Hawaiian Electric Company, Inc. • PO Box 2750 • Honolulu, HI 96840-0001

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August 24, 2007

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, 1st Floor
Honolulu, Hawaii 96813

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PUBLIC UTILITIES COMMISSION

Dear Commissioners:

Subject: Docket No. 2006-0387
MECO 2007 Test Year Rate Case – June 2007 Updates – Set #5

Enclosed is the fifth set of updates to Maui Electric Company, Limited's ("MECO") 2007 test year estimates reflected in the Application, Direct Testimonies, Exhibits and Workpapers filed with the Commission on February 23, 2007. This set includes updates to the following:

- MECO T-13 – Lon K. Okada

Very truly yours,

Dean K. Matsuura
Manager, Regulatory Affairs

Enclosure

cc: Division of Consumer Advocacy
Sawvel & Associates, Inc.
Utilitech, Inc.

Ref: Lon K. Okada, MECO T-13, Income Tax Expense, Taxes Other Than Income Taxes, Unamortized Net SFAS 109 Regulatory Asset, Unamortized State Investment Tax Credit, Accumulated Deferred Income Taxes

Income Tax Expense

The Company's estimate of income taxes for the test year will be revised at the next opportunity for revisions to the interest expense adjustment to reflect the revised 2007 test year estimate of AFUDC as calculated in the June 2007 update of MECO-WP-1302 (see Attachment 1, pages 5 and 6) and revisions to the test year estimates of revenues and expenses at current effective rates and at proposed rates.

Taxes Other Than Income Taxes

The Company's estimate of taxes other than income taxes was revised due to: a) an update of labor costs, which affected payroll tax expense, b) an updated SUTA tax rate and c) an updated SUTA maximum wage base. See the June 2007 update of MECO-WP-1301 and the Company's response to CA-IR-178 (Attachment 1, pages 1 through 4).

Unamortized Net SFAS 109 Regulatory Asset

The unamortized net SFAS 109 regulatory asset balance has been updated due to: 1) the change to actual 2006 recorded balances, 2) the adjustment for AFUDC equity gross up associated with CWIP as calculated in Attachment 1, page 15, and as further explained in the Company's response to CA-IR-182, 3) a revised 2007 test year estimate of AFUDC, and 4) a correction to the allocations of balances between the islands. See the June 2007 updates of MECO-1306 (Attachment 1, pages 13 and 14) and MECO-1307 (Attachment 1, page 16), and the Company's response to CA-IR-182.

Unamortized State Investment Tax Credit ("ITC")

The State ITC has been updated due to: 1) an estimated post year end adjustment to the actual 2006 recorded balance and 2) a revised 2007 test year estimate of plant additions. See the June 2007 update of exhibit MECO-1304 (Attachment 1, pages 7 and 8).

Accumulated Deferred Income Taxes

Accumulated deferred income taxes have been updated for: 1) actual 2006 recorded balances (also submitted in the Company's response to CA-IR-182), 2) estimated 2006 post year end adjustments, and 3) updated 2007 amounts for certain revised test year estimates of revenue and expenses.

In addition, accumulated deferred income taxes have been revised from the direct testimony filing for: 1) the exclusion of the regulatory asset for AFUDC Equity gross up in CWIP as further explained in the Company's response to CA-IR-182, 2) the full inclusion of deferred taxes related to TCI as further explained in the Company's response to CA-IR-182, 3) ratemaking adjustments for the reversal of Accumulated Other Comprehensive Income ("AOCI") as explained by Mr. Matsunaga in MECO T-9 (see MECO T-9, pages 84 through 107), 4) the exclusion of deferred taxes on integrated resource planning costs, consistent with the treatment in HELCO Docket No. 05-0315, and 5) the reclassification and adjustment of balances for proper presentation as explained in the Company's response to CA-IR-182. See the June 2007 update of MECO-1305 (Attachment 1, pages 9 and 10) and MECO-WP-1305 (Attachment 1, pages 11 and 12).

Note that in the HECO Docket No. 2006-0386, the CA did not agree with the position reflected in items 1) and 2) above, dealing with the revisions to deferred taxes related to AFUDC

in CWIP and related to TCI. HECO is in the process of proposing a settlement to these issues and, depending on the outcome, MECO's position may change in concert with HECO's settlement.

Maui Electric Company, Ltd.
Payroll Taxes Charged to Operations
For Test Year 2007
(In Thousands)

	Summary of Payroll Taxes Charged to Operations	Maui	Lanai	Molokai	UPDATED 2007 Test Year
	Allocation	90.96%	4.04%	5.00%	100.00%
1	FICA	1,211	54	67	1,332
2	Federal Unemployment Taxes	11	1	1	13
3	State Unemployment Taxes	15	1	1	17
4	Total Payroll Taxes Charged to Operations	1,237	56	69	1,362

	Allocation of Payroll Taxes Based on Labor Dollars Charged	Test Year Payroll Taxes
5	Capital	342
6	Operations	1,362
7	Others	272
	Total Payroll Taxes	1,977

	Breakdown of Payroll Taxes	Total Payroll Taxes	Calculated Percentages	Payroll Taxes Charged to Operations
8	FICA	1,933	97.77%	1,332
9	FUTA	19	0.96%	13
10	SUTA	25	1.26%	17
11	Total Payroll Taxes	1,977	100.0%	1,362

Maui Electric Company, Ltd.
Payroll Taxes Charged to Operations
For Test Year 2007

