

**NOTICE OF PUBLIC HEARINGS**

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

**Docket No. 2015-0170**

The PUBLIC UTILITIES COMMISSION of the STATE OF HAWAII ("Commission") pursuant to Hawaii Revised Statutes ("HRS") §§ 269-12 and 269-16, HEREBY GIVES NOTICE that it will hold public hearings relating to the Application of HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO"), filed on September 19, 2016, for Approval of Rate Increases and Revised Rate Schedules and Rules ("Application").

The Commission will hold public hearings as follows:

**Tuesday, December 13, 2016, 5:30 p.m.**

Hilo High School Cafeteria  
556 Waianuenue Avenue  
Hilo, Hawaii 96720

**Wednesday, December 14, 2016, 5:30 p.m.**

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

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 is the provider of electric utility service for the island of Hawaii. For any increase in HELCO's rates and charges that may be approved by the Commission, HELCO states that the total revenue requirement for the 2016 test year will not exceed the increase of \$54,493,000 (21.1%) "over revenues at present rates." HELCO states that the increase in rates and charges to be finally approved by the

Commission, if any, may be higher or lower than the proposed rates and charges noted in HELCO's Application.

HELCO proposes different scenarios for rate relief, depending on the outcome of HELCO's proposed acquisition of the Hamakua Energy Partners, L.P. ("Hamakua Energy") power facility ("Hamakua Facility") in the ongoing Commission proceedings in Docket No. 2016-0033 ("Hamakua Application").

First, if the Hamakua Facility remains independently owned and operated, HELCO seeks the Commission's approval of a general increase in revenues of \$39,054,000 (14.2%) over "revenues at present rates" (or \$19,291,000 (6.5%) over "revenues at current effective rates"). HELCO's requested increase is based on a revenue requirement of \$314,791,000 for a normalized 2016 test year, which is based on fuel oil prices in 2016 and an 8.44% rate of return (which incorporates a return on common equity of 10.60%) on HELCO's average rate base.

Second, although speculative at this time, HELCO requests that if the Commission should approve the Hamakua Application and HELCO owns and operates the Hamakua Facility, HELCO then seeks the Commission's approval of a general increase in revenues of \$54,493,000 (21.1%) over "revenues at present rates" (or \$34,748,000 (12.5%) over "revenues at current effective rates"). HELCO's requested increase is based on a revenue requirement of \$312,413,000 for a normalized 2016 test year, which is based on fuel oil prices in 2016 and an 8.44% rate of return (which incorporates a return on common equity of 10.60%) on HELCO's average rate base.

HELCO proposes several “revenue adjustments” “depending on when/if the [Hamakua] Facility acquisition closes and when the interim decision and order for this rate case is issued.”

In addition to the request for a general rate increase, and pursuant to HRS § 269-16(c), HELCO seeks approval of a temporary general rate increase of “\$9,935,000 in annual revenues” in the event that (a) the Commission elects to approve HELCO’s proposed acquisition of the Hamakua Facility, and (b) such approval occurs before any interim decision is filed in this docket (“Temporary General Rate Increase”).

Alternatively, based on HELCO’s assumptions that (a) the Commission issues an interim decision in this rate proceeding, pending a final decision at a later date, and (b) the Commission has not yet issued any decision to approve the Hamakua Application in Docket No. 2016-0033, HELCO then requests that any such interim decision be based on HELCO’s revenue requirement of \$314,791,000 whereby the Hamakua Facility remains under independent ownership and operation.

Next, based on HELCO’s additional assumptions that (a) the Commission elects to approve the Hamakua Application in Docket No. 2016-0033, and (b) such approval occurs after the Commission issues any interim decision which would be based on the revenue requirement of \$314,791,000, HELCO then proposes a Hamakua Energy Step Adjustment of negative \$2,378,000 to achieve a revenue requirement of \$312,413,000. In such case, HELCO states that there would be no need for its proposed Temporary General Rate Increase.

Third, in any final decision in this docket, HELCO requests that the Commission approve any final increase in rates to achieve its requested revenue

requirement (i.e., either \$314,791,000 or \$312,413,000, depending on the outcome of the Hamakua Application in Docket No. 2016-0033).

As part of its Application, HELCO proposes a Performance Incentives Mechanism Adjustment tariff to measure and link certain revenues to its performance in the areas of customer service, reliability, and communication relating to the rooftop solar interconnection process. HELCO proposes a calculation of revenue adjustments “based on respective measured performance parameters compared to established targets” and HELCO “would be rewarded or penalized according to the amount it exceeds or misses the targets, within a defined limit of revenue exposure.”

HELCO also proposes certain modifications to its Energy Cost Adjustment Clause, which include: (a) “widening the target heat rates deadbands”; (b) “equally sharing between [HELCO] and its customers (i.e., 50/50 split) higher or lower realized fuel costs based on the amount that actual heat rates that fall outside the target heat rate deadbands”; and (c) “adding a trigger for redetermination of target heat rates when calculated heat rates are outside of their respective deadbands for significant periods or are expected to remain outside of their respective deadbands for indefinite periods.”

With regard to its rules, HELCO requests approval to modify the “Service Establishment and Reconnection Charge to allow [HELCO] to assess a \$25.00 charge for same day connection/reconnection service” (Rule 7), and approval to increase the “Returned Payment Charge from \$16.00 to \$25.00 per returned check or returned payment” (Rule 8).

With respect to the allocation and implementation of the proposed rate increase, HELCO “proposes to allocate the increase in electric sales revenue in the same

percentage to each rate class's respective revenues at current effective rates[.]” HELCO also requests that should the Commission issue an interim decision, any interim increase in its revenues at current effective rates “be structured as surcharges for the various classes based on a percentage of the customer's base revenue charges[.]”

HELCO “requests that the rate design, modifications to the [Energy Cost Adjustment Clause], [Performance Incentives Mechanism] Adjustment tariff, and rule changes proposed” be implemented in the Commission's final decision, “except for the changes in the monthly allocation factors applicable to target revenue and the basis for the monthly allocation factors in the [Revenue Balancing Account], which [HELCO] requests be implemented” in the Commission's interim decision.

At the public hearings, the Commission will receive in-person testimony from the general public regarding: (1) HELCO's Application and proposed general rate increase and revised rate schedules and rules, pursuant to HRS § 269-16(b), and (2) HELCO's proposed Temporary General Rate Increase, pursuant to HRS § 269-16(c).

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.

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](mailto:puc.comments@hawaii.gov). Written statements should reference Docket

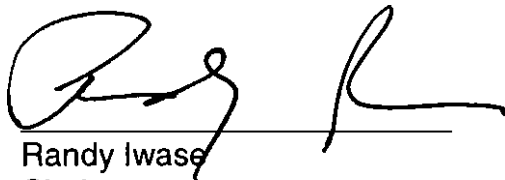
No. 2015-0170, and include the author's name and the entity or organization that the author represents.

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 6, Chapter 61, and must be filed with the Commission at its Honolulu Office by December 27, 2016.

After the conclusion of the public hearings, at a later date to be determined, the Commission will conduct 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, 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 its Honolulu Office [(808) 586-2020], or the Consumer Advocate [(808) 586-2800].

Special accommodations for persons with disabilities can be made if requested reasonably in advance by contacting the Commission's Honolulu Office.



Randy Iwase  
Chair

Hawaii Tribune-Herald: November 22, and 29, and December 6, and 12, 2016  
West Hawaii Today: November 22, and 29, and December 6, and 12, 2016