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November 23, 2020

DEPT. COMM. NO. 179

The Honorable Ronald D. Kouchi
President of the Senate
State Capitol, Room 409
415 South Beretania Street
Honolulu, Hawaii 96813
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The Honorable Scott K. Saiki
Speaker of the House
State Capitol, Room 431
415 South Beretania Street
Honolulu, Hawaii 96813
repsaiki@Capitol.hawaii.gov

Re: Docket No. 2019-0085, Hawaiian Electric Company, Inc. – Application for Approval of a General Rate Increase and Revised Rate Schedules and Rules, 2020 Test Year

Dear Senate President Kouchi and House Speaker Saiki:

The Public Utilities Commission ("Commission") respectfully submits this report in accordance with Hawaii Revised Statutes ("HRS") § 269-16(d).

The Parties in this 2020 test year rate case proceeding are Hawaiian Electric Company, Inc. ("Hawaiian Electric") and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), an ex officio party, pursuant to HRS § 269-51 and Hawaii Administrative Rules § 16-601-62(a),

The Participant to this proceeding is the Department of Defense.

With respect to Hawaiian Electric's completed rate case application filed with the Commission, HRS § 269-16(d) states in part:

(d) The commission shall make every effort to complete its deliberations and issue its decision as expeditiously as possible and before nine months from the date the public utility filed its completed application; provided that in carrying out this mandate, the commission shall require all parties to a proceeding to comply strictly with procedural time schedules that it establishes. If a decision is rendered after the nine-month period,

the commission shall report in writing the reasons therefor to the legislature within thirty days after rendering the decision.

Notwithstanding subsection (c), if the commission has not issued its final decision on a public utility's rate application within the nine-month period stated in this section, the commission, within one month after the expiration of the nine-month period, shall render an interim decision allowing the increase in rates, fares and charges, if any, to which the commission, based on the evidentiary record before it, believes the public utility is probably entitled. The commission may postpone its interim rate decision for thirty days if the commission considers the evidentiary hearings incomplete

The nine-month period in this subsection shall begin only after a completed application has been filed with the commission and a copy served on the consumer advocate

HRS § 269-16(d) (emphasis added).

Based on the completed application filing date of August 21, 2019, the nine-month deadline for the Commission to issue its decision and order was May 21, 2020, pursuant to HRS § 269-16(d).

Nonetheless:

1. On December 30, 2019, the Parties submitted a stipulated procedural order which proposed an interim decision and order by July 21, 2020.¹
2. On March 30, 2020, and May 15, 2020, the Consumer Advocate submitted motions seeking to extend the procedural deadlines by which to submit its Direct Testimonies, Exhibits, and Workpapers.
3. As a result of the Consumer Advocate's motions, as of May 21, 2020, the following pre-evidentiary hearing procedural matters were still pending: (A) the Consumer Advocate's Direct Testimonies, Exhibits, and Workpapers, indefinitely suspended, pending settlement negotiations; (B) Hawaiian Electric's information requests to the Consumer Advocate and Participant, due by May 27, 2020; (C) the Consumer Advocate's and Participant' responses, due by June 12, 2020; (D) the Parties' and Participant's statement of position on the independent management audit of Hawaiian Electric, due by June 17, 2020; (E) the Parties' settlement agreement, if any, due by May 27, 2020; (F) the Parties'

¹See Stipulated Procedural Order, filed December 30, 2019; and Procedural Order No. 36964, filed January 24, 2020 ("Order No. 36964").

Statements or Joint Statement of Probable Entitlement, due by June 3, 2020; (G) Hawaiian Electric's Rebuttal Testimonies, Exhibits, and Workpapers, due by August 3, 2020; (H) the Consumer Advocate's and Participant's Rebuttal Information Requests, due by August 20, 2020; (I) Hawaiian Electric's responses, due by September 4, 2020; (J) a Prehearing Conference, scheduled for the week of October 19, 2020; and the evidentiary hearing, scheduled for the week of October 26, 2020.²

3. On May 27, 2020, the Parties filed their Joint Stipulated Letter, six days after May 21, 2020. In their Joint Stipulated Settlement Letter, the Parties agreed to a "no rate increase," and further agreed that "[s]ince, based on this settlement agreement, [Hawaiian Electric] is not seeking interim rate relief, the Parties request that the Commission to approve this settlement agreement in the form of a final decision and order that results in the proposed conclusion to Hawaiian Electric's 2020 test year rate case."³
4. Under these specific circumstances, Hawaiian Electric: (A) waived the Commission's issuance of its decision and order by May 21, 2020; and (B) voluntarily waived its right to an interim decision and order and requested a final decision and order based on its agreement with the Consumer Advocate to resolve Hawaiian Electric's 2020 test year rate case by stipulating to a "no rate" increase.
6. On October 22, 2020, the Commission issued Decision and Order 37387, which acted as the final decision and order in this proceeding, a copy of which is enclosed for your information.

(Note: In the event the Commission timely issues an interim decision and order, there is no deadline for the Commission to issue its final decision and order. See HRS § 269-16.)

In summary: (1) Hawaiian Electric waived the issuance of a decision and order by May 21, 2020; (2) on May 27, 2020, the Parties submitted a settlement letter which resolved all issues in the rate case by agreeing to a "no rate increase"; and (3) on October 22, 2020, the Commission issued Decision and Order No. 37387.

²"Division of Consumer Advocacy's Motion for Enlargement of Time," filed May 15, 2020, at 2-3; and Order No. 37145, "Granting, in Part, the Consumer Advocate's Motion for Enlargement of Time and Modifying the Procedural Schedule," filed May 21, 2020.

³Parties' Joint Stipulated Settlement Letter, filed May 27, 2020, Exhibit 1 at 4.

The Honorable Ronald D. Kouchi
The Honorable Scott K. Saiki
November 23, 2020
Page 4

Thank you for the opportunity to submit this report. Should you have any procedural questions regarding this matter, please contact me or Mark Kaetsu, Commission Counsel, at 586-2020.

Sincerely,


James P. Griffin
Chair

JPG:ljg

Enclosure

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
HAWAIIAN ELECTRIC COMPANY, INC.) DOCKET NO. 2019-0085
)
For Approval of a General Rate)
Increase and Revised Rate Schedules)
And Rules.)
_____)

DECISION AND ORDER NO. 37387

TABLE OF CONTENTS

I. BACKGROUND 2

 A. Hawaiian Electric's Application..... 3

 B. Public Hearing..... 7

 C. Relevant Procedural History..... 8

 D. Statement of Issues..... 20

II. DISCUSSION 21

 A. The Parties' Settlement Letter..... 21

 1. Revenues..... 26

 2. Schofield Generating Station ("SGS") Project.... 27

 3. Pension And Other Post-Employment
 Benefits ("OPEB") Tracking Mechanisms 27

 4. Amortization..... 29

 5. Accounting For Asset
 Management Division Costs 35

 6. Customer Benefit Adjustments..... 36

 7. CIAC Associated With Projects
 In CWIP And Developer's Advances 39

 8. Performance Incentive
 Mechnanism Tariff Revisions 40

 9. Net Depreciation Expense..... 40

 10. Cost Of Capital..... 41

 11. Rate Design..... 42

 12. ECRC And PPAC Tariffs..... 43

 13. Decoupling Tariffs..... 44

 14. Proposed Rule Changes..... 46

 15. Management Audit..... 46

 B. Miscellaneous Matters..... 53

 C. Hawaii Energy Policy Statutes..... 55

III. FINDINGS AND CONCLUSIONS 59

IV. ORDERS 60

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
HAWAIIAN ELECTRIC COMPANY, INC.) DOCKET NO. 2019-0085
)
For Approval of a General Rate) DECISION AND ORDER NO. **37387**
Increase and Revised Rate Schedules))
and Rules.)
_____)

DECISION AND ORDER

By this Decision and Order,¹ the Public Utilities Commission ("Commission"), approves, in part, the Parties' Joint Stipulated Settlement Letter, filed May 27, 2020,² as described

¹The Parties to this docket are HAWAIIAN ELECTRIC COMPANY, INC ("Hawaiian Electric" or the "Company") and the DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules § 16-601-62(a).

