November 25, 2020, the Commission issued an Order re-opening the docket pursuant to the June 9, 2020, Hawaii Supreme Court decision. On April 9, 2021, the Commission issued Order No. 37720 which established a procedural order to govern the remand proceedings, which was subsequently modified by Order No. 37963 on September 10, 2021. The remand proceedings are currently underway per the procedural order established by Order No. 37720 and modified by Order No. 37963. The Commission expects the last procedural step to be completed and the remand proceeding ready for decision making by October 2022.

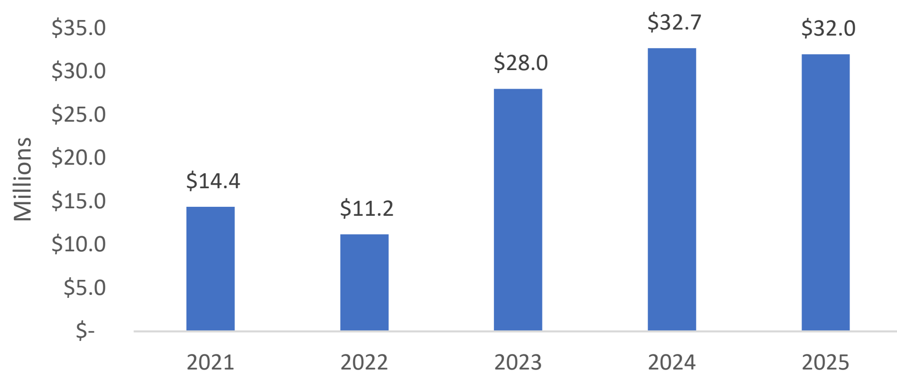
3) Capital Expenditures

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 $14.4 million in 2021, $11.2 million in 2022, $28.0 million in 2023, $32.7 million in 2024, and $32.0 million in 2025 for a total of approximately $118 million over the five-year period. The significant increase in capital expenditures beginning in 2023 is due to new expenditures for Renewable Natural Gas that range from $18 million to $24 million annually from 2023 to 2025. Table 16 and Figure 17 show the five-year capital expenditure budget forecast for Hawaii Gas.

Table 16 – Gas Utility Expenditure Forecast, 2021-2025

	2021	2022	2023	2024	2025
Hawaii Gas	$14,371,312	$11,195,428	$28,025,540	$32,662,943	$31,998,397

Figure 17 – 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. On June 22, 2020, the Commission issued Decision and Order No. 37183, approving Hawaii Gas' request, but required Hawaii Gas to submit a report if costs exceeded project estimates. On August 20, 2020, the Commission issued Order No. 37283, to clarify that Hawaii Gas' report is due 60 days following the completion of the Project. The Commission is currently waiting for Hawaii Gas' report.

Application for Approval to Extend Gas Mains and Service Connections to Serve the Wai Kai Retail Complex at Hoakalei.
Docket No. 2018-0420, Status: Suspended

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 the Hoakalei Resort, pursuant to Paragraph No. 2.3.f.2 of General Order No. 9. On May 14, 2021, Hawaii Gas notified the Commission that construction on the Wai Kai retail complex and the Hoakalei Resort will not begin or be complete in the near future. As a result, on August 2, 2021, the Commission issued Order No. 37889, directing Hawaii Gas to withdraw its application, given the speculative completion date of the Wai Kai retail complex and Hoakalei Report. On October 6, 2021, the Commission issued Order No. 38005, which granted Hawaii Gas' request to suspend the proceeding, rather than withdraw its application, acknowledging the time and effort expended by Hawaii Gas to date. However, the Commission instructed Hawaii Gas to provide an update by October 5, 2022 and clarified that it may take further action based on that update.

Application 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. 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' application. On December 21, 2020, the Commission issued Order No. 37505, closing the docket.

Application for Installation of the Waikiki Regulator Station.
Docket No. 2019-0156, Status: Closed

On July 26, 2019, Hawaii Gas requested approval 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. According to Hawaii Gas' application, 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 station." 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. On April 23, 2021, Hawaii Gas filed the Closing Report required by Decision and Order No. 36791, noting that the final capital cost for the Project was 30.8% above the cost approved by the Commission. On December 21, 2021, the Commission issued Order No. 38132, which closed the docket but noted that the Commission intends to address the deviation of the Project's actual cost from the approved cost in the next appropriate rate case proceeding filed by Hawaii Gas.

Application for a New Customer Information System
Docket No. 2021-0072, Status: Open

On May 6, 2021, Hawaii Gas requested to commit an expenditure of funds for the development and installation of a new customer information system ("CIS"). The total cost of the CIS is estimated to be $5.5 million, with estimated capital expenditures of $3.1 million, and the estimated project expense expenditure of $2.4 million. This proceeding is currently underway and the Commission expects to issue a decision and order in the first quarter of 2022.

4) 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: Closed

On May 22, 2020, Hawaii Gas requested approval to defer costs associated with the COVID-19 pandemic, beginning from March 4, 2020, the date the Governor issued an emergency proclamation relating to the COVID-19 pandemic, in response to the impacts to its operations and costs associated with responding to the COVID-19 pandemic.

On July 31, 2020, the Commission issued Order No. 37253, approving Hawaii Gas' request to defer costs associated with the COVID-19 Pandemic, incurred from March 4, 2020, through December 31, 2020, and directed Hawaii Gas to file additional information in quarterly reports.

On December 4, 2020, Hawaii Gas requested Commission approval to extend their deferral accounting period beyond December 31, 2020, citing ongoing impacts from the COVID-19 pandemic and continued uncertainty of when said impacts would decrease and eventually end. On March 17, 2021, the Commission issued Decision and Order No. 37678, approving Hawaii Gas' request to extend deferral accounting beyond December 31, 2020, and establishing June 30, 2021 as the deferred accounting end date.

On April 26, 2021, the Commission issued Order No. 37747, closing the docket.

Joint Application for Approval of the Transfer of Upstream Membership Interests and Related Matters
Docket No. 2021-0098; Status: Open

On July 7, 2021, Hawaii Gas and AMF Hawaii Holdings, LLC, filed a joint application seeking approval of the transfer of control of Hawaii Gas resulting from the planned sale of Hawaii Gas by its parent company Macquarie Infrastructure Corporation, to the proposed new owner, AMF Hawaii Holdings, LLC. This proceeding is currently underway, with participation from the State Energy Office, Life of the Land, and the HECO Companies.

C. Water and Wastewater

The Commission regulates 39 privately owned utilities that provide water and wastewater services in Hawaii. During FY 2021, the Commission's key proceedings in this area included reviewing rate cases and requests to transfer Certificates of Public Convenience and Necessity ("CPCN").

The following sections summarize water and wastewater utility proceedings in: 1) Ratemaking, 2) Capital Expenditures 3) Mergers and Transfers of Assets and Interests, 4) Financing and 5) other Miscellaneous proceedings during FY 2021.

1) Ratemaking

Kaupulehu Water Company – Notice of Intent to File a General Rate Increase Application
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 to KWC.

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 Decision and Order. 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 - Application for a General Rate Case and for Approval of Revisions to Its Tariff
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%) 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 December 15, 2020, the Commission filed Order No. 37494 granting KWSC's request to stay Decision and Order No. 37124, in order to obtain a private letter ruling ("PLR") from the Internal Revenue Service ("IRS") 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.