FICA

	Pay Date	Est Gross Pay	Effective Rate	Total FICA	Rounded (000's)
1	1/14/2007	996,460	7.56%	75,292	
2	1/28/2007	996,460	7.56%	75,292	
3	2/11/2007	1,025,911	7.56%	77,517	
4	2/25/2007	1,033,943	7.56%	78,124	
5	3/11/2007	991,707	7.56%	74,932	
6	3/25/2007	980,188	7.56%	74,062	
7	4/8/2007	978,993	7.59%	74,315	
8	4/22/2007	978,096	7.59%	74,247	
9	5/6/2007	974,920	7.59%	74,006	
10	5/20/2007	970,685	7.59%	73,684	
11	6/3/2007	990,460	7.59%	75,185	
12	6/17/2007	1,062,969	7.59%	80,689	
13	7/1/2007	1,057,651	7.59%	80,286	
14	7/15/2007	988,521	7.49%	74,055	
15	7/29/2007	988,521	7.49%	74,055	
16	8/12/2007	1,031,501	7.49%	77,274	
17	8/26/2007	1,038,664	7.49%	77,811	
18	9/9/2007	1,022,465	7.49%	76,598	
19	9/23/2007	1,013,466	7.49%	75,923	
20	10/7/2007	1,034,191	6.60%	68,294	
21	10/21/2007	1,054,917	6.60%	69,663	
22	11/4/2007	1,058,681	6.60%	69,911	
23	11/18/2007	1,068,089	6.60%	70,533	
24	12/2/2007	1,061,826	6.60%	70,119	
25	12/16/2007	1,024,247	6.60%	67,638	
26	12/30/2007	1,024,247	6.60%	67,638	
27	1/13/2008	73,161	7.56%	5,528	
28		26,520,940		1,932,671	1,933

2005 Form 941

Pay Date	FICA	Gross Pay	Eff Rate
Quarter 1	501,952	6,643,171	7.56%
Quarter 2	415,485	5,473,427	7.59%
Quarter 3	480,167	6,409,529	7.49%
Quarter 4	374,180	5,666,270	6.60%

Federal Unemployment Taxes

	Rate	$ Max	No. Employees at Year End	FUTA Tax	
29	0.8%	7,000	335	18,760	19

State Unemployment Taxes

	Rate	$ Max	No. Employees at Year End	SUTA Tax	
30	0.21%	35,300	335	24,834	25 *

31 Total Payroll Taxes (Line 28 + Line 29 + Line 30) 1,977

* Revised SUTA maximum base and rates for June update.

Maui Electric Company, Ltd.
Payroll Tax Allocation Worksheet
Test Year 2007

(In Thousands)

	Allocation of Payroll Taxes Based on Forecasted Labor $				Update	Direct	Difference
Category	Forecasted Labor $	Alloc Adj	Forecasted Labr $ Adj	Alloc %	Allocated Payroll Tax	Allocated Payroll Tax	Allocated Payroll Tax
Capital	*4,043*		*4,043*	*17.31%*	*342*	351	(9)
Billable	69		69	0.30%	6	6	(0)
O & M	16,091		16,091	68.91%	1,362	1,378	(16)
Other	3,147		3,147	13.48%	266	290	(24)
	0	0	0	0.00%	0	0	0
Clearing (NPW and Vacation)	3,171	(3,171)	0	0.00%	0	0	0
Total	26,521	(3,171)	23,350	100.00%	1,977	2,025	(48)

Maui Electric Company, Ltd.
Forecasted Labor Costs
Test Year 2007

Category	Ind	FY07	Direct Category Totals	Per MECO T-8 Reclassify DSM Labor	UPDATED
Billable	BE	14,846			
Billable	BT	54,416	69,262		69,262
Capital	NI	3,514,526			
Capital	NR	528,444	4,042,970		4,042,970
Clearing	NC	3,170,902	3,170,902		3,170,902
O&M	NE	15,785,496			
O&M	NS	103,604	15,889,100	201,850	16,090,950
Other	NA	1,585			
Other	ND	3,329,362			
Other	NN	7,455			
Other	NP	10,304	3,348,706	(201,850)	3,146,856
		26,520,940	26,520,940	0	26,520,940

Maui Electric Company, Limited
Calculation of Interest Expense For
Use In Income Tax Expense Calculation
Test Year 2007

	TOTAL MECO Amounts	References
Interest Expense on Long-Term Debt	9,194,000	MECO-WP-1703
Interest Expense on Short-Term Debt	237,500	MECO-1702
Interest Expense on Hybrid Securities	686,000	MECO-WP-1704
Less: AFUDC Debt	(247,279)	
NET INTEREST EXPENSE	9,870,221	
Net Interest per Direct	9,894,613	
Net Change	(24,392)	

Note: For this update, only those exhibit pages that have been changed are included in this submission.