In addition, the Commission granted participant status to LIFE OF THE LAND ("LOL") and the DEPARTMENT OF DEFENSE ("DOD"). See Order No. 36906, "(1) Granting Life of the Land's Motion to Participate; (2) Denying the Department of Defense's Motion to Intervene and Become a Party; (3) Granting the Department of Defense Participation in Lieu of Intervention; and (4) Instructing the Parties to Submit a Proposed Procedural Order," filed December 19, 2019 ("Order No. 36906").

Subsequently, LOL withdrew from this proceeding. See Order No. 37022, "Granting Life of the Land's Motion to Withdraw," filed March 3, 2020.

²Joint Letter From: J. Viola and Consumer Advocate To: Commission Re: Docket No. 2019-0085 - Hawaiian Electric 2020 Test

herein. As a result, Hawaiian Electric's final rates shall remain at current effective rates, such that there is a zero increase in base rates. However, the Commission clarifies that it retains full discretion as to the scope, nature, and treatment of Hawaiian Electric's savings commitment resulting from the Management Audit, which will be addressed in the Performance-Based Regulation proceeding, Docket No. 2018-0088, notwithstanding any provisions in the Settlement Letter that would otherwise specify conditions or limit the Commission's discretion on this matter. In all other respects, the Settlement Letter is approved.

Hawaiian Electric shall submit revised tariff sheets consistent with the terms of the Settlement Letter as approved by this Decision and Order for the Commission's review and approval.

I.

BACKGROUND

Hawaiian Electric is a Hawaii corporation and an operating public utility engaged in the production, purchase,

Year Rate Case; Parties' Joint Stipulated Settlement Letter, filed May 27, 2020 ("Settlement Letter").

transmission, distribution, and sale of electricity on the island of Oahu.³

A.

Hawaiian Electric's Application

On August 21, 2019, Hawaiian Electric filed its Application seeking the Commission's approval of an increase in revenues of \$77,554,000 (approximately 4.12%) over revenues at current effective rates based on a revenue requirement of \$1,960,400,000 for a normalized 2020 test year.⁴ Hawaiian Electric's requested increase is based on fuel prices in 2018 and a 7.97% rate of return, which incorporates a rate of return on common equity of 10.50% on an average rate base of \$2,476,801,000 for the 2020 test year.⁵

In its Application, Hawaiian Electric stated:

Hawaiian Electric has filed this request for a general rate increase based on 2020 test year costs relating to, among other things, operating and maintaining the Company's existing utility infrastructure, transforming the Company's business and supporting achievement of the State's clean energy objectives, adding the new facilities necessary to meet the Company's obligation to provide secure and reliable service to customers,

³Application of Hawaiian Electric Company, Inc.; Verification; and Certificate of Service, filed August 21, 2019 ("Application"), at 20.

⁴Application at 1.

⁵Application at 1-2.

providing expanded and diversified customer energy options, improving customer service, and the need to attract and retain the work force necessary to achieve the foregoing.⁶

In support of its requested rate increase, Hawaiian Electric referenced the rapid changes occurring in the electric utility business, including the aggressive expansion of renewable generation and related grid services.⁷ Hawaiian Electric pointed to the legislatively mandated Renewable Portfolio Standard ("RPS") goals it must achieve, its recent grid modernization efforts, efforts to integrate more Distributed Energy Resources ("DER"), and support for the electrification of transportation ("EOT").⁸ Hawaiian Electric stated that the requested rate increase "will enable the Company to make the necessary investments to continue to maintain and modernize its electrical infrastructure, provide safe, responsive and reliable customer service and support the integration of higher levels of renewable energy on O`ahu to satisfy the applicable State goals."⁹

⁶Application at 28.

⁷See Application at 2.

⁸See Application at 2-5.

⁹Application at 7.

In addition to an increase in revenues, Hawaiian Electric also requested that the Commission approve the following:

(A) Modifications to Hawaiian Electric's Energy Cost Recovery Clause ("ECRC") Tariff. Hawaiian Electric proposed to modify its ECRC Tariff by: (1) revising the target heat rate for low sulfur fuel oil ("LSFO") to reflect 2020 test year production simulations; (2) widening the heat rate deadband for LSFO; (3) modifying the annual adjustment to the LSFO target heat rate to be bi-directional; and (4) modifying the non-adjustable component to reflect 2020 test year fuel handling expense.¹⁰

(B) Modifications to Hawaiian Electric's Revenue Balancing Account ("RBA") Provision Tariff. Hawaiian Electric proposed to modify its RBA Provision Tariff "such that the monthly allocation factors applicable to target revenue are based on the number of days in the month, and to modify the RBA rate adjustment such that it is applied as a non-bypassable percentage of base revenues."¹¹

(C) Accounting Changes. Hawaiian Electric proposed changing its presentation of Contributions in Aid of Construction

¹⁰Application at 17.

¹¹Application at 18.

("CIAC") to align with the Federal Energy Regulatory Commissions Uniform System of Accounts, whereby "CIAC associated with projects in [Construction Work in Progress ("CWIP")] would be excluded from rate base, as CIAC is netted in CWIP, and CWIP is excluded from rate base."¹² However, "[b]oth the costs in CWIP and the associated CIAC will be included in rate base when the projects they relate to are considered plant in service."¹³ Hawaiian Electric also proposed including the balance of developer advances as a reduction to 2020 test year rate base.¹⁴

(D) Other Tariff Changes. Hawaiian Electric also proposed changes to the following tariffs:

- Rule No. 6 (Deposits) - among other things, reducing the interest rate on customer deposits from 6% per annum to 2% per annum and increasing the minimum customer deposit threshold to \$50.00.
- Rule No. 7 (Discontinuance and Restoration of Service) - increasing the service establishment charge and reconnection-restoration fee from \$20.00 to \$30.00 and increasing the charge for same day service or for

¹²Application at 18.

¹³Application at 18.

¹⁴Application at 19.

service outside of normal business hours from \$25.00 to \$40.00.

- Rule Nos. 22 (Customer Self-Supply), 24 (Customer Grid Supply Plus), 25 (Smart Export Program), and 27 (Net Energy Metering Plus) - among other things, assessing an application charge for each eligible customer submitting an application for service electronically via the Company's online Customer Interconnection Tool.
- Rule Nos. 23 (Customer Grid Supply), 24, and 25 - among other things, revising the minimum charge to be same as the minimum charge for customer Schedules R and G.¹⁵

B.

Public Hearing

On November 14, 2019, the Commission held a public hearing on Hawaiian Electric's Application at the Commission's main office in Honolulu, pursuant to HRS §§ 269-12 and -16. Representatives from Hawaiian Electric and the Consumer Advocate testified at the public hearing, as did several members of the

¹⁵Application at 24-25.

public. In general, members of the public who testified expressed concerns with, or opposition to, Hawaiian Electric's proposed rate increase.

C.

Relevant Procedural History

On August 21, 2019, Hawaiian Electric filed its Application, along with its Direct Testimonies, Exhibits, and Workpapers.

On September 23, 2019, the Commission issued Order No. 36536 which, in pertinent part, certified Hawaiian Electric's Application as complete and notified the Parties that the Commission had ordered a management audit of Hawaiian Electric.¹⁶

In particular, the Commission observed that:

[T]he management audit will seek to deliver a number of tangible outcomes, such as identifying specific opportunities for improvement in governance, executive leadership, management, operations planning, and improving overall business performance. The management audit will also develop recommendations and action plans for implementing any identified changes necessary to achieve performance improvements.¹⁷

¹⁶Order No. 36536, "Regarding Completed Application and Other Initial Matters," filed September 23, 2019 ("Order No. 36536"), at 11.

¹⁷Order No. 36536 at 12.