On January 8, 2021, pursuant to Order No. 37494, KWSC submitted revised tariff sheets and rate schedules (i..e, "Interim Tariff Sheets"), which the Commission approved on February 23, 2021. The Commission also reiterated that the stay on this docket remains in place, pending a decision by the IRS on KWSC's PLR request. On December 2, 2021, KWSC filed the PLR, which the Commission is currently reviewing.

Kalaeloa Water Company Application for Approval of General Rate Case, and Revised Rules, Regulations, and Rates

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 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, wherein 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 (see discussion of Docket No. 2021-0005 below).

Manele Water Resources - Application for Review and Approval of Rate Increases; Revised Rate Schedules; and Changes to Its Tariff

Docket No. 2019-0311, Status: Closed

On September 9, 2019, Manele Water Resources ("MWR") submitted 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, filed on October 7, 2020 (Proposed Decision and Order No. 37348), authorized: 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.

On January 8, 2021, the Commission issued Decision and Order No. 37534, and adopted Proposed Decision and Order No. 37348, as its Decision and Order in the above-referenced proceeding, subject to certain revisions. In so doing, the Commission approved an increase of $576,809, or approximately 172% over revenues at present rates, for Manele Water Resources, LLC, based on a total revenue requirement of $912,333 for the January 1, 2020, to December 31, 2020 test year.

Lanai Water Company - Application for Review and Approval of Rate Increases; Revised Rate Schedules; And Changes to Its Tariff

Docket No. 2019-0386, Status: Closed

On December 30, 2019, Lanai Water Company, Inc. ("LWC") filed its application for approval of rate increases, revised rate schedules, and changes to its tariff. On April 29, 2021, the Commission granted the Consumer Advocate's and LWC's 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 it is further ordered by the Commission that the remaining formal procedural steps should proceed. On November 24, 2021, Lanai Water Company submitted a motion to unsuspend the proceeding so that it could withdraw its application, indicating that it intended to resubmit a new application later with updated information. On December 17, 2021, the Commission granted LWC's request and closed the docket.

Hawaii Water Service Company - Application for a General Rate Case and for Approval of Revisions to its Tariff for its Kaanapali Division.

Docket No. 2020-0025, Status: Closed

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 March 10, 2021, HWSC filed a motion to withdraw its application after the Commission granted its request in Docket No. 2019-0091 to defer costs associated with the COVID-19 pandemic. On March 22, 2021, the Commission granted HWSC's request and closed the docket.

Launiuopoko Irrigation Company - Application for Temporary Rate Relief

Docket No. 2020-0089, Status: Open

On June 5, 2020, Launiupoko Irrigation Co., Inc. ("LIC"), submitted 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. On July 19, 2021, the Commission partially granted LIC's request for a temporary rate increase, and LIC filed a motion for reconsideration regarding that Order, which is currently pending before the Commission. At the Commission's direction, LIC also filed an application for a general rate increase, which is also currently pending before the Commission.

Kalaeloa Water Co. - Application for a General Rate Increase and Revised Rules, Regulations, and Rates

Docket No. 2021-0005, Status: Open

On August 31, 2021, Kalaeloa Water Co., LLC ("KWC") filed an application for a general rate increase and revised rules, regulations, and rates for its water and wastewater services, which are provided to its customers in the Kalaeloa area on the island of Oahu. KWC's requests are currently pending before the Commission.

Hawaii-American Water Company - Application for Approval of Rate Increases and Revised Rate Schedules and Rules

Docket No. 2021-0063; Status: Open

On April 22, 2021, Hawaii-American Water Company ("HAWC") filed a Notice of Intent to file an application for approval of a general rate increase for wastewater collection, treatment and disposal services provided to its customers in the Hawaii Kai area on the island of Oahu. On August 18, 2021, HAWC filed its application for approval of a rate increase, revised rate schedules and rules, requesting an increase in total revenues of $2,111,230 or approximately 21.05% over total revenues at present rates. On November 17, 2021, the Commission held a public hearing on HAWC's application to allow parties and ratepayers to offer public testimony. HAWC's request are currently pending before the Commission.

2) New, Voluntary Surrender, and Expansion/Modification of Certificates of Public Convenience and Necessity

Kilauea Irrigation Co - Application for Approval of Asset Transfer and Surrender of CPCN
Docket No. 2021-0023, Status: Closed

On February 10, 2021, Kilauea Irrigation Co., Inc. and The Mary N. Lucas Trust (collectively, "Applicants") filed an application requesting approval of: 1) the transfer of Kilauea Irrigation Co., Inc's assets to The Mary N. Lucas Trust, and 2) the surrender of Kilauea Irrigation Co., Inc.'s CPCN. On July 9, 2021, the Commission approved the Applicants' requests subject to certain conditions.

Hawaii Water Service Company - Application for Approval of the Sale and Transfer of Assets of HOH Utilities, LLC to Hawaii Water Service Company, Inc., Expansion of Service Territory, and Related Matters
Docket No. 2021-0147; Status: Open

On September 11, 2021, HOH Utilities, LLC ("HOH") and Hawaii Water Service Company, Inc. ("HWSC") filed an application requesting approval of the sale and transfer of HOH's utility assets to HWSC, expansion of its service territory, and related matters. HOH provides wastewater collection and treatment services to bulk and individual customers in the Poipu and Koloa Town areas on the island of Kauai. This application is currently pending before the Commission.

3) Mergers and Transfers of Assets and Interests

Hana Water System - 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 a condition from the Commission's earlier decision and order approving the transfer and sale of two separate water companies, Hana Water Systems, LLC and Hana Water Company, Inc., to HWS. As a condition to approval of the transfer, the Commission had required HWS to provide a detailed financial management plan to the Commission annually. HWS maintained that such a condition was no longer necessary, as it was intended to monitor HWS's financial health during the interim period following the closing of the sale and transfer, which had been successfully accomplished. By Order No. 37036, the Commission granted HWS's motion to remove this regulatory condition. On January 19, 2021, the Commission issued Order No. 37563, closing the docket, noting that the limited purpose for its re-opening, addressing HWS's motion to amend, had been completed.

ATC Makena - 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 ATC's continued fitness, willingness, and ability to properly perform the wastewater service currently provided.

Hunt Kalaeloa Water LLC, Kalaeloa Water Company. LLC, and Hawaii Water Service Company - 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: Closed

On July 3, 2019, Hunt Kalaeloa Water LLC, Kalaeloa Water Company. LLC, and Hawaii Water Service Company, Inc. (collectively, "Applicants") 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 interests subject to certain conditions. On January 20, 2021, the Commission filed an Order closing the docket because Applicants fulfilled the conditions.

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

On July 25, 2020, Kealia Water Company Holdings, LLC ("KWC") filed an application seeking relief regarding various transfers of its LLC Membership Interests. KWC requested *nunc pro tunc* approval of the 2017 transfer of KWC's LLC Membership interests to the McCloskey Trust, as well as a finding that the 2019 purchase of the Membership interests from the McCloskey Trust to Cornerstone Hawaii Holdings, LLC is exempt under HRS § 269-17.5(c)(2). On November 24, 2020, the Commission issued Order No. 37457 approving the 2019 Purchase Agreement, under which the interest in KWC will return to Cornerstone Hawaii Holdings, LLC, essentially returning the situation to the pre-2017 Assignment Agreement status, thereby rendering the requests related to the 2017 Assignment Agreement between Cornerstone Hawaii Holdings, LLC and the McCloskey Trust moot. On January 25, 2021, the Commission issued Order No. 37571, closing the docket.