Maui Electric Company, Limited
Allocation of Interest Expense For
Use In Income Tax Expense Calculation
Test Year 2007

	Maui	Lanai	Molokai	Total MECO
Interest Expense on Long-Term Debt	8,435,495	349,372	409,133	9,194,000
Interest Expense on Short-Term Debt (A)	217,906	9,025	10,569	237,500
Interest Expense on Hybrid Securities	629,405	26,068	30,527	686,000
Less: AFUDC Debt (B)	(226,878)	(9,397)	(11,004)	(247,279)
NET INTEREST EXPENSE	9,055,928	375,068	439,225	9,870,221
Net Interest per Direct	9,078,307	375,995	440,311	9,894,613
Net Change	(22,379)	(927)	(1,086)	(24,392)

(A) Average Short-Term Debt $4,750,000 x 5.0% = $237,500 (Per MECO-1702)

(B) AFUDC Debt Computation:

AFUDC Expenditures	773,981	(a)
Ratio of Debt to Total	31.949%	
AFUDC Debt	247,279	

Note: Allocation based on relative plant balances @ 12/31/06, as follows:

	Plant Balance	% of Total
Maui	704,983,000	91.75%
Lanai	29,297,000	3.80%
Molokai	34,181,000	4.45%
TOTAL MECO	768,461,000	100.00%

(a) Source: Anna Arase, Revised 2007 AFUDC Forecast consistent with updated plant additions as discussed in Ms. Arase's June 2007 update of MECO T-14.

Maui Electric Company, Ltd.
State Capital Goods Excise Tax Credit
For Years 2001-2007

(In Thousands)

		Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Direct Test Year 2007	Adj.**	**UPDATE Test Year 2007**
	MAUI									
1	Beginning Balance	7,177	8,225	8,241	8,153	9,099	9,246	10,244		**10,244**
2	Amortization	(294)	(308)	(323)	(381)	(410)	(427)	(475)	-	**(475)**
3	Additions (Net of Recap)	1,342	324	235	1,327	557	1,425	545	794	**1,339**
4	Ending Balance	8,225	8,241	8,153	9,099	9,246	10,244	10,314	794	**11,108**
5	Average Balance (At Gross)							10,279		**10,676**
6	Amortization at Gross of Taxes				381	410	427	475		**475**
7	Amortization, Net of State Taxes*	294	308	323						
	LANAI									
8	Beginning Balance	298	342	342	339	378	384	426		**426**
9	Amortization	(12)	(13)	(13)	(16)	(17)	(18)	(20)	-	**(20)**
10	Additions (Net of Recap)	56	13	10	55	23	60	23	33	**56**
11	Ending Balance	342	342	339	378	384	426	429	33	**462**
12	Average Balance (At Gross)							428		**444**
13	Amortization at Gross of Taxes				16	17	18	20		**20**
14	Amortization, Net of State Taxes*	12	13	13						

* NOTE: Prior to 2004, the unamortized state capital goods excise tax credit was shown net of state taxes in the general ledger. In 2004, the balance was grossed up and the state tax effect was reclassified to the accumulated state deferred income tax liability account.

** Update includes post year end adjustments.

Maui Electric Company, Ltd.
State Capital Goods Excise Tax Credit
For Years 2001-2007

(In Thousands)

		Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Direct Test Year 2007	Adj.**	**UPDATE Test Year 2007**
	MOLOKAI									
1	Beginning Balance	348	399	400	395	441	448	497		**497**
2	Amortization	(14)	(15)	(16)	(18)	(20)	(21)	(23)	-	**(23)**
3	Additions (Net of Recap)	65	16	11	64	27	70	26	39	**65**
4	Ending Balance	399	400	395	441	448	497	500	39	**539**
5	Average Balance (At Gross)							499		**518**
6	Amortization at Gross of Taxes				18	20	21	23		**23**
7	Amortization, Net of State Taxes*	14	15	16						
	TOTAL MECO									
8	Beginning Balance	7,823	8,966	8,983	8,887	9,918	10,078	11,167		**11,167**
9	Amortization	(320)	(336)	(352)	(415)	(447)	(466)	(518)		**(518)**
10	Additions (Net of Recap)	1,463	353	256	1,446	607	1,555	594	866	**1,460**
11	Ending Balance	8,966	8,983	8,887	9,918	10,078	11,167	11,243	866	**12,109**
12	Average Balance (At Gross)							11,205		**11,638**
13	Amortization at Gross of Taxes				415	447	466	518		**518**
14	Amortization, Net of State Taxes*	320	336	352						

* NOTE: Prior to 2004, the unamortized state capital goods excise tax credit was shown net of state taxes in the general ledger. In 2004, the balance was grossed up and the state tax effect was reclassified to the accumulated state deferred income tax liability account.

** Update includes post year end adjustments.

Maui Electric Company, Ltd.
Deferred Income Taxes by Individual
Item and Year-End Balances
For Years 2001 - 2007

(In Thousands)

		Estimated Balance 12/31/2006	Estimated 2007 Net Add/(Amort)	Estimated Balance 12/31/2007
	MAUI			
	Accelerated Depreciation Over Straight-Line			
1	Federal	12,147	(555)	11,592
2	State	1,428	(16)	1,412
3	Subtotal	13,575	(571)	13,004
	All Other Items			
4	Federal	3,389	(3,203)	186
5	State	627	(583)	44
6	Subtotal	4,016	(3,786)	230
7	Total	17,591	(4,357)	13,234
8	Average Balance			15,413
	Avg Bal per Direct			18,823
	Net Change in Avg Bal			(3,410)
	LANAI			
	Accelerated Depreciation Over Straight-Line			
9	Federal	505	(23)	482
10	State	60	(1)	59
11	Subtotal	565	(24)	541
	All Other Items			
12	Federal	140	(133)	7
13	State	25	(24)	1
14	Subtotal	165	(157)	8
15	Total	730	(181)	549
16	Average Balance			640
	Avg Bal per Direct			782
	Net Change in Avg Bal			(142)

