

**SECOND AMENDED NOTICE OF PUBLIC HEARINGS -
POSTPONING PUBLIC HEARINGS**

APPLICATION OF HAWAII ELECTRIC LIGHT COMPANY, INC.
FOR APPROVAL OF RATE INCREASES AND
REVISED RATE SCHEDULES AND RULES

Docket No. 2018-0368

This Second Amended Notice of Public Hearings postpones the public hearings to April 11, 2019 (Kona) and April 12, 2019 (Hilo), corrects the address of Aupuni Center to 101 Pauahi Street, Suite 1, adjusts the deadline for motions to intervene or participate to April 22, 2019, and corrects some of the citations to the Hawaii Revised Statutes to Hawaii Revised Statutes §§ 269-16 and 269-12.

The STATE OF HAWAII PUBLIC UTILITIES COMMISSION ("Commission"), pursuant to Hawaii Revised Statutes §§ 269-16 and 269-12, HEREBY GIVES NOTICE that it will hold public hearings relating to the Application of HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO"), filed on December 14, 2018, for approval of a general rate increase and revised rate schedules and rules.

The Commission will hold public hearings, as follows:

Thursday, April 11, 2019 at 5:00 p.m.

West Hawaii Civic Center
County Council Chambers
74-5044 Ane Keohokalole Highway
Kailua-Kona, Hawaii 96740

Friday, April 12, 2019 at 5:00 p.m.

Aupuni Center
101 Pauahi Street, Suite 1
Hilo, Hawaii 96720

The Commission will investigate whether the proposed revenue increases, changes in rate schedules and rules, and other matters proposed in HELCO's Application are just and reasonable.

HELCO provides electric utility service to the island of Hawaii. HELCO seeks to increase its rates by \$13,350,000 (or 3.38%) over revenues at current effective rates based on a revenue requirement of \$407,857,000 for a normalized 2019 test year ("2019 test year"). HELCO states its revenue requirement is based on an 8.30% rate of return ("ROR") that incorporates a return on equity ("ROE") of 10.50% on an average rate base of \$536,931,000 for the 2019 test year. At present rates, if the effects of the Revenue Balancing Account ("RBA") and Rate Adjustment Mechanism ("RAM") are included (the RBA and RAM are decoupling mechanisms that operate as separate cost recovery mechanisms aside from base rates), the increase would be \$19,516,000 (5.03%) over revenues to achieve a revenue requirement of \$407,858,000.

HELCO states that this revenue requirement is based on Hu Honua Bioenergy, LLC's ("Hu Honua's") generating unit providing power to HELCO's electric grid as an independent power producer throughout the 2019 test year. However, as HELCO observes in its Application, an appeal of the commission's approval of HELCO's power purchase agreement ("PPA") with Hu Honua is currently pending before the Hawaii Supreme Court. HELCO states that, because a non-appealable commission approval of the subject PPA has not yet been obtained, HELCO's "obligation to make Energy Charge or Capacity Charge payments to Hu Honua" has not yet become "effective."

As such, HELCO's Application provides an alternate request based on excluding Hu Honua from the 2019 test year. If Hu Honua is excluded from the 2019 test year, HELCO seeks to increase its rates by \$13,709,000 (or 3.52%) over revenues at current effective rates based on a revenue requirement of \$403,042,000 for the 2019 test year. HELCO states its revenue requirement is based on an 8.30% ROR that incorporates a ROE of 10.50% on an average rate base of \$540,519,000 for the 2019 test year. At present rates, if the effects of the RBA and RAM are included, the requested increase under this alternative

scenario is \$19,915,000 (or 5.20%) over revenues to achieve a revenue requirement of \$403,042,000.

In either scenario, HELCO states that the “total revenue increase will not exceed the \$19,915,000 over revenues at present rates . . . , but the rates and charges to be finally approved by the Commission after its investigation may be higher or lower than the proposed rates and charges for the various schedules of service.”

With respect to the allocation and implementation of the proposed rate increase, HELCO “proposes to allocate the interim and final increase in electric sales revenue such that each rate class moves closer to their respective cost of service[.]” HELCO requests that, should the Commission issue an interim decision, any interim rate increase be implemented as a “surcharge[] for the various classes based on a percentage of the customer’s base revenue charges (i.e., exclusive of the Energy Cost Adjustment charge, Purchased Power Adjustment charges, the RBA rate adjustment, and other surcharges).”