Kapalua Water Company, Kapalua Waste Treatment Company, and Hawaiian Water Service Company - 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: Closed

On June 4, 2020, Kapalua Water Company, Ltd. ("KWC"), Kapalua Waste Treatment Company, Ltd. ("KWTC"), and Hawaiian Water Service Company, Inc. ("HWSC") submitted an application requesting that the Commission approve the sale and transfer of assets of KWC and KWTC to HWSC ("Contemplated Transaction"). On March 8, 2021, the Commission issued Decision and Order No. 37665, approving the Contemplated Transaction, with conditions, finding that HWSC was fit, willing, and able to provide water services and wastewater services to KWC and KWTC's customers, and that the Contemplated Transaction was in the public interest. On June 9, 2021, the Commission issued Order No. 37822, closing the docket.

Application for Approval of the Sale and Transfer of Assets of Keauhou Community Services, Inc., Financing, and Other Matters
Docket No. 2021-0160, Status: Open

On October 11, 2021, Keauhou Community Services, Inc. ("KCSI"), and Hawaii Water Service Company, Inc. ("HWSC") (collectively, "Applicants") filed an application requesting approval of the sale and transfer of KCSI's assets to HWSC, and other matters. KCSI provides wastewater service to the Keauhou area of North Kona on the island of Hawaii. This application is currently pending before the Commission.

4) Financing

Hawaii-American Water Company - Application for Approval of Financing and Security Arrangements

Docket No. 2019-0325, Status: Closed

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 an outstanding short-term line of credit debt that was entered into to fund capital expenditures in 2017 through 2019. On January 20, 2021, the Commission issued Order No. 37566, closing the docket.

Hawaii Water Service Company - 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 did not allow Hawaii Water to issue long-term debt that includes the debt of its subsidiaries, Applicants requested that they be allowed to issue long-term note(s) to CWSG. 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 years, as described in the application.

On October 29, 2020, the Commission issued Order No. 37411, which: 1) granted the Applicants' Motion to Withdraw filed on October 12, 2020, which stated that they would file a new application with the appropriate request rather than modifying the current application; and 2) closed the docket.

5) Miscellaneous

Hawaii Water Service Company - Application for Approval to Record as a Deferred Debit/Regulatory Asset Certain Study Costs Related to the State of Hawaii Department of Health's Regulatory Requirements and Related Matters

Docket No. 2020-0188, Status: Closed

On November 12, 2020, Hawaii-American Water Company ("HAWC") filed an application requesting Commission approval to: 1) account for the costs incurred by HAWC to perform the ZOM Dilution Analysis Study, which was required by the State of Hawaii Department of Health as a condition to renew HAWC's NPDES Permit, in Account No. 186 - Miscellaneous Deferred Debits, subaccount No. 186.3 - Regulatory Asset, as a deferred debit/regulatory asset; and 2) to amortize the ZOM Dilution Analysis Study costs over the five-year effective period of the current NPDES Permit. Given the exceptional circumstances and time constraints, the Commission moved forward without setting a formal procedural schedule for this docket, in order to render a decision by the end of the calendar year 2020 and enable HAWC to recognize the authorized regulatory treatment prior to closing its financial records for 2020. On December 31, 2020, the Commission issued Decision and Order No. 37522, granting HAWC's request. On December 22, 2021, the Commission issued Order No. 38144, closing the docket.

Application for Approval of Deferred Accounting Treatment to Establish Regulatory Assets Associated with the COVID-19 Pandemic Emergency

Docket No. 2020-0091, Status: Closed

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 30 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 Kaanapali Division.

On January 6, 2021, the Hawaii Water Companies requested approval to extend their deferral accounting period to March 31, 2021, or until the Governor ends the state of emergency relating to the COVID-19 pandemic, whichever is later, citing their expectation that bad debt expense related to customers' inability to pay, and COVID-related costs would persist well into 2021.

On March 17, 2021, the Commission issued Decision and Order No. 37679, approving an extension of Hawaii Water Companies' deferral accounting period to June 30, 2021.

On April 27, 2021, the Commission issued Order No. 37748, closing the docket.

D. Telecommunications

The Commission oversees the intrastate cellular, paging, mobile telephone and other services of 174 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 following sections summarize telecommunications proceedings in: 1) Certificates of Registration and Certificates of Authority, 2) Interconnection Agreements, 3) Designation as an Eligible Telecommunications Carrier, and 4) other Miscellaneous proceedings during FY 2021.

1) Certificates of Registration and Certificates of Authority

In FY 2021, the Commission certificated 12 new telecommunications companies. See Table 17

Table 17 – New Telecommunications Companies Certificated in FY 2021

Certificate of Authority	Carrier Type	Docket No.	Date Approved
CBTS Technology Solutions LLC	Wireline Reseller	2019-0174	8/5/2020
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
MasTec Network Solutions, LLC	Wireline	2020-0106	1/19/2021
NGA 911, L.L.C.	Wireline Reseller	2020-0117	2/11/2021
Certificate of Registration	**Carrier Type**	**Docket No.**	**Date Approved**
Earthlink, LLC	Wireless	2020-0102	10/12/2020
Lexvor	Wireless	2020-0163	2/5/2021
GloTell US, Corp.	Wireless	2020-0185	1/12/2021
Troomi Wireless, Inc.	Wireless	2021-0037	4/20/2021
Newphone Wireless, LLC	Wireless	2021-0055	5/11/2021
Gabb Wireless, Inc.	Wireless	2021-0057	5/11/2021

The Commission approved the voluntary surrender of six telecommunication companies' certificates. See Table 18.

Table 18 – Telecommunications Companies Who Surrendered Certificates in FY 2021

Certificate of Authority/Registration	Carrier Type	Docket No.	Date Approved
The People's Operator USA, LLC	Wireline Reseller	2019-0065	10/28/2020
Access Point, Inc.	Wireline Reseller	2019-0357	8/24/2020
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
Lunar Labs, Inc.	Wireless	2020-0126	3/23/2021
Network Communications International Corporation dba NCIC Inmate Communications	Wireline Reseller	2020-0164	1/29/2021
Lingo Telecom of the West, LLC	Wireline Reseller	2020-0206	2/5/2021
808phone.com LLC	Wireline Reseller	2021-0014	5/11/2021

The Commission also terminated the certificate of one telecommunications company. In Docket 2017-0025, Total Holdings, Inc. dba GTC Communication's Certificate of Authority was terminated for, among other things, failure to pay its public utility fee as directed by the Commission.

2) 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.

One request for approval of an amendment to an interconnection agreement was made during FY 2021, and approved thereafter, on September 1, 2021, in Docket No. 2021-0093.