Source: MECO-WP-1305

Maui Electric Company, Ltd.
Deferred Income Taxes by Individual
Item and Year-End Balances
For Years 2001 - 2007

(In Thousands)

		Estimated Balance 12/31/2006	Estimated 2007 Net Add/(Amort)	UPDATE Balance 12/31/2007
	MOLOKAI			
	Accelerated Depreciation Over Straight-Line			
17	Federal	589	(27)	562
18	State	70	(1)	69
19	Subtotal	659	(28)	631
	All Other Items			
20	Federal	164	(155)	9
21	State	30	(28)	2
22	Subtotal	194	(183)	11
23	Total	853	(211)	642
24	Average Balance			748
	Avg Bal per Direct			913
	Net Change in Avg Bal			(165)
	TOTAL MECO			
	Accelerated Depreciation Over Straight-Line			
25	Federal	13,241	(605)	12,636
26	State	1,558	(18)	1,540
27	Subtotal	14,799	(623)	14,176
	All Other Items			
28	Federal	3,693	(3,491)	202
29	State	682	(635)	47
30	Subtotal	4,375	(4,126)	249
31	Total	19,174	(4,749)	14,425
32	Average Balance			16,800
	Avg Bal per Direct			20,518
	Net Change in Avg Bal			(3,718)