The Commission anticipated that the management audit would be completed in May 2020.¹⁸ Furthermore, the Commission stated that “[f]ollowing the filing of the final audit report, the [C]ommission intends to make any necessary adjustments to the procedural schedule to allow the Parties an opportunity to address the findings and recommendations of the final audit report.”¹⁹

On January 24, 2020, the Commission issued Procedural Order No. 36964, which, in pertinent part, established a statement of issues and a procedural schedule to govern this proceeding.²⁰

Pursuant to the procedural schedule established in Procedural Order No. 36964, the Consumer Advocate and DOD issued information requests (“IRs”) to Hawaiian Electric through March 2, 2020, to which Hawaiian Electric responded by March 17, 2020. The Commission also issued IRs to Hawaiian Electric during this time, as well as beyond this designated period.

On March 20, 2020, the Consumer Advocate submitted a letter request to the Commission seeking to extend the deadline by

¹⁸Order No. 36536 at 13.

¹⁹Order No. 36536 at 13-14 (footnote omitted).

²⁰Procedural Order No. 36964, filed January 24, 2020 (“Procedural Order No. 36964”) at 4-5 and 6-7.

which the Consumer Advocate could issue IRs to Hawaiian Electric.²¹ Specifically, the Consumer Advocate maintained that the pace of Hawaiian Electric's responses to some of the Consumer Advocate's IRs had affected the Consumer Advocate's ability to conduct follow-up discovery necessary to develop its position.²² As a result, the Consumer Advocate indicated that it would not be submitting its Direct Testimonies, Exhibits, and Workpapers on March 30, 2020, as provided in the procedural schedule, but would be seeking to modify the procedural schedule.²³

On March 25, 2020, Hawaiian Electric filed a letter responding to the Consumer Advocate's IR Letter.²⁴ Hawaiian Electric stated that it had done its best to respond to the Consumer Advocate's IRs, but noted that a number of the IRs required extensive and detailed analysis and data collection, and that the number of outstanding IRs noted by the

²¹Letter From: Consumer Advocate To: Commission Re: Docket No. 2019-0085 - In the Matter of the Application of Hawaiian Electric Company, Inc. for Approval of a General Rate Increase and Revised Rate Schedules and Rules, filed March 20, 2020 ("CA IR Letter").

²²See CA IR Letter at 1-2.

²³CA IR Letter at 2.

²⁴Letter From: D. Matsuura To: Commission Re: Docket No. 2019-0085 - Hawaiian Electric 2020 Test Year Rate Case; Consumer Advocate's March 20, 2020 Letter ("Company IR Response Letter").

Consumer Advocate were a "small fraction" of the total number of IRs.²⁵ Nonetheless, Hawaiian Electric stated that it did not object to a reasonable extension for the Consumer Advocate to file its Direct Testimonies, Exhibits, and Workpapers and affirmed that it would honor its informal agreement with the Consumer Advocate to respond to some additional limited IRs directly following up on responses to IRs that were due before March 2, 2020.²⁶

Pursuant to this informal agreement, the Consumer Advocate continued to submit IRs to Hawaiian Electric.

On March 30, 2020, the DOD filed its Direct Testimonies, Exhibits, and Workpapers, consistent with Procedural Order No. 36964.

Also on March 30, 2020, the Consumer Advocate filed a motion seeking an enlargement of time to file its Direct Testimonies, Exhibits, and Workpapers.²⁷ In its Motion, the Consumer Advocate referred to its March 20, 2020 IR Letter and stated that "the discovery issues detailed in the Consumer Advocate's letter to the Commission have not yet been resolved, [and] the Consumer Advocate anticipates filing

²⁵Company IR Response Letter at 1-2.

²⁶Company IR Response Letter at 3.

²⁷"Division of Consumer Advocacy's Motion for Enlargement of Time," filed March 30, 2020 ("CA Motion").

follow up discovery on recently filed responses consistent with the original expected benefits associated with 'rolling IRs.'"²⁸ Due to the unresolved nature of the discovery dispute between the Parties, the Consumer Advocate stated that it would "file proposed modifications to all of the due dates for the remaining steps in the procedural schedule" at a later date and indicated that it would continue to work with Hawaiian Electric to address these issues.²⁹

On April 6, 2020, Hawaiian Electric filed an opposition to the Consumer Advocate's Motion.³⁰ In its Opposition, Hawaiian Electric objected to the Consumer Advocate's requested "unspecified enlargement of time" to file its Direct Testimony, which also "appears to indirectly request an extension of the discovery period."³¹ While Hawaiian Electric acknowledged that, pursuant to its informal agreement with the Consumer Advocate, "limited additional time" should be provided to the Consumer Advocate to incorporate the Company's IR responses in its

²⁸CA Motion at 2.

²⁹CA Motion at 2.

³⁰"Hawaiian Electric Company, Inc.'s Memorandum in Opposition to Division of Consumer Advocacy's Motion for Enlargement of Time; and Certificate of Service," filed April 6, 2020 ("Company Opposition").

³¹Company Opposition at 1.

Direct Testimony, it was opposed to "any extension of the discovery deadline."³² Notwithstanding this objection, Hawaiian Electric stated that it "[would] be working with the Consumer Advocate to file a proposed amended procedural schedule[.]"³³

On April 17, 2020, the Commission issued Order No. 37078, which partially granted the Consumer Advocate's Motion and extended the deadline for the Consumer Advocate to file its Direct Testimonies, Exhibits, and Workpapers to May 15, 2020.³⁴ The Commission modified the remaining deadlines in the procedural schedule as well, from those that were initially set in Procedural Order No. 36964. In so doing, the Commission also incorporated additional procedural steps to allow the Parties and Participant to submit statements of position on the independent management audit for Hawaiian Electric³⁵ (at the time, the Commission had received word from the independent auditor, Munro Tulloch, Inc., that the management audit was expected to be finalized by mid-May).³⁶

³²Company Opposition at 1-2.

³³Company Opposition at 8.

³⁴Order No. 37078, "Granting, in Part, the Consumer Advocate's Motion for Enlargement of Time and Modifying the Procedural Schedule," filed April 17, 2020 ("Order No. 37078").

³⁵See Order No. 37078 at 11-15.

³⁶See Order No. 37078 at 12.

On May 13, 2020, the management audit final report was filed in this docket by the Commission.³⁷

On May 15, 2020, again in lieu of its Direct Testimonies, Exhibits, and Workpapers, the Consumer Advocate filed a second motion for enlargement of time.³⁸ In its Second Motion, the Consumer Advocate referenced the early initiation of settlement discussions with Hawaiian Electric and submitted that modifying the remaining procedural deadlines to accommodate these ongoing settlement negotiations "may result in the elimination of many procedural steps and allow the Commission and parties to more efficiently use their resources."³⁹ In its Second Motion, the Consumer Advocate represented that Hawaiian Electric did not oppose this request.⁴⁰

On May 21, 2020, the Commission issued Order No. 37145, which granted, in part, the Consumer Advocate's Second Motion by suspending the deadline for the Consumer Advocate to submit its

³⁷"Management Audit of the Hawaiian Electric Company (HECO); Final Report; Docket No. 2019-0085," filed May 13, 2020, including Appendices 1-3 (Appendices 2-3 were filed on May 14, 2020; collectively, the Final Report and related appendices are referred to as the "Management Audit").

³⁸"Division of Consumer Advocacy's Motion for Enlargement of Time," filed May 15, 2020 ("CA Second Motion").

³⁹CA Second Motion at 2.

⁴⁰CA Second Motion at 3.

Direct Testimonies, Exhibits, and Workpapers and accelerating the deadlines for the Parties' to submit a proposed Joint Settlement Letter and Statements of Probable Entitlement.⁴¹ In so doing, the Commission again modified the procedural schedule that had recently been modified by Order No. 37078.