3) Designation as an Eligible Telecommunications Carrier

The Federal Communications Commission states that "universal service is the principle that all Americans should have access to communications services."[13] The Communications Act of 1934 established the Federal Communications Commission (FCC) and together with the Telecommunications Act of 1996 has created policies to help ensure widespread access to telephone and advanced services such as broadband. The USF includes four programs related to broadband access, discounted phone service for low-income customers, schools and libraries, and rural healthcare.[14]

The Commission is the state entity responsible for designating and certifying eligible telecommunication carriers ("ETCs") seeking Universal Service Fund ("USF") disbursements under the federal USF program. To receive USF support for discounted phone service, ETCs must go through a designation process that includes requirements under U.S.C.A § 214[15], the Commission's own certification requirements[16], and a decision from the Commission with the Consumer Advocate's and any other interested party's input regarding whether the designation would be in the public interest.[17]

Summaries of Commission preceding on ETC designation are described below.

Instituting A Proceeding to Investigate Whether Designated ETCs 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. 2021-0045, Status: Closed

On March 22, 2021, 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 2021, pursuant to 47 Code of Federal Regulations ("C.F.R.") 54.314(a). On September 1, 2021, the Commission issued Decision

[13] https://www.fcc.gov/general/universal-service
[14] https://www.fcc.gov/general/universal-service
[15] See 47 U.S.C.A. § 254(e); See also 47 U.S.C.A. §§ 214(e)(2) and (6).
[16] See Order No. 30932, filed on December 28, 2012, in Docket no. 2011-0052
[17] 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.

and Order No. 37944 stating that it had determined that all federal high-cost support provided by Hawaiian Telecom, Inc. ("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 2021.

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

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

Application of Hawaii Dialogix Telecom, LLC for Designation as an ETC
Docket No. 2021-0069, Status: Open

On April 30, 2021, Hawaii Dialogix Telecom, LLC filed its application seeking designation as an ETC for the purpose of receiving federal universal service support for low-income customers under Part 54, subpart E of the rules of the Federal Communications Commission, 47 C.F.R. § 54.400 - § 54.423. This docket is pending before the Commission.

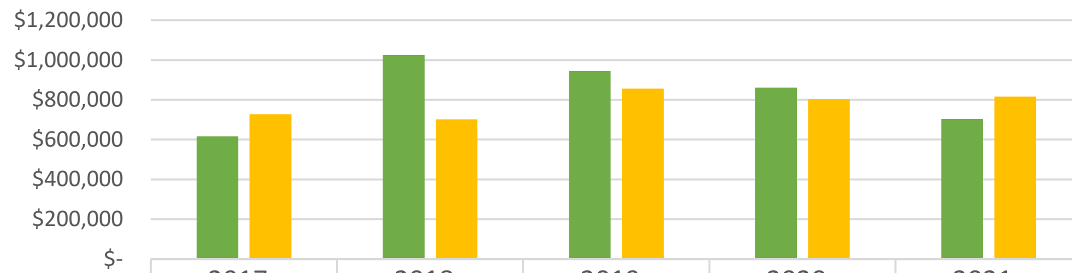
4) Telecommunications Relay Services

Pursuant to HRS 269-16.6, the Commission oversees the Telecommunications Relay Services ("TRS") fund to provide intrastate TRS for the deaf, persons with hearing disabilities, and hard of hearing. The Commission requires that all regulated telecommunications carriers (except payphone providers) contribute to the TRS fund a fraction of a percent of their gross operating revenues from providing retail intrastate telecommunications services during the preceding calendar year. The contribution rate, as of July 2017 is 0.23% and currently remains the same. The funds are then disbursed to a third-party administrator under contract to provide intrastate TRS to persons with hearing disabilities.

During FY 2021, the TRS fund collected $702,829 in revenues from regulated telecom companies and dispersed $816,054 to Sprint for TRS provided to customers. TRS revenues decreased significantly during this period, and the use of Relay Conference Captioning ("RCC") services increased as a result of the COVID-19 pandemic and teleworking. With the decrease in revenues, and an increase in RCC usage, the reserves in the TRS fund decreased significantly over the course of the fiscal year.

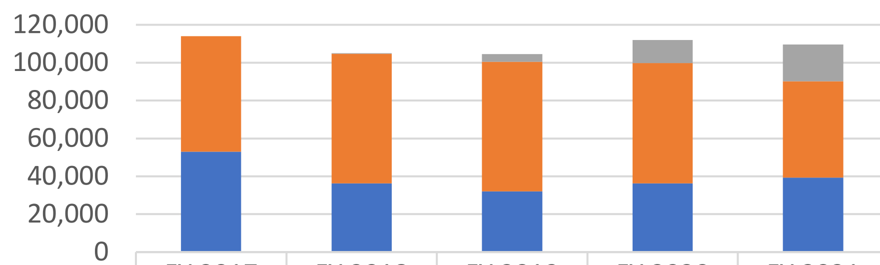
Figure 18 displays the total revenues and disbursements and Figure 19 shows the amount minutes elapsed by type (RCC, CapTel, and billable intrastate minutes) over the past five fiscal years.

Figure 18 – Telecommunications Relay Services Data, FY 2017-2021



	2017	2018	2019	2020	2021
Total Revenues	$617,382	$1,024,977	$944,092	$861,060	$702,829
Total Disbursements	$727,483	$702,453	$855,537	$803,815	$816,054

Figure 19 – Telecommunications Relay Services Data, FY 2017-2021



	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
RCC Minutes	0	315	4,020	12,210	19,395
CapTel Minutes	60,960	68,415	68,412	63,584	50,914
Billable Intrastate Minutes	52,993	36,304	32,042	36,256	39,261
Total Minutes	113,954	105,033	104,473	112,050	109,570

Telecommunications Relay Services Provider
Docket No. 2021-0119; Status: Closed

In July 2021, the Commission released Request for Proposals ("RFP") No. RFP-PUC-22-01 to select a new TRS provider for the period December 28, 2021, to June 30, 2024. On August 11, 2021, the Commission opened repository Docket No. 2021-0119 to provide information regarding its investigation into the selection of an experienced provider of quality TRS, pursuant to the RFP. On November 16, 2021, in Order No. 38071, the Commission adopted the evaluation committee's selection of Sprint Communications Company, L.P., as the exclusive provider of intrastate TRS for the above-referenced contract period.

5) <u>Miscellaneous</u>

Application for Waiver of the Months-to-Exhaust Requirement in the Honolulu, Hawaii Rate Center.
Docket No. 2020-0159, Status: Closed

On October 2, 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 Transmission Services' application for use of central office code resources in the Honolulu, Hawaii rate center. By Decision and Order No. 37436, issued on November 10, 2020, the Commission granted MCI's request.

E. Water Carriers

HRS Chapter 271G, the Hawaii Water Carrier Act, governs the regulation of water carriers in Hawaii. 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.

Hone Heke did not have any active Commission proceedings in FY 2021. Young Brothers’ proceedings during FY 2021 are summarized below.

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

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, YB filed a letter in response to the Commission’s letter request regarding a status update. YB stated it did not receive notification of the issuance of the Certificate of Documentation but upon search of USCG’s database, the COD officially occurred on September 19, 2020. YB provided the PUC with the date of transfer and the end date of the lease period on December 1, 2020, and the docket was subsequently closed.

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. However, on June 4, 2019, Young Brothers withdrew its Notice of Intent.

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

On September 25, 2019, Young Brothers 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, 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 YB’ approved intrastate freight revenue requirements to $87,743,947.