Source: MECO-WP-1305

MAUI ELECTRIC COMPANY, LTD.
DEFERRED INCOME TAXES - FEDERAL

Dr(Cr) Activity	Description	Actual Balance @ 12/31/06	Estimated 2006 Post YE Exp/(Benefit)	Reclassifications/ Adjustments	Adjusted Balance @ 12/31/06	Estimated 2007 Exp/(Benefit)	Estimated Balance @ 12/31/07
28309	State ITC	3,707,546.00	223,916.00		3,931,462.00	52,108.00	3,983,570.00
28310	Rate Case Costs	0.00	(19,916.00)		(19,916.00)		(19,916.00)
28311	Rev Bond Diff	(349,945.00)			(349,945.00)	(496,064.00)	(846,009.00)
28312	Prepaid Expenses	(184,944.00)	(3,259.00)		(188,203.00)	(35,254.00)	(223,457.00)
28313	Uncoll Accts	49,100.00			49,100.00	0.00	49,100.00
28314	Computer Software Costs	41,074.00			41,074.00	27,086.00	68,160.00
28315	Cost of Removal	(3,851,421.00)			(3,851,421.00)	(436,184.00)	(4,287,605.00)
28316	Disc Wkrs Cmp	238,697.00	(553.00)		238,144.00	0.00	238,144.00
28317	Electric Disc Trust	(210,967.00)	(4,386.00)	215,353.00	0.00	0.00	0.00
28318	Pensn Cst	(1,703,675.00)		(13,775.00)	(1,717,450.00)	1,320,025.00	(397,425.00)
28319	Cap Items Chg	(55,910.00)			(55,910.00)	7,035.00	(48,875.00)
28321	Conn Fee	43,506.00		(43,506.00)	0.00	0.00	0.00
28323	Cap Int	3,274,921.00	(37,019.00)		3,237,902.00	(160,817.00)	3,077,085.00
28324	CIAC	4,967,264.00	1,147.00		4,968,411.00	3,009,620.00	7,978,031.00
28325	Cust Adv	125,513.00			125,513.00	38,197.00	163,710.00
28326	Int IRS Adj	166,572.00	(117,730.00)		48,842.00	0.00	48,842.00
28327	Exec Incen Comp	127,856.00	(50,366.00)		77,490.00	0.00	77,490.00
28328	Vacation Accrual	(27,868.00)			(27,868.00)	0.00	(27,868.00)
28329	Tri-Isle Cable	0.00			0.00		0.00
28330	FMB Red Prem & Exp	0.00			0.00	0.00	0.00
28331	CWIP Debt Transition	(98,479.00)			(98,479.00)	8,774.00	(89,705.00)
28332	CWIP Equity Transition	(290,000.00)			(290,000.00)	25,839.00	(264,161.00)
28333	Plant Trans (AFUDC)	(613,869.00)			(613,869.00)	81,448.00	(532,421.00)
28334	FAS 109 Flow Through	(51,494.00)			(51,494.00)	24,316.00	(27,178.00)
28335	CWIP Equity Net	(4,362,982.00)			(4,362,982.00)	54,507.00	(4,308,475.00)
28336	CWIP Debt	(2,240,850.00)			(2,240,850.00)	41,387.00	(2,199,463.00)
28337	CWIP Equity Gross-Up	(2,778,884.00)			(2,778,884.00)	34,717.00	(2,744,167.00)
28338	Reg Liab Fed ITC	604,509.00			604,509.00	(115,252.00)	489,257.00
28339	OPEB	569,671.00		(215,353.00)	354,318.00	185,210.00	539,528.00
28340	IRP/DSM Costs	(373,233.00)			(373,233.00)	0.00	(373,233.00)
28341	Excess Def Tax	(960.00)			(960.00)	960.00	0.00
28342	Deficit Def Tax	18,560.00			18,560.00	(2,511.00)	16,049.00
28343	Gen Liab Reserve	32,894.00			32,894.00	0.00	32,894.00
28344	G/(L) on ACRS Retirals	(1,469,439.00)			(1,469,439.00)	(16,447.00)	(1,485,886.00)
28400	Customer Information System	64,051.00			64,051.00	1,075.00	65,126.00
28401	Deloitte & Touche Fees	0.00			0.00		0.00
28402	Electric Vehicle Credit	0.00			0.00		0.00
28403	Ellipse Software Costs	6,398.00	(1,052.00)		5,346.00	(5,346.00)	0.00
28404	Emission Fees Accrued	164,664.00			164,664.00	166,812.00	331,476.00
28405	Hawaii R&D Credit	748.00	(748.00)		0.00	0.00	0.00
28406	Legal Fees Deferred for Tax	5,304.00			5,304.00	0.00	5,304.00
28407	Oil Spill Clean-Up	121,381.00			121,381.00	0.00	121,381.00
28408	Percentage Repair Allowance	(123,082.00)			(123,082.00)	9,231.00	(113,851.00)
28409	BPI Costs	(22,013.00)			(22,013.00)	2,097.00	(19,916.00)
28410	QUIPS Amortization	(178,911.00)			(178,911.00)	8,487.00	(170,424.00)
28411	§ 481 Adjustment	-			0.00		0.00
28412	Sun Power for Schools	0.00			0.00	0.00	0.00
28413	Other	3.00			3.00		3.00
28414	Deferred Comp-Restricted Stock	(21,787.00)			(21,787.00)		(21,787.00)
28415	FIN 48 Adjustments	0.00			0.00	517,376.00	517,376.00
28416	Implementation of SFAS 158	7,744,884.00			7,744,884.00	(482,727.00)	7,262,157.00
Total Balance Account 283.01		3,064,403.00	(9,966.00)	(57,281.00)	2,997,156.00	3,865,705.00	6,862,861.00
Total Bal Acct 282.01 Accel Depm		(13,834,645.00)	550,302.00	43,506.00	(13,240,837.00)	605,140.00	(12,635,697.00)
Total Deferred Tax Balance Before Rate Case Adjustments		(10,770,242.00)	540,336.00	(13,775.00)	(10,243,681.00)	4,470,845.00	(5,772,836.00)
Rate Case Adjustments:							
28326	Int IRS Adj	(166,572.00)	117,730.00		(48,842.00)	0.00	(48,842.00)
28327	Exec Incen Comp	(127,856.00)	50,366.00		(77,490.00)	0.00	(77,490.00)
28328	Vacation Accrual	27,868.00	0.00		27,868.00	0.00	27,868.00
28313	Uncoll Accts Allow	(49,100.00)	0.00		(49,100.00)	0.00	(49,100.00)
28316	Disc Wkrs Cmp	(238,697.00)	553.00		(238,144.00)	0.00	(238,144.00)
28343	Gen Liab Reserve	(32,894.00)	0.00		(32,894.00)	0.00	(32,894.00)
28318	Pensn Cst (nonqual)	(599.00)	0.00		(599.00)	185.00	(414.00)
28310	Rate Case Costs	0.00	19,916.00		19,916.00	0.00	19,916.00
28339	OPEB Exec Life	(279,445.00)	0.00		(279,445.00)	(31,047.00)	(310,492.00)
28340	IRP/DSM Costs	373,233.00	0.00		373,233.00	0.00	373,233.00
28407	Fuel/Oil Spill Liab Reserve	(121,381.00)	0.00		(121,381.00)	0.00	(121,381.00)
28414	Deferred Comp-Restricted Stock	21,787.00			21,787.00	0.00	21,787.00
28415	FIN 48 Adjustments	0.00			0.00	(517,376.00)	(517,376.00)
	AFUDC in CWIP	1,015,303.00			1,015,303.00	(213,615.00)	801,688.00
	Reg. Asset-AFUDC Eq Grossup	444,618.00			444,618.00	(95,262.00)	349,356.00
Total Federal Deferred Tax Balance After Rate Case Adjustments		(9,903,977.00)	728,901.00	(13,775.00)	(9,188,851.00)	3,613,730.00	(5,575,121.00)
Ratemaking Adjustment:							
28416	SFAS 158	(7,744,884.00)	0.00	0.00	(7,744,884.00)	482,727.00	(7,262,157.00)
Total Federal Deferred Tax Bal		(17,648,861.00)	728,901.00	(13,775.00)	(16,933,735.00)	4,096,457.00	(12,837,278.00)