On May 27, 2020, the Parties filed the Settlement Letter, consistent with the modified deadlines established in Order No. 37145. In relevant part, the Settlement Letter stated that the Parties had reached a global settlement agreement under which there would be no base rate increase, specifically:

. . . that is, there will be no increase in electric revenues recovered through customer rate schedules over the revenues established in the 2017 test year rate case, and no changes to the rates in those customer rate schedules for the 2020 test year; there will be no shift in cost recovery from surcharges (Rate Adjustment Mechanism ("RAM") Revenue Adjustment, Major Projects Interim Recovery ("MPIR"), Renewable Energy Infrastructure Program Cost Recovery Provision ("REIP"), Demand Side Management Adjustment ("DSM")) to revenues that are recovered from customer rate schedules until completed or until the remaining balances are moved to recovery through customer rate schedules in a future rate case or general rate setting proceeding.⁴²

The Parties also clarified that "[d]ue to the high-level nature of this global settlement, the Parties will not be

⁴¹Order No. 37145, "Granting, in Part, the Consumer Advocate's Motion for Enlargement of Time and Modifying the Procedural Schedule," filed May 21, 2020 ("Order No. 37145").

⁴²Settlement Letter at 1.

submitting a statement of probable entitlement and a results of operations."⁴³ Further, the Parties submitted:

Approval of the [Settlement Letter] would render many of the remaining procedural steps unnecessary, except for those procedural steps associated with Company Rebuttal Testimonies, the management audit and a final decision and order for this proceeding approving this [Settlement Letter]. However, the Company shall also be provided an opportunity to respond by July 1, 2020 to Parties' and Participant's Statements of Position on the Management Audit.⁴⁴

Finally, the Parties submitted that as Hawaiian Electric "is not seeking interim rate relief, the Parties request the Commission to approve this [Settlement Letter] in the form of a final decision and order that results in the proposed conclusion to Hawaiian Electric's 2020 test year rate case."⁴⁵

On June 3, 2020, consistent with the modified deadline in Order No. 37145, Hawaiian Electric submitted a letter reiterating that in light of the Parties' Settlement Letter, it would not be submitting a Statement of Probable Entitlement or a results of operations.⁴⁶

⁴³Settlement Letter, Exhibit 1 at 4.

⁴⁴Settlement Letter at 3-4.

⁴⁵Settlement Letter, Exhibit 1 at 4.

⁴⁶Letter From: D. Matsuura To: Commission Re: Docket No. 2019-0085 - Hawaiian Electric 2020 Test Year Rate Case; Hawaiian Electric Statement of Probable Entitlement, filed June 3, 2020.

On June 12, 2020, the Commission issued Order No. 37173, which modified the remaining procedural steps to incorporate the proposed schedule changes suggested in the Settlement Letter.⁴⁷ Specifically, the Commission maintained the procedural deadlines for the Parties and Participant to submit statements of position on the Management Audit and modified the procedural deadlines for Hawaiian Electric to submit rebuttal testimony and for the issuance and response to Participant's rebuttal IRs to Hawaiian Electric.⁴⁸ Order No. 37173 also added an opportunity for Hawaiian Electric to submit a reply to the Consumer Advocate's and DOD's statements of position on the Management Audit.⁴⁹ However, in doing so, the Commission accelerated the procedural deadline for Hawaiian Electric's Rebuttal Testimonies, Exhibits, and Workpapers, noting that as the Consumer Advocate did not submit Direct Testimonies, Exhibits, and Workpapers, the scope of Hawaiian Electric's rebuttal had been narrowed to the DOD's Direct Testimonies, Exhibits, and Workpapers.⁵⁰

⁴⁷Order No. 37173, "Modifying the Procedural Schedule," filed June 12, 2020 ("Order No. 37173").

⁴⁸Order No. 37173 at 4-5.

⁴⁹Order No. 37173 at 4.

⁵⁰Order No. 37173 at 6.

On June 12, 2020, Hawaiian Electric filed a letter stating that it did not intend to file rebuttal testimony in response to the DOD's Direct Testimonies, Exhibits, and Workpapers.⁵¹ In support of this decision, Hawaiian Electric explained that the DOD's conclusions and recommendations in its Direct Testimonies, Exhibits, and Workpapers "are consistent with or rendered moot by the Settlement [Letter]"⁵²

On June 17, 2020, consistent with the modified deadlines set forth in Order No. 37173, Hawaiian Electric, the Consumer Advocate, and the DOD all submitted their respective statements of position on the Management Audit.⁵³

On July 1, 2020, pursuant to the modified procedural schedule set forth in Order No. 37173, Hawaiian Electric submitted

⁵¹Letter From: D. Matsuura To: Commission Re: Docket No. 2019-0085 - Hawaiian Electric 2020 Test Year Rate Case; Hawaiian Electric Letter Regarding Intent Not to File Testimony in Rebuttal to Department of Defense Direct Testimony, filed June 12, 2020 ("Hawaiian Electric Rebuttal Letter").

⁵²Hawaiian Electric Rebuttal Letter at 2.

⁵³"Hawaiian Electric Company, Inc.'s Statement of Position on the Management Audit; and Certificate of Service," filed June 17, 2020 ("Hawaiian Electric SOP"); "Division of Consumer Advocacy's Statement of Position on the Commission Ordered Management Audit," filed June 17, 2020 ("CA SOP"); and Letter From: J. Schubert To: Commission Re: DOD Notice of No Statement of Position on the Management Audit; Docket No. 2019-0085, filed June 17, 2020 ("DOD Statement").

its reply statement of position to Consumer Advocate's statement of position on the Management Audit.⁵⁴

Also on July 1, 2020, Hawaiian Electric filed a Rebuttal Testimony and Exhibit, consistent with the modified procedural schedule set forth in Order No. 37173.⁵⁵ In its Rebuttal Testimony, Hawaiian Electric explained that notwithstanding its earlier June 12, 2020 letter, in which it stated that it would not be submitting Rebuttal Testimony, it was submitting Rebuttal Testimony now "[a]s the Commission has not yet decided on whether to approve the Settlement [Letter] [and as such], the Company is filing this rebuttal testimony in an abundance of caution and in order to provide the Commission with the Company's positions for consideration in case the Commission decides not to approve the Settlement Agreement in its entirety."⁵⁶

Pursuant to the procedural schedule, as modified in Order No. 37173, any additional procedural steps are pending the Commission's decision on the Parties' Settlement Letter.

⁵⁴"Hawaiian Electric Company, Inc.'s Reply Statement of Position on the Management Audit; and Certificate of Service," filed July 1, 2020 ("Hawaiian Electric RSOP").

⁵⁵Letter From: D. Matsuura To: Commission Re: Docket No. 2019-0085 - Hawaiian Electric 2020 Test Year Rate Case; Hawaiian Electric Rebuttal Testimony and Exhibit, filed July 1, 2020 ("Hawaiian Electric Rebuttal Testimony").

⁵⁶Hawaiian Electric Rebuttal Testimony, HECO RT-27 at 2-3.

D.

Statement Of Issues

Procedural Order No. 36964 set forth the following Statement of Issues to govern this proceeding:⁵⁷

1. Has [Hawaiian Electric] demonstrated that its proposed rate increase is just and reasonable, based on considerations including, but not limited to:
 - a. Are the revenue estimates for the 2020 test year at current effective rates, present rates, and proposed rates reasonable?
 - b. Are [Hawaiian Electric's] proposed operating expenses for the 2020 test year reasonable?
 - c. Is [Hawaiian Electric's] proposed rate base for the 2020 test year reasonable?
 - d. Is [Hawaiian Electric's] requested rate of return fair?
2. Has [Hawaiian Electric] demonstrated that it is probably entitled to an interim rate increase under HRS § 269-16(d)?
3. Has [Hawaiian Electric] demonstrated that its proposed tariffs, rates, charges, and rules are just and reasonable, based on considerations including, but not limited to:
 - a. Is [Hawaiian Electric's] proposed methodology for allocating costs among its customer classes reasonable?
 - b. Is [Hawaiian Electric's] rate design for collecting its costs from its customer classes reasonable?

⁵⁷Procedural Order No. 36964 at 3-5.

- c. Are the proposed revisions to the Energy Cost Recovery Clause tariff just and reasonable?
4. As applicable, address HRS § 269-6(b), which 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 [C]ommission 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 [C]ommission 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.

5. To what extent, if any, should the results of the [C]ommission's management audit impact Issues Nos. 1. through 4, above?

II.

DISCUSSION

A.