In addition to its proposed rate increase, HELCO seeks to:

1. Modify the Energy Cost Recovery Clause (“ECRC”) tariff by (a) revising the target heat rates for industrial fuel oil and diesel fuel, (b) streamline tariff language relating to triggers for the redetermination of target heat rates and deadbands and implement fuel unbundling, and (c) update non-adjustable component revenues based on 2019 test year expenses.
2. Change the monthly allocation factors applicable to target revenue and the basis for the monthly allocation factors in the RBA to be based on the days of the month and to change the RBA Rate Adjustment to be non-bypassable.
3. HELCO proposes that contributions in aid of construction (“CIAC”) associated with projects included within construction work in progress (“CWIP”) be excluded from rate base until the projects are considered plant in service.

4. Account for developer advances in the rate base RAM filings in a manner consistent with the way CIAC had been treated when the rate base RAM was originally developed and to revise the RAM tariff sheets to reflect this change.

5. HELCO seeks (a) authorization to deviate from certain paragraphs of General Order No. 7 in order to make changes to customer deposits and the interest rate paid on customer deposits, (b) to increase the minimum customer deposit threshold to \$50.00, (c) to reduce the interest rate on customer deposits from 6% per annum to 2% per annum, and (d) to modify HELCO Tariff Rule No. 6 to reflect, among other things, the requested changes to customer deposits and the interest rate paid on customer deposits.

HELCO requests that, should the Commission issue an interim decision, the interim decision also include approval of its proposed modifications to (1) the monthly allocation factors, (2) reducing the interest on customer deposits from 6% per annum to 2% per annum, and (3) the target heat rates and non-adjustable component revenues in the ECRC. HELCO requests that all other rate design and rule changes requested in its Application be implemented when the final increase is implemented.

At the public hearings, the Commission will receive in-person testimony from the general public regarding HELCO's Application and proposed general rate increase and revised rate schedules and rules, pursuant to HRS § 269-16(b).

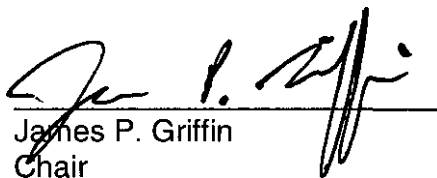
The purpose of these public hearings is to listen to the views expressed by the general public. All interested persons are invited to attend the public hearings to state their views on HELCO's Application orally, in writing, or both. So that all in attendance will have the opportunity to speak at the public hearings, the Commission may impose time limits for each person's testimony. Special accommodations for persons with disabilities can be made if requested reasonably in advance by contacting the Commission's Honolulu Office.

In addition, written statements may be mailed to the Commission at 465 South King Street, Room 103, Honolulu, Hawaii, 96813, or sent by electronic mail to puc.comments@hawaii.gov. Written statements should reference Docket No. 2018-0368 and include the author's name and the entity or organization that the author represents.

Any motions to intervene or participate in this proceeding must comply with the applicable provisions of the Commission's Rules of Practice and Procedure Before the Public Utilities Commission, Hawaii Administrative Rules, Title 16, Chapter 601, and must be filed with the Commission at its Honolulu Office by April 22, 2019.

After the conclusion of the public hearings, at a later date to be determined, the Commission will hold an evidentiary hearing with the Parties, and thereafter, issue a decision on HELCO's Application in accordance with HRS § 269-16.

The foregoing is a brief summary of the proposals in HELCO's Application. HELCO's Application is available for public review through the Commission's electronic Document Management System, which is accessible at <http://dms.puc.hawaii.gov/dms/>. Copies of HELCO's Application are also available for review by contacting HELCO, the Commission's Hawaii District Office [(808) 974-4533] or Honolulu Office [(808) 586-2020], or the Consumer Advocate [(808) 586-2800].


James P. Griffin
Chair

Hawaii Tribune-Herald: March 4 and 5, 2019
West Hawaii Today: March 4 and 5, 2019