MAUI ELECTRIC COMPANY, LTD.
DEFERRED INCOME TAXES - STATE

Dr(Cr) Activity	Description	Actual Balance @ 12/31/06	Estimated 2006 Post YE Exp/(Benefit)	Reclassifications/ Adjustment	Adjusted Balance @ 12/31/06	Estimated 2007 Exp/(Benefit)	Estimated Balance @ 12/31/07
na	State ITC	677,951.00	40,945.00		718,896.00	9,528.00	728,424.00
28350	Rate Inc Appl	0.00	(3,642.00)		(3,642.00)		(3,642.00)
28351	Rev Bond Diff	(63,990.00)			(63,990.00)	(90,709.00)	(154,699.00)
28352	Prepaid Expenses	(33,818.00)	(596.00)		(34,414.00)	(6,446.00)	(40,860.00)
28353	Uncoll Accts	8,978.00			8,978.00	0.00	8,978.00
28354	Computer Software Costs	8,228.00			8,228.00	3,166.00	11,394.00
28355	Cost of Removal	(702,919.00)			(702,919.00)	(79,759.00)	(782,678.00)
28356	Disc Wkrs Cmp	43,648.00	(101.00)		43,547.00	0.00	43,547.00
28357	Electric Disc Trust	(38,578.00)	(802.00)	39,380.00	0.00	0.00	0.00
28358	Pensn Cst	(311,535.00)		(2,513.00)	(314,048.00)	241,376.00	(72,672.00)
28359	Cap Items Chg	(10,224.00)			(10,224.00)	1,286.00	(8,938.00)
28361	Conn Fee	2,074.00		(2,074.00)	0.00	0.00	0.00
28363	Cap Int	617,424.00	(6,769.00)		610,655.00	(31,181.00)	579,474.00
28364	CIAC	897,498.00	209.00		897,707.00	548,734.00	1,446,441.00
28365	Cust Adv	22,952.00			22,952.00	6,985.00	29,937.00
28366	Int IRS Adj	30,459.00	(21,528.00)		8,931.00	0.00	8,931.00
28367	Exec Incen Comp	39,828.00	(9,209.00)		30,619.00	0.00	30,619.00
28368	Vacation Accrual	(5,096.00)			(5,096.00)	0.00	(5,096.00)
28369	Tri-Isle Cable	0.00			0.00		0.00
28370	FMB Red Prem & Exp	0.00			0.00	0.00	0.00
28371	CWIP Debt Transition	(18,008.00)			(18,008.00)	1,604.00	(16,404.00)
28372	CWIP Equity Transition	(53,029.00)			(53,029.00)	4,724.00	(48,305.00)
28373	Plant Trans (AFUDC)	(112,249.00)			(112,249.00)	14,893.00	(97,356.00)
28374	FAS 109 Flow Through	(9,416.00)			(9,416.00)	4,446.00	(4,970.00)
28375	CWIP Equity Net	(797,803.00)			(797,803.00)	9,967.00	(787,836.00)
28376	CWIP Debt	(409,755.00)			(409,755.00)	7,568.00	(402,187.00)
28377	CWIP Equity Gross-Up	(508,138.00)			(508,138.00)	6,348.00	(501,790.00)
28378	Reg Liab Fed ITC	110,539.00			110,539.00	(21,075.00)	89,464.00
28380	OPEB	104,168.00		(39,380.00)	64,788.00	33,867.00	98,655.00
28381	IRP/DSM Costs	(68,249.00)			(68,249.00)	0.00	(68,249.00)
28382	Excess Def Tax	(175.00)			(175.00)	175.00	0.00
28383	Deficit Def Tax	3,394.00			3,394.00	(459.00)	2,935.00
28384	Gen Liab Reserve	6,016.00			6,016.00	0.00	6,016.00
28385	G/(L) on ACRS Retirals	(270,925.00)			(270,925.00)	(3,008.00)	(273,933.00)
28450	Customer Information System	11,712.00			11,712.00	197.00	11,909.00
28451	Deloitte & Touche Fees	0.00			0.00		0.00
28452	Electric Vehicle Credit	0.00			0.00		0.00
28453	Ellipse Software Costs	2,728.00	(1,292.00)		1,436.00	(1,436.00)	0.00
28454	Emission Fees Accrued	30,109.00			30,109.00	30,503.00	60,612.00
28455	Hawaii R&D Credit	137.00	(137.00)		0.00	0.00	0.00
28456	Legal Fees Deferred for Tax	970.00			970.00	0.00	970.00
28457	Oil Spill Clean-Up	22,196.00			22,196.00	0.00	22,196.00
28458	Percentage Repair Allowance	(36,978.00)			(36,978.00)	2,773.00	(34,205.00)
28459	BPI Costs	(4,025.00)			(4,025.00)	383.00	(3,642.00)
28460	QUIPS Amortization	(32,715.00)			(32,715.00)	1,552.00	(31,163.00)
28461	§ 481 Adjustment	0.00			0.00		0.00
28462	Sun Power for Schools	0.00			0.00		0.00
28463	Other	3.00			3.00		3.00
28464	Deferred Comp-Restricted Stock	(3,984.00)			(3,984.00)		(3,984.00)
28465	FIN 48 Adjustments	0.00			0.00	88,642.00	88,642.00
28466	Implementation of SFAS 158	1,416,206.00			1,416,206.00	(88,271.00)	1,327,935.00
Total Balance Account 283.02		565,609.00	(2,922.00)	(4,587.00)	558,100.00	696,373.00	1,254,473.00
Total Bal Acct 282.02 Accel Deprn		(1,660,658.00)	100,627.00	2,074.00	(1,557,957.00)	18,044.00	(1,539,913.00)
Total Deferred Tax Balance Before Rate Case Adjustments		(1,095,049.00)	97,705.00	(2,513.00)	(999,857.00)	714,417.00	(285,440.00)
Rate Case Adjustments:							
28366	Int IRS Adj	(30,459.00)	21,528.00		(8,931.00)	0.00	(8,931.00)
28367	Exec Incen Comp	(39,828.00)	9,209.00		(30,619.00)	0.00	(30,619.00)
28368	Vacation Accrual	5,096.00	0.00		5,096.00	0.00	5,096.00
28353	Uncoll Accts Allow	(8,978.00)	0.00		(8,978.00)	0.00	(8,978.00)
28356	Disc Wkrs Cmp	(43,648.00)	101.00		(43,547.00)	0.00	(43,547.00)
28384	Gen Liab Reserve	(6,016.00)	0.00		(6,016.00)	0.00	(6,016.00)
28358	Pensn Cst (nonqual)	(110.00)	0.00		(110.00)	34.00	(76.00)
28350	Rate Case Costs	0.00	3,642.00		3,642.00	0.00	3,642.00
28380	OPEB Exec Life	(51,098.00)			(51,098.00)	(5,677.00)	(56,775.00)
28381	IRP/DSM Costs	68,249.00	0.00		68,249.00	0.00	68,249.00
28457	Fuel/Oil Spill Liab Reserve	(22,196.00)	0.00		(22,196.00)	0.00	(22,196.00)
28464	Deferred Comp-Restricted Stock	3,984.00			3,984.00	0.00	3,984.00
28465	FIN 48 Adjustments	0.00			0.00	(88,642.00)	(88,642.00)
	AFUDC in CWIP	185,655.00			185,655.00	(39,061.00)	146,594.00
	Reg. Asset-AFUDC Eq Grossup	81,301.00			81,301.00	(17,419.00)	63,882.00
Total Deferred Tax Balance After Rate Case Adjustments		(953,097.00)	132,185.00	(2,513.00)	(823,425.00)	563,652.00	(259,773.00)
Ratemaking Adjustment:							
28466	SFAS 158	(1,416,206.00)	0.00	0.00	(1,416,206.00)	88,271.00	(1,327,935.00)
Total State Deferred Tax Bal		(2,369,303.00)	132,185.00	(2,513.00)	(2,239,631.00)	651,923.00	(1,587,708.00)