The Parties' Settlement Letter

On May 27, 2020, the Parties jointly submitted their Settlement Letter, which represents a "joint global settlement agreement . . . of all issues in this docket" ⁵⁸ In essence,

⁵⁸Settlement Letter at 1.

the Parties have agreed to resolve Hawaiian Electric's Application without an increase to customers' base rates:

[A]s a result of this settlement agreement, there will be no base rate increase in this case - that is, there will be no increase in electric revenues recovered through customer rate schedules over the revenues established in the 2017 test year rate case, and no changes to the rates in those customer rate schedules for the 2020 test year; there will be no shift in cost recovery from surcharges (Rate Adjustment Mechanism ("RAM") Revenue Adjustment, Major Projects Interim Recovery ("MPIR"), Renewable Energy Infrastructure Program Cost Recovery Provision ("REIP"), Demand Side Management Adjustment ("DSM")) [sic] to revenues that are recovered from customer rate schedules until completed or until the remaining balances are moved to recovery through customers rate schedules in a future rate case or general rate setting proceeding.⁵⁹

In practical terms, this means that Hawaiian Electric "will not obtain a sought increase in base revenues of approximately \$68.843 million, other operating revenues of \$0.836 million and energy cost recovery clause ('ECRC') revenues of \$7.875 million over revenues at current effective rates."⁶⁰

Unlike settlement letters submitted in prior dockets, which often list itemized adjustments to specific test year expenses and costs, the Settlement Letter here is based on generally summarized principles and global tradeoffs without

⁵⁹Settlement Letter at 1.

⁶⁰Settlement Letter at 1 (footnote omitted).

reliance on explicit quantification of specific line item adjustments.⁶¹ As stated in the Settlement Letter:

The Company has agreed to this compromise for several reasons, including: (1) the Company understands that any rate increase at this time would be a hardship on customers already financially distressed as a result of economic impacts of the COVID-19 pandemic; (2) the Company understands the Consumer Advocate intended to vigorously oppose any rate increase for the same reason; (3) the Company has been and will be further able to offset a significant portion of the requested rate increase through efficiencies and cost containment enabled by the ERP/EAM system savings benefit realization, efficiencies and cost containment initiatives consistent with and in addition to recommendations in the Management Audit Final Report dated May 12, 2020, reprioritizing work, and by deferring or eliminating certain non-essential activities and efforts; and (4) the other terms and conditions upon which this settlement agreement is premised. Nevertheless, the Company will still continue to achieve state clean energy goals, modernize the grid and provide reliable electrical services to customers.⁶²

Upon reviewing the Settlement Letter, the Commission finds the terms and agreements in the Settlement Letter to be

⁶¹See Settlement Letter, Exhibit 1 at 4 (“Due to the high-level nature of this global settlement, the Parties will not be submitting a statement of probable entitlement or results of operations.”).

⁶²Settlement Letter at 1-2. However, the Parties clarify that “[t]he agreements in this [Settlement Letter] are for the purpose of simplifying and expediting this proceeding, and represent a negotiated compromise of the matters agreed upon,” and “should not be deemed or interpreted to establish any precedent or to be used as evidence of either Party’s position in any other regulatory proceeding, except as necessary to enforce the agreements reached in this proceeding.” Id. at 2.

reasonable with the exception of certain conditions and specifications regarding the Parties' proposed treatment of the Company's Management Audit savings commitment, discussed below.

As stated by the Parties, the terms of the Settlement Letter will effectively hold current base rates steady without any increase. Put another way, "[e]xcept as otherwise expressly addressed herein, for purposes of this settlement, [the] Company requests in the [A]pplication should be effectively deemed withdrawn."⁶³ In light of Hawaiian Electric's initial request seeking a rate increase of approximately \$77.5 million in its Application, the Commission observes that the Settlement Letter reflects a desirable outcome that will benefit customers. As noted by Hawaiian Electric, the State is currently facing a time of significant economic uncertainty arising from the impacts of the COVID-19 pandemic and the Commission acknowledges the Company's compromise in recognition of these difficult times.

Further, Hawaiian Electric affirms that notwithstanding the withdrawal of its request for a rate increase, service will not be disrupted or compromised; rather, it is expected that sufficient revenues will be maintained through cost savings and other operational efficiencies, including those identified in the

⁶³Settlement Letter, Exhibit 1 at 3.

Management Audit, the expected savings arising from the implementation of the new Enterprise Resource Planning/Enterprise Asset Management ("ERP/EAM") system and the reprioritization, deferral, and/or elimination of certain non-essential activities and efforts.⁶⁴

The Commission commends Hawaiian Electric's initiative in focusing its efforts on internal efficiency and management improvements to avoid seeking a rate increase. In this respect, the Company appears to be proactively addressing the opportunities for improvement identified in the Management Audit, and the Commission is encouraged by the Company's response to the Management Audit and looks forward to improvements to the Company's operations.

As part of the agreement to not seek an increase in base rates, the Parties have stipulated to a number of subordinate issues, which the Commission addresses below.

⁶⁴See Settlement Letter at 1-2. See also, *id.*, Exhibit 1 at 4 ("The Company represents that this result is possible in part based on the Company's expectation that it will realize greater operational efficiencies and cost reductions in the test year than those reflected in the revenue requirements stated in the Application.").

1.

Revenues

The Parties agree that there will be no changes to the rates established in Hawaiian Electric's last general rate case, Docket No. 2016-0328; consequently, there will be no shift in cost recovery from surcharges to base rates, and those costs currently being recovered in various surcharges will continue to be recovered by such means until a future rate case or other general rate setting proceeding.⁶⁵ This includes the continued operation of the ECRC, Purchased Power Adjustment Clause ("PPAC"), RAM Revenue Adjustment and Revenue Balancing Account ("RBA"), MPIR adjustment mechanism, Demand Response Adjustment Clause ("DRAC"), and REIP Cost Recovery Provision pursuant to their respective tariffs and applicable Commission orders.⁶⁶

The Commission finds this agreement reasonable. This agreement is consistent with the overarching agreement to not increase base rates and will effectively "hold things steady" by continuing to recover costs not included in base rates through

⁶⁵Settlement Letter, Exhibit 1 at 5. This may also include proceedings in which revenue neutral changes to rate design and/or customer class allocation may be examined. See e.g., In re Public Util. Comm'n, Docket No. 2019-0323 (examining, among other things, revenue neutral advanced rate designs).

⁶⁶See Settlement Letter, Exhibit 1 at 5-9.

various surcharge mechanisms until they can be included into base rates in a future proceeding.

2.

Schofield Generating Station ("SGS") Project

For the SGS Project, the Parties agree that the Project costs will continue to be recovered through the MPIR adjustment mechanism, but that the cost recovery cap, which limited recovery of project costs at 90%, should be removed, such that recovery of 100% of Project costs will be permitted to flow through the MPIR adjustment mechanism.⁶⁷

Taking the global nature of the Settlement Letter into account, the Commission finds this condition reasonable. While Hawaiian Electric will be allowed to recover the additional 10% of the SGS Project's costs, this is balanced against the other compromises made by the Company in reaching this settlement.

3.

Pension And Other Post-Employment
Benefits ("OPEB") Tracking Mechanisms

Regarding Hawaiian Electric's pension and OPEB tracking mechanisms:

⁶⁷Settlement Letter, Exhibit 1 at 11.

For purposes of settlement in this proceeding, the Parties agree that the pension and OPEB tracking mechanisms are reset when this settlement is approved by the Commission, based on the [Net Periodic Pension Cost ("NPPC")] and [Net Periodic Benefit Cost ("NPBC")] estimated for 2020 . . . and amortization based on the balance of pension regulatory asset, non-service costs regulatory asset, and the OPEB regulatory liability estimated as of June 30, 2020, beginning when this settlement is approved by the Commission.⁶⁸

In addition, pursuant to accounting changes required by ASU 2017-07, as of January 1, 2018, there were limits imposed on the amount of pension expense that Hawaiian Electric could capitalize.⁶⁹ In Hawaiian Electric's last general rate case, Docket No. 2016-0328, the Commission approved the creation of a regulatory asset to accumulate the capital costs that would have been expensed under ASU 2017-07 - this regulatory asset was to be amortized over fifteen years, beginning the effective date for rate "in the next rate case proceeding" (i.e., this docket).⁷⁰

For purpose of the Settlement Letter, the Parties have agreed to revise the pension and OPEB tracking mechanisms and to amortize the non-service cost regulatory asset balance over

⁶⁸Settlement Letter, Exhibit 1 at 12.