The Commission conditioned such emergency rate relief on advanced notice of discontinued service requirements, the filing of a Customer Service Strategy, and the completion of an audit of Young Brothers’ financial and management practices by an independent party. On November 24. 2021, the Commission adopted the audit’s immediate, short- and mid-term recommendations in an order issued in October 2021, to help YB achieve long-term sustainability without further major price increases above inflation.

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 financial condition, including to address identified requests for relief and other related filings. 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 Nos. 2019-0117 and 2020-0104, Docket No. 2020-0084 was rendered moot and closed on November 4, 2020.

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.

Application for Approval of New Cost of Service Model.
Docket No. 2020-0135, Status: Open

On September 14, 2020, Young Brothers, LLC filed an application requesting Commission approval of a new cost-of-service model. YB's request was originally made in Docket No. 2019-0117, but due to YB's requested emergency relief request in Docket No. 2019-0117, the Commission did not have sufficient time to review YB's proposed cost-of-service model in that docket. YB's request is currently suspended, pending data collection that was required in a recent order filed in Docket No. 2019-0117 addressing the financial and management audit.

Application for Approval to Dispose of Tug Hoku Kea.
Docket No. 2021-0010, Status: Open

On January 15, 2021, Young Brothers, LLC requested Commission approval to dispose and transfer the Tug Hoku Kea to Southern Dawn, LLC. On June 4, 2021, the Consumer Advocate filed its statement of position informing the Commission that it does not object to Young Brothers request, subject to certain reporting recommendations and filing of additional information. On October 6, 2021, the Commission issued Decision and Order No. 38004, approving Young Brother's request to dispose of and transfer the Tug Hoku Kea to Southern Dawn, LLC, subject to conditions.

F. Motor Carriers

The Commission regulates passenger and property motor carriers transporting passengers or property for compensation or hire on public highways.[18] 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.[19]

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.

The following sections summarize: 1) Effect of the COVID-19 Pandemic on Motor Carriers, 2) New Motor Carrier Certifications and Licensing, and 3) Ratemaking and Tariffs during FY 2021

1) Effect of the COVID-19 Pandemic on Motor Carriers

The shuttering of the economy left many passenger carriers who depend on tourism unable to pay their 2019 motor carrier fees that were due in April 2020. In recognition of the measures taken by the state to address the COVID-19 pandemic, on March 19, 2020, the Commission issued Order No. 37046 deferring the assessment of penalties and interest under HAR 6-62-24 and 6-62-42 through July 1, 2020, and later extended the deferral through August 31, 2020, in Order No. 37191. At its discretion, the Commission continued to defer penalties and interest through December 31, 2020.

As a result of the deferment, 20% of all motor carriers were delinquent in filing their CY 2019 annual financial report and 40% of all motor carriers were delinquent in filing their CY 2020 annual financial report. Although some passenger carriers moved their license to inactive status and some surrendered their CPCNs, the majority were helped by the Commission's deferral of penalties and interest, which allowed them to keep their licenses throughout the pandemic.

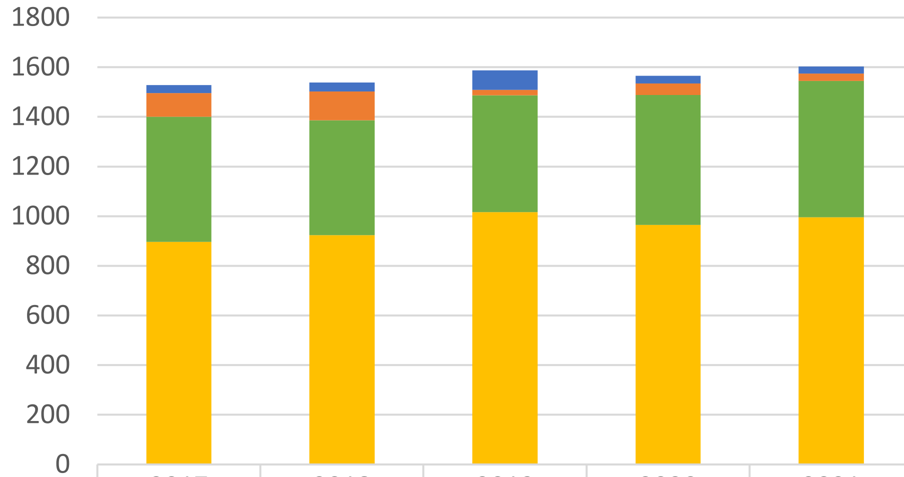
In FY 2021, despite the economic climate and difficulties brought forth by the pandemic, the Commission saw a slight increase in the total number of property motor carriers in 2020 from previous years. The Commission continues to evaluate the current climate to help our motor carriers return to normal operations as the state's economy and tourism reopens.

2) New Motor Carrier Certifications and Licensing

In FY 2021, the Commission regulated 1,603 motor carriers, which included 1,026 passenger carriers and 577 property carriers. During FY 2021, 30 new certificates or permits were issued to passenger carriers and 28 property carriers. Figure 20 shows the total number of active motor carriers over the past five fiscal years.

[18] See HRS Chapter 271.
[19] HRS § 271-5.

Figure 20 – Active Motor Carriers FY 2017-2021



	2017	2018	2019	2020	2021
New Property Carriers	32	37	79	31	28
New Passenger Carriers	96	116	22	47	30
Existing Property Carriers	504	462	471	523	549
Existing Passenger Carriers	896	924	1016	965	996
Total Motor Carriers	1,528	1,539	1,588	1,566	1,603

3) 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"). WMTB and HSCCCA represent their members in ratemaking proceedings. On behalf of their members, they develop and publish motor carrier tariffs. During FY 2021, WMTB filed requests for rate changes for their members. The Commission also reviewed and approved rate requests from 65 independent motor carriers.

Rates that are increased or decreased by up to 10% within a calendar year are presumed to be just and reasonable pursuant to the Zone of Reasonableness Program ("ZRP").[20] Motor carriers who request rate increases or decreases that do not fall within the ±10% 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, 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.

[20]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.

G. One Call Center

Instituting Proceedings Relating to the Determination of Appropriate Fees and Assessments to Finance the Administration and Operation of the One Call Center

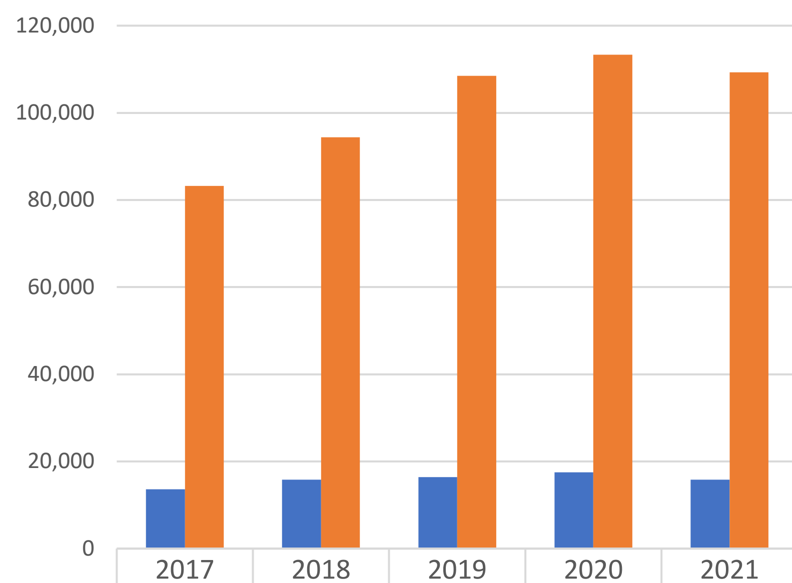
Docket No. 05-0195; Status: Open

Hawaii's One Call Center was established by State law[21] to coordinate the location of subsurface installations, including underground utilities. Under a contract that runs through June 30, 2023, the Center is operated by One Call Concepts, Inc. In addition, an 18-member Advisory Committee, 11 of whom are appointed by the Commission, advises on the operation of the One Call Center.