Maui Electric Company, Ltd.
Regulatory Assets and Liabilities
For Years 2006-2007

(In Thousands)

	Description	(A) Actual Balance 12/31/2005	(B) Actual 2006 Adds	(C) Actual 2006 Amort	(D) Actual Balance 12/31/2006	(E) Est 2007 Adds	(F) Est 2007 Amort	(G) UPDATE Balance 12/31/2007	
	MAUI								
1	CWIP Equity Transition	334	-	(27)	307	-	(27)	279	
2	SFAS 109 Flow-Through	84	-	(29)	54	-	(26)	29	
3	Plant Transition	784	-	(88)	697	-	(89)	608	**
4	CWIP Equity	6,728	1,193	(366)	7,555	329	(395)	7,489	
5	Federal ITC	(852)	-	142	(710)	-	135	(575)	**
6	Excess AccDep	(132)	-	132	-	-	-	-	
7	Deficit AccDep	241	-	(35)	206	-	(35)	171	
8	Deficit Deferred Tax	(57)	-	7	(50)	-	7	(44)	
9	Excess Deferred Tax	5	-	(3)	3	-	(3)	-	
10	Total	7,136	1,193	(268)	8,061	329	(432)	7,957	
11	Adj. for CWIP Equity Gross up	(563)	(646)		(1,209)	259		(950)	*
12	Adjusted Total	6,572	547	(268)	6,852	588	(432)	7,008	
13	Average							6,931	

	Description	(A) Actual Balance 12/31/2005	(B) Actual 2006 Adds	(C) Actual 2006 Amort	(D) Actual Balance 12/31/2006	(E) Est 2007 Adds	(F) Est 2007 Amort	(G) Est Balance 12/31/2007	
	LANAI								
13	CWIP Equity Transition	18	-	(1)	16	-	(1)	15	
14	SFAS 109 Flow-Through	4	-	(2)	3	-	(1)	2	
15	Plant Transition	37	-	(8)	29	-	(8)	21	**
16	CWIP Equity	354	63	(19)	398	6	(21)	383	
17	Federal ITC	(6)	-	1	(5)	-	1	(4)	**
18	Excess AccDep	(7)	-	7	-	-	-	-	
19	Deficit AccDep	13	-	(2)	11	-	(2)	9	
20	Deficit Deferred Tax	(3)	-	0	(3)	-	0	(2)	
21	Excess Deferred Tax	0	-	(0)	0	-	(0)	-	
22	Total	410	63	(24)	449	6	(31)	424	
23	Adj. for CWIP Equity Gross up	(30)	(34)		(64)	14		(50)	*
24	Adjusted Total	380	29	(24)	385	20	(31)	374	
25	Average							380	

Totals may not add up exactly due to rounding.

* Amount represents the adjustment to exclude AFUDC equity gross up that remains in CWIP.

** The allocations of prior year balances to Maui, Lanai and Molokai were corrected for actual balance information that became available for the June 07 update.

Maui Electric Company, Ltd.
Regulatory Assets and Liabilities
For Years 2006-2007

(In Thousands)

	Description	(A) Actual Balance 12/31/2005	(B) Actual 2006 Adds	(C) Actual 2006 Amort	(D) Actual Balance 12/31/2006	(E) Est 2007 Adds	(F) Est 2007 Amort	(G) Est Balance 12/31/2007	
	MOLOKAI								
1	CWIP Equity Transition	22	-	(2)	20	-	(2)	18	
2	SFAS 109 Flow-Through	5	-	(2)	4	-	(2)	2	
3	Plant Transition	1	-	0	1	-	0	1	**
4	CWIP Equity	441	78	(24)	495	1	(26)	470	
5	Federal ITC	-	-	-	-	-	-	-	**
6	Excess AccDep	(9)	-	9	-	-	-	-	
7	Deficit AccDep	16	-	(2)	14	-	(2)	11	
8	Deficit Deferred Tax	(4)	-	0	(3)	-	0	(3)	
9	Excess Deferred Tax	0	-	(0)	0	-	(0)	-	
10	Total	473	78	(21)	530	1	(31)	500	
11	Adj. for CWIP Equity Gross up	(37)	(42)		(79)	17		(62)	*
12	Adjusted Total	436	36	(21)	451	18	(31)	438	
13	Average							445	