⁶⁹Settlement Letter, Exhibit 1 at 13.

⁷⁰Settlement Letter, Exhibit 1 at 13-14.

five years, beginning with the date of approval of the Settlement Letter.⁷¹

The Parties also agree that Hawaiian Electric should follow ASU 2017-07 for both ratemaking and financial reporting purposes.⁷²

Upon review, the Commission finds the Parties' agreements on the issues noted above reasonable. In particular, consistent with the "no rate increase" impact of the Settlement Letter, the Parties' agreement regarding the pension and OPEB trackers will not impact base rates at this time. The amounts recovered for pension and OPEB costs in base rates will remain the same; however, the Parties have agreed that the pension and OPEB trackers will reflect 2020 test year amounts.

4.

Amortization

The Parties have reached agreements to resolve the amortization of a number of Hawaiian Electric's 2020 test year deferred O&M expense:⁷³

⁷¹Settlement Letter, Exhibit 1 at 14.

⁷²Settlement Letter, Exhibit 1 at 14.

⁷³Settlement Letter, Exhibit 1 at 14.

- The Parties have agreed that the costs for the ERP deferred system development will be amortized over a 12-year period and that the deferred costs will be included in rate base.⁷⁴
- During Hawaiian Electric's last general rate case, the Parties agreed to establish a regulatory liability account to record the estimated amount of net savings enabled by the ERP system, which would be returned to ratepayers in future rate case proceedings. The Parties have agreed that Hawaiian Electric will start amortizing the balance of this regulatory liability account over five years, beginning from the date of approval of the Settlement Letter.
- Further, going forward, the net benefits of the ERP program shall be considered flowed through to customers as part of the "no rate increase" provision of the Settlement Letter, such that net benefits shall no longer be recorded in the ERP benefits regulatory liability account.⁷⁵

⁷⁴Settlement Letter, Exhibit 1 at 15.

⁷⁵Settlement Letter, Exhibit 1 at 15-16.

- Hawaiian Electric has been amortizing the gains it received on the sale of land and the Iolani Court Plaza lease premium over a five-year period beginning the month following the sale. The Parties have agreed to re-amortize the remaining balance over a five-year period beginning from the date of approval of the Settlement Letter.⁷⁶
- The Parties have agreed to the amortization of a number of Hawaiian Electric's regulatory Commission expenses, including: (1) the continuation of the amortization of the remaining amounts of regulatory expenses related to the Company's last rate case (Docket No. 2016-0328) until fully amortized; and (2) the amortization of direct non-labor expenses incurred for this rate case proceeding, which will be amortized over a five-year period, effective as of the date of an order approving the Settlement Letter. The Parties further agree that the Company's expenses related to the Performance-Based Regulation proceeding (Docket No. 2018-0088) and other

⁷⁶Settlement Letter, Exhibit 1 at 16.

regulatory proceedings will be considered normal, ongoing costs, with no deferral and amortization.⁷⁷

- The Parties have agreed that the amortization for Hawaiian Electric's State Investment Tax Credit ("State ITC") will follow whatever decision is made by the Commission in Docket No. 2018-0368, regarding the amortization of Hawaii Electric Light Company, Inc.'s ("HELCO") State ITC for the purpose of HELCO's 2019 test year general rate case.⁷⁸ Pursuant to Decision and Order No. 37237, filed July 28, 2020, Hawaiian Electric shall incorporate a 10-year amortization period for the State ITC.⁷⁹
- For its 2020 test year, Hawaiian Electric estimated three types of excess Accumulated Deferred Income Taxes ("ADIT"): plant-related protected ADIT subject to average rate assumption method ("ARAM") normalizing rules, which are amortized over a 40-year

⁷⁷Settlement Letter, Exhibit 1 at 16.

⁷⁸Settlement Letter, Exhibit 1 at 17. In the Settlement Letter, the Parties refer to the "pending 2019 test year rate case" for HELCO. Id. The Commission notes that a final decision and order was issued for HELCO on July 28, 2020. In re Haw. Elec. Light Co., Inc., Docket No. 2018-0368, Decision and Order No. 37237, filed July 28, 2020 ("HELCO D&O 37237").

⁷⁹See HELCO D&O 37237 at 3 and 28-33.

period; plant-related ADIT not subject to ARAM normalization rules, which are amortized over a 15-year period; and non-plant ADIT not subject to normalization rules, which are amortized over a 5-year period. The Parties have agreed that the Company will use its actual ARAM amortization calculations, once completed, to true up the amortization amounts, which will then be flowed through the amortization expense component of the Decoupling/RAM filing. Additionally, the Parties have agreed to an adjustment to correct an inadvertent error relating to the calculation of the non-ARAM excess ADIT amortization amounts.⁸⁰

- The Parties have agreed to allow Hawaiian Electric to amortize the costs associated with the Company's application for the Contingency and Regulating Reserve Battery Energy Storage System project, which will occur over a five-year period beginning from the date of approval of the Settlement Letter.⁸¹

⁸⁰Settlement Letter, Exhibit 1 at 18.

⁸¹Settlement Letter, Exhibit 1 at 19.

Upon review, the Commission finds these agreements reasonable. Regarding the State ITC and excess ADIT agreements, the Commission notes that they are consistent with agreements that were reached by the parties in HELCO's recent general rate case, Docket No. 2018-0368.

Regarding the agreements for the Company's amortization of the ERP program's costs and regulatory liability account, the Parties' agreement will result in no further accrual of customer benefits, with the understanding being that customer benefits arising from the ERP/EAM Project are reflected in the general agreed terms for "no increase" in base rates. Similarly, no additional project costs will be incorporated into rates, with the amortization amounts currently in rates serving to address project costs. In essence, this agreement will also effectively resolve the issue of future tracking and flow-through of ERP/EAM project benefits to Hawaiian Electric's customers, as otherwise prescribed in Docket No. 2014-0170.⁸² In practical

⁸²In relevant part, in Docket No. 2014-0170, the Commission approved Hawaiian Electric's (along with HELCO's and Maui Electric Company, Limited's ("MECO")) request to approve the ERP/EAM project, under the condition that the Company ensure that a certain amount of benefits flow-through to customers over the life of the project. Hawaiian Electric has clarified that the agreement in the Settlement Letter only affects its obligations to flow-through ERP/EAM benefits to customers and does not affect the obligations of HELCO and MECO. See Hawaiian Electric response to PUC-HECO-IR-46(c), filed June 23, 2020.

terms, this will result in a "wash" in terms of collecting costs for, and flowing through benefits from, the ERP/EAM for purposes of future rate impact.

Taking all of this into consideration, as well as the global nature of the Settlement Letter, the Commission finds the Parties' agreement reasonable.

5.

Accounting For Asset Management Division Costs

In its Application, Hawaiian Electric allocated the costs for its Asset Management Division ("AMD") of the Planning & Technology process area to operations and maintenance ("O&M") expenses, rather than capital costs, due to the fact that the AMD's overall planning work is more consistent with other planning functions that are expensed. In line with the Management Audit, which recommended a reorganization of the Asset Management Division, and the settlement reached for HELCO in its recent rate case (Docket No. 2018-0368), the AMD's role will now expand to include work that can be expensed (strategies and planning) as well as booked to capital (steps to pre-execution of a capital project).⁸³ As part of the Settlement Letter, the Parties have agreed that the AMD's "costs related to strategies, planning and

⁸³Settlement Letter, Exhibit 1 at 20.

pre-execution work will be charged to a clearing account and allocated to expense and capital projects as part of the clearing process, instead of charging their costs to expense.”⁸⁴

Upon review, the Commission finds this agreement reasonable. As noted above, this reorganization is consistent with the recommendations of the Management Audit, which identified significant concerns with the role of the AMD and its interactions with other planning and execution departments,⁸⁵ and recommended a reorganization to support a more focused role. Further, the Commission observes that adopting this clearing process for the AMD will “standardize the treatment of [AMD] costs (Asset Programs and Reliability & Resilience Departments) among [Hawaiian Electric, HELCO, and MECO].”⁸⁶

6.