The One Call law requires excavators provide notice 5-28 days before planned excavation.[22] Hawaii One Call Center provides a means for excavators to obtain information about the location of underground facilities by calling only one number: 8-1-1. The Hawaii One Call Center receives requests for locating underground facilities from excavators and relays these requests to facility operators eliminating the need for duplicate calls to request the same information from each facility operator. Figure 21 displays the number of requests made and transmitted for FY 2017-2021.

During FY 2021, One Call Concepts held two outreach workshops to educate excavators, contractors and the general public about their obligation to call before digging. To reach a larger audience, for the first time, the Commission also conducted four online training sessions for the public at no cost. These workshops improve public safety by preventing the accidental damage of critical underground utility lines. The Commission is requesting the 2022 Legislature consider our recommendation to expand the One Call law to residential properties. See page 7 for more details about this proposal.

Figure 21 – One Call Center Requests Received and Transmitted, FY 2017-2021



	2017	2018	2019	2020	2021
Requests Received	13,609	15,795	16,410	17,525	15,784
Requests Transmitted	83,201	94,387	108,466	113,357	109,269

[21] Pilot program established by Act 141, SLH 2004; made permanent by Act 72, SLH 2009; codified in HRS Chapter 269E

[22] See HRS 269E-7

V. 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.

Effect of COVID-19 on Commission Enforcement Activities

In FY 2021, due to safety concerns for the public and the staff stemming from the COVID-19 pandemic, the Commission reduced its motor carrier field surveillance to an intermittent basis. Focus was then shifted to outreach and modifying our enforcement strategies to be more effective. Part of the new plan is to increase community involvement and implementing targeted enforcement. This a new "Report a Motor Carrier Violation" form debuted after the end of the fiscal year allowing members of the public to safely submit anonymous tips online to our investigative team.

In FY 2021, the Commission also decided not to hold show cause hearings to revoke motor carriers not current with their Annual Financial Report filings and payments and/or failure to pay imposed penalties and fines. Together, these motor carrier enforcement actions resulted in a significant reduction in dockets opened in FY 2021 (see Figure 3 - Dockets Opened and Closed, on page 8) and a significant reductions in the number of citations issued and civil penalties assessed for FY 2021 (see Table 19 – Citations and Civil Penalties Issued on page 59).

Complaints

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.

After the close of FY 2021, the Commission debuted a new "Report a Motor Carrier Violation" form on its website to allow members of the public to submit anonymous tips to the investigative team to enhance enforcement efforts.

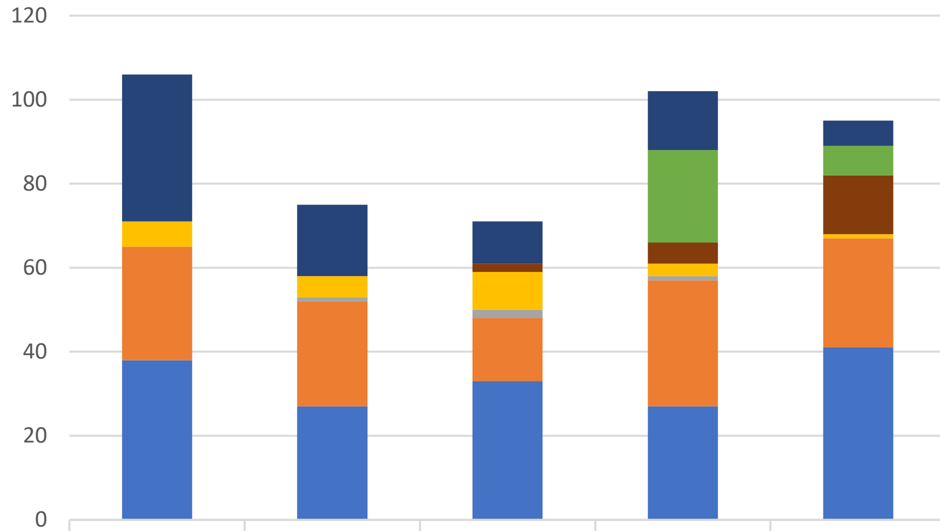
Formal Complaints

During FY 2021, one formal complaint was filed in Docket No. 2020-0129.

Written Informal Complaints and Declaration Submissions

As shown in Figure 22, the Commission received a total of 95 written informal complaints in FY 2021 against utility and transportation companies. In FY 2021, two Declaration forms for witnessing illegal motor carrier operations were also filed.

Figure 22 – Informal Complaints Received by the Commission, FY 2017 2021



	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Motor Carrier	35	17	10	14	6
Water Carrier	0	0	0	22	7
Other	0	0	2	5	14
Water/Sewer	6	5	9	3	1
Gas	0	1	2	1	0
Electricity	27	25	15	30	26
Telecommunications	38	27	33	27	41
Total Complaints	106	75	71	102	95

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. In certain instances, the civil penalty's statutory limit of $1,000 did not sufficiently encourage repeat violators to comply with the law and Commission orders. The 2021 Legislature passed a bill amending HRS §271-27(h) to allow the PUC to fine repeat offenders up to $5,000 for each fourth and subsequent violation within one calendar year. This bill, SB 766 HD1 CD1, was signed into law by Governor Ige as Act 104, SLH 2021, and became effective June 25, 2021.

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.