	Description	(A) Actual Balance 12/31/2005	(B) Actual 2006 Adds	(C) Actual 2006 Amort	(D) Actual Balance 12/31/2006	(E) Est 2007 Adds	(F) Est 2007 Amort	(G) Est Balance 12/31/2007	
	TOTAL MECO								
14	CWIP Equity Transition	373	-	(30)	343	-	(31)	312	
15	SFAS 109 Flow-Through	94	-	(33)	61	-	(29)	32	
16	Plant Transition	822	-	(96)	727	-	(96)	630	**
17	CWIP Equity	7,523	1,334	(409)	8,448	336	(441)	8,342	
18	Federal ITC	(858)	-	143	(715)	-	136	(579)	**
19	Excess AccDep	(147)	-	147	-	-	-	-	
20	Deficit AccDep	270	-	(39)	230	-	(39)	191	
21	Deficit Deferred Tax	(64)	-	8	(56)	-	8	(49)	
22	Excess Deferred Tax	6	-	(3)	3	-	(3)	-	
23	Total	8,019	1,334	(313)	9,040	336	(495)	8,881	
24	Adj. for CWIP Equity Gross up	(630)	(722)	-	(1,352)	290	-	(1,062)	*
25	Adjusted Total	7,389	612	(313)	7,688	626	(495)	7,819	
26	Average							7,754	

Totals may not add up exactly due to rounding.

* Amount represents the adjustment to exclude AFUDC equity gross up that remains in CWIP.

** The allocations of prior year balances to Maui, Lanai and Molokai were corrected for actual balance information that became available for the June 07 update.

MAUI ELECTRIC COMPANY, LTD.
REGULATORY ASSET - AFUDC EQUITY GROSS UP (#18673400)

		Actual 2003	Actual 2004	Actual 2005	Actual 2006	Update 2007
ORIGINAL						
Beginning Balance		7,588,902	7,499,837	7,359,913	7,522,959	8,447,806
Equity Gross up addition		283,000	258,498	572,982	1,334,031	335,710
Amortization		(372,065)	(398,422)	(409,936)	(409,184)	(441,249)
Ending Balance		7,499,837	7,359,913	7,522,959	8,447,806	8,342,267
Average			7,429,875	7,441,436	7,985,383	8,395,037
REVISED						
Beginning Balance		7,588,902	7,287,587	7,024,540	6,893,224	7,096,167
Equity Gross up addition		283,000	258,498	572,982	1,334,031	335,710
Adjustment						
Add 25% of Current Year	25%	70,750	64,625	143,246	333,508	83,928
Add 25% of Prior Year 1	25%		70,750	64,625	143,246	333,508
Add 25% of Prior Year 2	25%			70,750	64,625	143,246
Add 25% of Prior Year 3	25%				70,750	64,625
Deduct Current Year	100%	(283,000)	(258,498)	(572,982)	(1,334,031)	(335,710)
Total Adjustment		(212,250)	(123,124)	(294,362)	(721,903)	289,595
Amortization		(372,065)	(398,422)	(409,936)	(409,184)	(441,249)
Ending Balance		7,287,587	7,024,540	6,893,224	7,096,167	7,280,224
Difference		212,250	335,374	629,736	1,351,639	1,062,044
Deferred Tax Effect of Reg Asset: AFUDC Equity Gross up Adjustment						
Federal	32.8947%	69,819	110,320	207,150	444,618	349,356
State	6.0150%	12,767	20,173	37,879	81,301	63,882
Total		82,586	130,493	245,028	525,919	413,238

NOTE: This worksheet calculates the amount of AFUDC Equity Gross up still in CWIP, and the related deferred tax effects.

Maui Electric Company, Ltd.
Reconciliation of SFAS 109 Regulatory
Assets/Liabilities and Deferred Taxes

Dr/(Cr)

As of December 31, 2007		(A)	(B)	(C)	(D)	(E)	
		MECO-1306	MECO-WP-1305				
	Description	Regulatory Asset/Liab	Fed Def Tax	State Def Tax	Other Adjust	Difference	Note
1	CWIP Equity Transition	312,466	(264,161)	(48,305)		-	
2	SFAS 109 Flow-Thru	32,148	(27,178)	(4,970)		-	
3	Plant Transition	629,778	(532,421)	(97,356)		1	
4	CWIP Equity	8,342,268	(7,052,642)	(1,289,626)		-	
5	Federal ITC	(578,720)	489,257	89,464		1	(b)
6	Excess AccDep	-	-	-		-	(a)
7	Deficit AccDep	191,013	(62,832)	(11,490)		116,691	(a)
8	Deficit Deferred Taxes	(48,791)	16,049	2,935		(29,807)	(a)
9	Excess Deferred Taxes	-	-	-		-	(a)
10	Total	8,880,162	(7,433,928)	(1,359,348)	-	86,886	

(a) represents excess/deficit deferred tax balance previously included in the accum def tax balance

(b) the regulatory liability for federal ITC is being amortized over the same period as the related ITC