Customer Benefit Adjustments

As part of Hawaiian Electric’s last general rate case, Hawaiian Electric agreed to two “Customer Benefit Adjustments” that were incorporated into the 2017 test year revenue requirement as single line item reductions to O&M expenses: (1) a \$6 million

⁸⁴Settlement Letter, Exhibit 1 at 20.

⁸⁵See Management Audit Final Report at 65-68.

⁸⁶Settlement Letter, Exhibit 1 at 20.

customer benefit adjustment to reflect the benefit to customers related to a Net Pension Regulatory Asset reduction ("Customer Benefit Adjustment 1"); and (2) a \$5 million customer benefit adjustment related to concerns with the prudence of baseline plant additions from 2014 to 2017 ("Customer Benefit Adjustment 2").⁸⁷

Per the settlement in Docket No. 2016-0328, Customer Benefit Adjustment 1 reflects the amortization of a total customer benefit of \$25,395,000, which was to be returned to customers over the next two triennial rate case cycles.⁸⁸ It was agreed that there would be a \$6 million downward adjustment to Hawaiian Electric's 2017 test year revenue requirement, and upon Hawaiian Electric's next scheduled rate case (i.e., this proceeding), the remaining balance of the \$25,395,000, would then be re-amortized over the next triennial rate case cycle and be fully amortized by 2023.⁸⁹

In the Settlement Letter, the Parties agree that in light of the overall stipulation to not increase base rates or change customer rate schedules, "the requirements relating to the Customer Benefit Adjustment will terminate upon approval of this

⁸⁷Settlement Letter, Exhibit 1 at 21-22.

⁸⁸See In re Haw. Elec. Co., Inc., Docket No. 2016-0328, Final Decision and Order No. 35545, filed June 22, 2018 ("D&O 35545"), at 35-37.

⁸⁹See D&O 35545 at 37-38.

[Settlement Letter].”⁹⁰ Upon reviewing this agreement, and taking into account the global nature of the Settlement Letter, the Commission finds this agreement reasonable. In so doing, the Commission observes that the majority of this balance has already been amortized over the last three years, and the overall “no increase to base rates” effect of the Settlement Letter is expected, on the whole, to provide a greater benefit to customers than the re-amortization of the remaining customer benefit balance.

Per the settlement in Docket No. 2016-0328, Customer Benefit Adjustment 2 reflects an interim “hold back” the Commission implemented pending further investigation into the prudence of components of the Company’s baseline plant additions in 2014 through 2017. While Hawaiian Electric objected to this hold back, in Docket No. 2016-0328, and maintained that its O&M expenses and capital expenditures during that time were reasonable, it agreed to a settlement that provided for the interim hold back amount to be incorporated into its 2017 test year revenue requirement as a non-specific downward adjustment.⁹¹

⁹⁰Settlement Letter, Exhibit 1 at 22.

⁹¹See D&O 35545 at 38-39.

In the Settlement Letter, the Parties agree that “any requirements relating to Customer Benefit Adjustment #2 will terminate upon approval of this [Settlement Letter].”⁹² Upon review, and taking the global nature of the Settlement Letter into account, the Commission finds this agreement reasonable.

7.

CIAC Associated With Projects In CWIP And Developers’ Advances

In its Application, Hawaiian Electric proposed certain changes to its accounting treatment of CIAC to align with its transition to the Federal Energy Regulatory Commission (“FERC”) Uniform System of Accounts (“USOA”). Certain specific related changes are also proposed for the accounting treatment of Developer Advances. More generally, Hawaiian Electric requests permission to incorporate the changes to the FERC USOA in its statement of results of operations and determination of test year revenue requirements.⁹³ In the Settlement Letter, the Parties have agreed to these changes and request.⁹⁴

Upon review, the Commission finds the proposed changes and request to be reasonable. The Commission notes that the

⁹²Settlement Letter, Exhibit 1 at 22.

⁹³Application at 18-19.

⁹⁴Settlement Letter, Exhibit 1 at 23.

transition to the FERC USOA was previously approved for Hawaiian Electric in Docket No. 2013-0007 and that the changes proposed in the Application are consistent with the essentially identical changes approved by the Commission for HELCO in its 2019 test year rate case (Docket No. 2018-0368).

8.

Performance Incentive Mechanism Tariff Revisions

Per its tariff language, Hawaiian Electric's Performance Incentive Mechanisms ("PIMs") are updated every time there is an interim or final order in a general rate case. Here, the Parties have agreed that while there is no base rate increase, Hawaiian Electric will update its performance targets, deadbands, and maximum financial incentive amounts based on the most recent available data as of the date of approval of the Settlement Letter for its two reliability PIMs and its Call Center PIM.⁹⁵

9.

Net Depreciation Expense

On July 30, 2018, in Docket No. 2016-0431, the Commission issued Decision and Order No. 35606, which approved new depreciation and amortization rates for Hawaiian Electric, HELCO,

⁹⁵Settlement Letter, Exhibit 1 at 24.

and MECO, which would take effect for each company upon the effective date of their respective next interim or final rates in a general rate case proceeding.⁹⁶ The final rates approved in Hawaiian Electric's last rate case, Docket No. 2016-0328, preceded the Commission's approval of the new depreciation and amortization rates. In the Settlement Letter, the Parties have agreed that the new depreciation and amortization rates for Hawaiian Electric shall be implemented as of January 1, 2020.⁹⁷

The Commission finds this agreement reasonable and notes that both MECO and HELCO have already incorporated the new depreciation and amortization rates, so this will allow for all three companies to be aligned on this issue.

10.

Cost Of Capital

In its Application, Hawaiian Electric requested approval of a rate of return on its average rate base of 7.97%, which was based on a return on equity ("ROE") of 10.50% and a capital structure of 58% equity (combined preferred stock and common equity) and 42% debt.⁹⁸

⁹⁶See Settlement Letter, Exhibit 1 at 24.

⁹⁷Settlement Letter, Exhibit 1 at 25.

⁹⁸See Settlement Letter, Exhibit 1 at 25.

In the Settlement Letter, the Parties have agreed on the weights and earnings requirements for short-term debt, long-term debt, and preferred stock, and that Hawaiian Electric's ROE and equity ratio should mirror what the Commission approves in HELCO's 2019 test year rate case.⁹⁹ The Commission finds this agreement reasonable and, pursuant to HELCO D&O 37237, approves an ROE of 9.50% and a capital structure of 58% total equity for the Company's 2020 test year. Hawaiian Electric's resulting authorized rate of return shall therefore be 7.37%.

11.

Rate Design

In its Application, Hawaiian Electric had proposed modifications to various rate schedules.¹⁰⁰ For purposes of reaching a global settlement, in the Settlement Letter, Hawaiian Electric has withdrawn these requests and agrees that "the existing customer, demand, minimum, non-fuel energy charges, and other base adjustments that are reflected in its existing rates, including the non-adjustable portion of the existing ECRC rate, shall be retained and remain in effect."¹⁰¹

⁹⁹Settlement Letter, Exhibit 1 at 26-27.

¹⁰⁰See Settlement Letter, Exhibit 1 at 28.

¹⁰¹Settlement Letter, Exhibit 1 at 28.

The Commission finds this agreement reasonable and observes that it is consistent with the overall agreement to a “no rate increase” and will maintain the existing rate design for each customer class.

12.