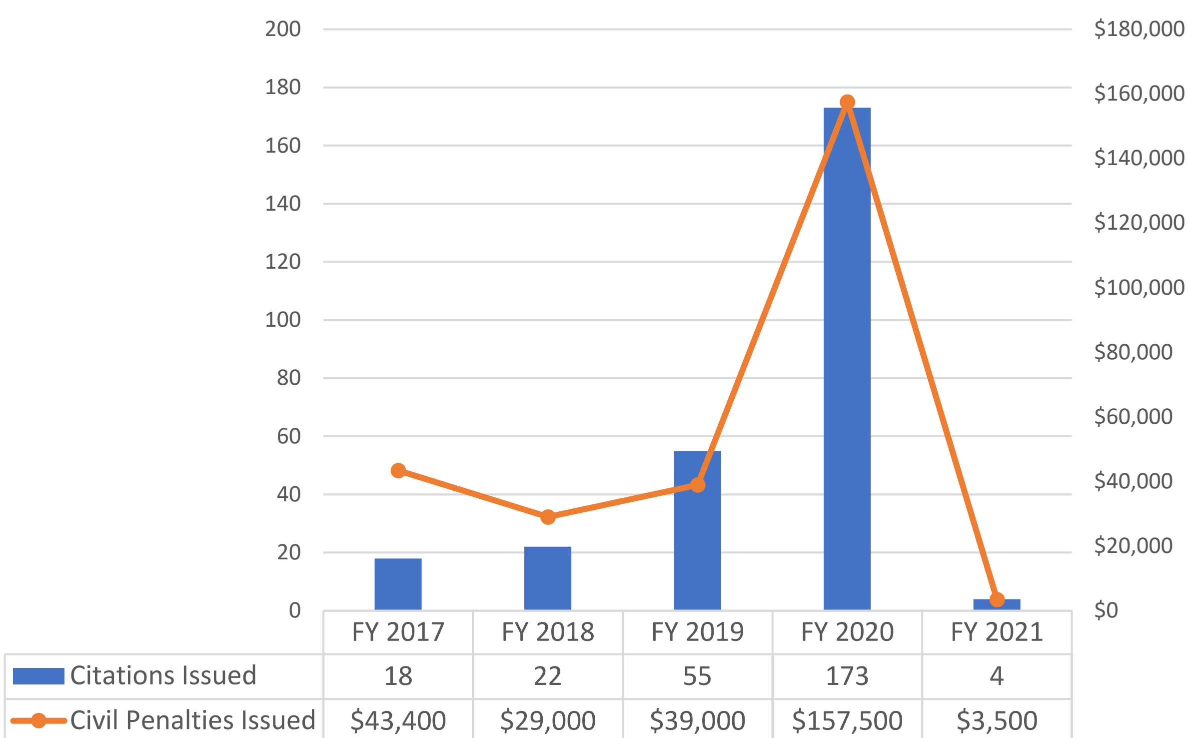
Some of the common types of citations include: operating without a certificate or permit issued by the Commission, failure to publish a tariff, failure to maintain the required liability insurance, improper vehicle marking, and stop-in-transit violations (i.e., shipping intrastate cargo described as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

Table 19 lists by category, the number of citations issued, and the civil penalties issued for FY 2017-2021. Figure 23 shows the total number of citations and civil penalties for FY 2017-2021. A sharp peak in FY 2020 was due to the numerous citations issued to a repeat offender. As discussed above, the sharp decline in FY 2021 was due to COVID-19 effects on the Commission and economy.

Table 19 – Citations and Civil Penalties Issued, FY 2017 - 2021

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Citations					
Motor Carrier	18	17	50	169	1
Stop in Transit	0	5	5	4	3
One Call Center	0	0	0	0	0
Total # of Citations Issued	**18**	**22**	**55**	**173**	**4**
Civil Penalties					
Motor Carrier	$17,400	$18,000	$11,500	$152,500	$1,000
Stop in Transit	$0	$7,000	$4,000	$5,000	$2,500
One Call Center	$26,000	$4,000	$23,500	$0	$0
Total Civil Penalties Issued	**$43,400**	**$29,000**	**$39,000**	**$157,500**	**$3,500**

Figure 23 – Civil Citations and Civil Penalties Issued, FY 2017-2021



VI. Environmental Matters and Actions of the Federal and State Government

All regulated public utilities in Hawaii are subject to laws and regulations related to permitting, air and water quality, hazardous waste, noise, and protected species. This section provides an overview of important federal and state environmental regulations that may affect Hawaii's public utilities.

In 2021, the U.S. Congress proposed and passed large pieces of legislation providing funding for infrastructure and other programs and services. Should these proposals be signed into law, there would be an influx of federal funding available to Hawaii for many areas related to environmental protection, improving grid infrastructure, and improving resilience to climate change.

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

On June 30, 2007, Act 234 was signed into law. Act 234 established a requirement to reduce GHG emissions in the State to levels at or below the best estimates for 1990 levels of emissions by January 1, 2020.

In April 2021, the "Hawaii Greenhouse Gas Emissions Report for 2017" was prepared for the Hawaii State Department of Health.[23] The report finds that projected 2020 net emissions are lower than net GHG emissions in 1990, and that Hawaii is expected to meet its target. Of the four sectors covered by the reports' inventory (Energy, Industrial Processes and Product Use, Agriculture, Forestry, and Other Land Use, and Waste), Energy is projected to make up 83% of total GHG emissions in 2020.

The Commission has particular responsibilities within the state's GHG reduction goals, as established by HRS § 269-6(b). The statute 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."[24]

The Commission continues to prioritize its analysis of GHG impacts across its work. In particular, the Commission must consider any relevant out-of-state GHG emissions and must also substantiate its findings in reaching decisions regarding GHG impacts under HRS § 269-6(b).[25] As a part of this work, the Commission has worked with the regulated entities and contractors to conduct and review GHG analyses. Additionally, the Commission has instituted GHG reporting requirements for Hawaiian Electric under the Performance-Based Regulation (PBR) framework.[26]

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[23] https://health.hawaii.gov/cab/files/2021/04/2017-Inventory_Final-Report_April-2021.pdf

[24] https://www.capitol.hawaii.gov/hrscurrent/vol05_ch0261-0319/hrs0269/HRS_0269-0006.htm

[25] In re Hawaii Gas, 147 Hawaii at 201-202, 465 P.3d at 648-49 (citation omitted); See Hawaii Gas, 147 Hawaii at 202, 465 P.3d at 649.

[26] Order No. 37802 Addressing the Hawaiian Electric Companies' Proposed Performance Incentive Mechanism Provision Tariffs, Filed May 24, 2021; Public Utilities Commission; Docket No. 2018-0088

Water Quality Controls

The Clean Water Act is a major federal environmental law that regulates pollution from electric generating stations, substations, and certain water and gas utility facilities. The National Pollutant Discharge Elimination System ("NPDES") is the program under the Clean Water Act that controls discharge of pollutants from point sources into navigable waters. 27 This regulation is implemented in Hawaii by the Department of Health's Clean Water Branch, which provides permitting, monitoring, and enforcement services.28

In April 2020, the Supreme Court issued its opinion in County of Maui v. Hawaii Wildlife Fund, addressing the question of whether a Clean Water Act NPDES permit is required for releases of pollutants from a point source to a jurisdictional water through groundwater. The Court held that an NPDES permit is required "if the addition of the pollutants through groundwater is the functional equivalent of a direct discharge from the point source into navigable waters." Following the Court's decision, in January 2021, EPA issued a guidance document explaining how to apply the Court's decision in the NPDES program. Certain projects before the Hawaii PUC must obtain NPDES permits.

The Hawaii Environmental Policy Act ("HEPA")

The Hawaii Environmental Policy Act (HRS Chapter 343), was enacted in the early 1970s. Broadly speaking, it requires individuals and agencies to provide environmental assessments ("EAs") and/or environmental impact statements ("EISs") when an action may affect the environment. On July 1, 2021, by Act 152, the Office of Environmental Quality Control was renamed Environmental Review Program and transferred from the Department of Health to the newly established Environmental Advisory Council of the Office of Planning. Certain projects before the Hawaii PUC must also complete environmental review pursuant to HRS §343.

[27] https://www.epa.gov/laws-regulations/summary-clean-water-act
[28] https://health.hawaii.gov/cwb/clean-water-branch-home-page/about-cwb/history-and-mission-statement/

VII. Special Fund Update for Fiscal Year 2021

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 2021 Special Fund revenue of $19.9 million reflects a 9% increase compared to FY 2020 revenues. The Commission collected $17 million in public utility fees for FY 2021, 2% less than FY 2020 public utility fees. The revenue derived from each source of income for FY 2021 are shown in Figure 24 and Table 20.

Effect of the COVID-19 Pandemic on PUC Revenue

The COVID-19 pandemic disproportionally affected motor carrier revenues, more so than other Commission-regulated utilities, which did not experience significant changes in revenue. In FY 2021, the PUC received payments from many motor carriers for both their 2019 and 2020 annual financial reports, which corresponds to the 147% increase in motor carrier fee revenue in FY 2021 compared with FY 2020. The Commission also adjusted its enforcement activies in response to the pandemic resulting in 95% decrease in revenue from motor carrier interest, penalties and fines in FY 2021 compared with FY 2020.

See also page 65 to read more about the effect of the COVID-19 pandemic on motor carriers and page 68 to read more about the effect of the COVID-19 pandemic on the Commission's enforcement activities.

Figure 24 – Public Utilities Commission Special Fund FY 2021

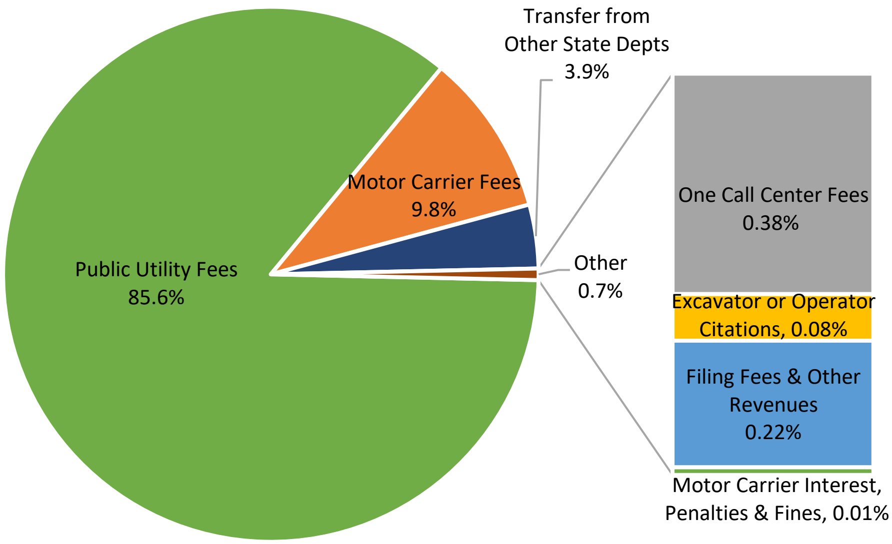

Table 20 – Public Utility Commission Special Fund Revenue, FY 2020 and 2021

Description of Revenues	FY 2020	FY 2021
Public Utility Fees	$17,302,207	$17,011,212
Motor Carrier Fees	$789,185	$1,949,711
Hawaii One Call Center Fees	$75,403	$75,737
Excavator or Operator Citations	$23,500	$16,000
Filing Fees and Other Revenues	$52,874	$43,506
Hawaii Motor Carrier Interest, Penalties, and Fines	$57,638	$2,626
Transfers from Other State Departments	$0	$765,826
Total Revenues	**$18,300,807**	**$19,864,618**

Expenditures and Transfers

In FY 2021, the Commission expended, encumbered or transferred $19.5 million out of its special fund. The Commission's direct expenditures in FY 2021, including encumbrances and contract claims, totaled $11.8 million and accounted for 61% of total expenditures and transfers from the Commission's Special Fund.

During the fiscal year, the remaining 39% of expenditures consisted of transfers to other State agencies or the General Fund, including 23% transferred to the Consumer Advocate pursuant to HRS § 269-33, 5% transferred to the Department of Accounting and General Services for Central Services pursuant to HRS § 36-27, and 2% 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 fiscal year are transferred to the General Fund. In FY 2021, this amount was $1,756,428 and accounted for 9% of total Commission expenditures and transfers.

The breakdown of total FY 2021 the PUC Special Fund Expenditures and Transfers are detailed in Figure 25 and Table 21.

Figure 25 – PUC Special Fund FY 2021 Expenditures and Transfers

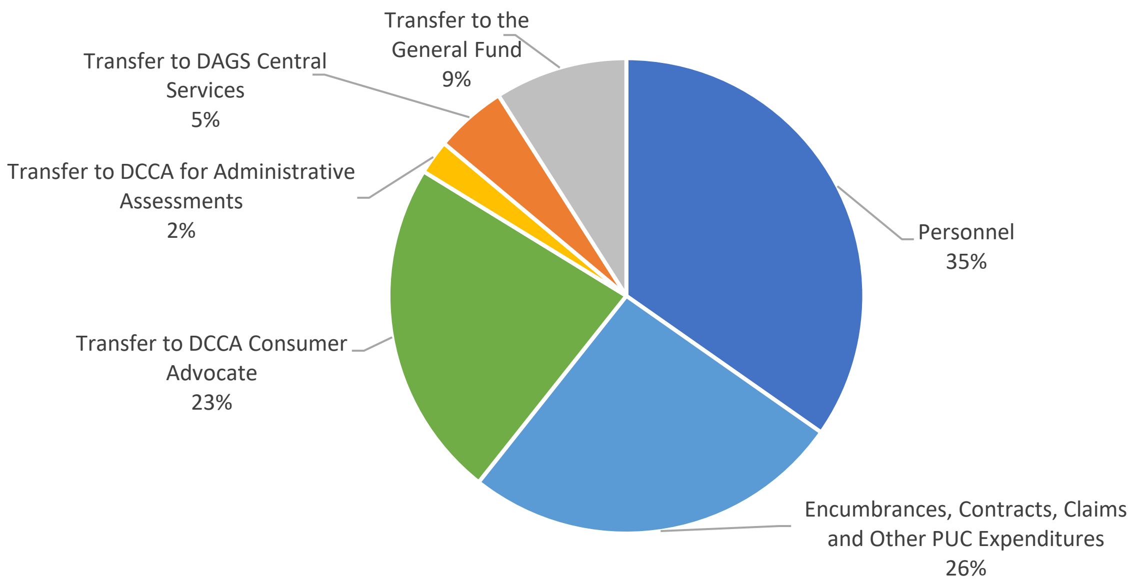

Table 21 – FY 2020 and 2021 PUC Special Fund Expenditures and Transfers

	FY 2020	FY 2021
Expenditures		
Personnel	$6,659,884	$6,755,950
Encumbrances, Contracts, Claims & Other PUC Expenditures	$4,374,340	$5,042,592
PUC Expenditures Subtotal	**$11,034,224**	**$11,798,542**
Transfers		
Transfer to DAGS Central Services	$907,741	$948,417
Transfer to DCCA Consumer Advocate	$4,494,086	$4,494,086
Transfer to the General Fund	$1,440,695	$1,756,428
Transfer to DCCA for Administrative Assessments	$452,508	$452,508
PUC Transfers Subtotal	**$7,295,030**	**$7,651,439**
Total Expenditures and Transfers	**$18,329,254**	**$19,449,981**

Appendix

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