ECRC And PPAC Tariffs

In its Application, Hawaiian Electric proposed to modify its ECRC by: updating the LSFO target heat rate to account for 2020 test year production simulations; widening the deadband around the LSFO target heat rate; modifying the downward-only annual adjustment to the target heat rate to make it bi-directional; updating the non-adjustable component to reflect 2020 test year fuel handling expense; and incorporating a time-variant ECRC for commercial Time-Of-Use customers.¹⁰²

In the Settlement Letter, the Parties have agreed to widen the deadband around the LSFO target heat rate, but do not propose any of the other changes initially requested by Hawaiian Electric.¹⁰³ Upon review, the Commission finds this agreement reasonable, and further notes that this agreement will largely maintain the existing components of the ECRC, which is

¹⁰²See Settlement Letter, Exhibit 1 at 27.

¹⁰³Settlement Letter, Exhibit 1 at 27.

consistent with the overall "no rate impact" of the Settlement Letter.

The Parties further agree that the PPAC will continue to be based on Hawaiian Electric's 2017 test year allocation factors.¹⁰⁴ For reasons similar to those stated above for the settled ECRC agreement, the Commission finds this agreement reasonable.

13.

Decoupling Tariffs

In its Application, Hawaiian Electric proposed to modify its RBA Provision Tariff "such that the monthly allocation factors applicable to target revenue are based on the number of days in the month, and to modify the RBA rate adjustment such that it is applied as a non-bypassable percentage of base revenues."¹⁰⁵

In the Settlement Letter, the Parties agree to Hawaiian Electric's modifications, but defer to and accept the Commission's decisions on essentially identical modifications

¹⁰⁴Settlement Letter, Exhibit 1 at 28.

¹⁰⁵Application at 18. See also, Settlement Letter, Exhibit 1 at 28.

proposed in HELCO's recent 2019 test year rate case, Docket No. 2018-0369.¹⁰⁶

The Commission finds the Parties' agreement on this issue reasonable and further notes that it will help ensure consistent treatment of the RBA tariff between Hawaiian Electric and HELCO. Consistent with the Commission's ruling in Docket No. 2018-0368, Hawaiian Electric's RBA tariff shall be modified such that the monthly allocation factors in the RBA tariff will be based on the number of days in each month.¹⁰⁷ Regarding Hawaiian Electric's proposal to apply the RBA Rate Adjustment as a non-bypassable percentage of base revenues, the Commission defers further examination and resolution of this proposal to the Commission's ongoing investigation into Distributed Energy Resources ("DER"), Docket No. 2019-0323 where this matter may be examined for Hawaiian Electric, HELCO, and MECO.¹⁰⁸

¹⁰⁶Settlement Letter, Exhibit 1 at 28-29.

¹⁰⁷See In re Haw. Elec. Light Co., Inc., Docket No. 2018-0368, Interim Decision and Order No. 36761, filed November 13, 2019 ("HELCO Interim D&O 36761"), at 44.

¹⁰⁸See HELCO D&O 37237 at 62-64.

14.

Proposed Rule Changes

In its Application, Hawaiian Electric proposed changes to a number of Rules, including Rule Nos. 6,7, 22, 23, 24, 27, and 27. For purposes of reaching a global settlement on all issues in this proceeding, Hawaiian Electric has withdrawn these proposed rule change requests.¹⁰⁹

15.

Management Audit

In Order No. 36536, the Commission ordered the Management Audit of Hawaiian Electric by an independent auditor, the first of its kind in the Company's history. In general, the Management Audit, and its findings and recommendations, have been received positively by the Parties and construed as timely, relevant, and providing a valuable opportunity for improvement.

The Management Audit focused on three critical areas specified by the Commission: Governance and Executive Leadership; Capital and Operations & Maintenance Planning, Budgeting, and Investment Strategy; and Program and Project management.¹¹⁰

¹⁰⁹Settlement Letter, Exhibit 1 at 29.

¹¹⁰Management Audit at 8.

The Management Audit found the Company's Governance process satisfactory in general, but found mixed results in the remaining two areas.¹¹¹ While identifying the Energy Delivery Unit as a critical area for improvement, the Management Audit also identified a number of other business units and processes that should be improved and which could provide annual benefits and savings "in the range of \$25 million - \$26.5 million to be progressively delivered by the end of 2022."¹¹²

In response to the Management Audit, Hawaiian Electric accepted most of the Audit's recommendations.¹¹³ Construing the Management Audit as an "opportunity for an independent, constructive evaluation of its operations by auditors with considerable utility operation experience[,] " Hawaiian Electric noted that many of the Management Audit's recommendations served to accelerate efforts already underway within the Company, and appreciated the Management Audit's recognition of the unique challenges facing the Company as it works towards its commitment of realizing a 100% renewable energy future.¹¹⁴

¹¹¹See generally, Management Audit at 8-13.

¹¹²Management Audit at 12.

¹¹³Management Audit at 188.

¹¹⁴Management Audit at 188.

In response to the Management Audit, and ahead of Commission action, Hawaiian Electric has announced a number of changes in line with the Management Audit's recommendations, including: (1) changes to Hawaiian Electric's Board of Directors; (2) restructuring its executive leadership structure (including eliminating and consolidating some senior management positions); (3) reviewing hiring policies, re-visiting business unit responsibilities and roles to address redundancies and inefficiencies; and (4) a commitment to provide \$25 million in savings over three years, whereupon these savings will continue to be provided on a steady state basis after 2022.¹¹⁵

Regarding the latter point, in the Settlement Letter, the Parties have agreed that Hawaiian Electric will commit to provide "\$25 million in savings over three years,"¹¹⁶ to customers through a combination of capital expenditure and O&M expense savings through 2020 through 2022, after which these savings will recur annually and permanently on an steady state basis.¹¹⁷ Recognizing that passing these savings to customers would begin after 2020 (i.e., beyond the 2020 test year), the Parties have agreed that this commitment shall be delivered to customers outside

¹¹⁵See Management Audit at 190-204.

¹¹⁶Settlement Letter, Exhibit 1 at 31.

¹¹⁷See Settlement Letter, Exhibit 1 at 31-33.

of this rate case via a component of the Performance-Based Regulation framework currently under examination in Docket No. 2018-0088.¹¹⁸

Subsequently, in its Statement of Position on the Management Audit, Hawaiian Electric described the Management Audit as “independent, thorough, fair and objective[,]” and that “[i]n general, there were not significant points of disagreement.”¹¹⁹ Stating that “[t]he Company will continue to build upon and implement improvement operations identified in the Audit Report to realize short[-] and long-term operational efficiencies[,]”¹²⁰ the Company noted that the following steps it has taken in response to the Management Audit, including:

- Reaching the agreements with the Consumer Advocate reflected in the Settlement Letter, which provide for an overall no increase to base rates in this proceeding;
- Eliminating approximately 30 job positions, including supervisory and executive positions, to reduce overlap and streamline operations;

¹¹⁸Settlement Letter, Exhibit 1 at 33.

¹¹⁹Hawaiian Electric SOP at 2.

¹²⁰Hawaiian Electric SOP at 3.

- Implementing more rigorous centralized executive controls over staffing plans, with the intent to drive overall staffing count downward; and
- Implementing work planning and scheduling improvements to control and reduce overtime and penalty payments.¹²¹

The Consumer Advocate, in its Statement of Position, reflected similar sentiments, agreeing that “there is no need in this instance to engage in the traditional practice of translating audit results into rate case entries or adjustment[;]” rather, “given the Settlement [Letter], the PBR docket is the more appropriate regulatory venue where the cost savings benefits identified in the Audit Report and committed to by the Company should be captured for the benefit of ratepayers.”¹²² Concomitantly, the Consumer Advocate recommends that any cost savings in 2020 quantified in the Management Audit be deemed as being addressed in the Settlement Letter and any post-2020 savings quantified in the Management Audit be addressed in the PBR docket,

¹²¹Hawaiian Electric SOP at 3-4.

¹²²CA SOP at 4.

Docket No. 2018-0088, including how to track and report the delivery of these benefits to customers.¹²³

Upon review, the Commission generally finds the Parties' agreed treatment of the Management Audit to be reasonable. The Commission observes that Hawaiian Electric's commitment to achieve a steady state of \$25 million in recurring annual savings by 2023 is consistent with the findings of the Management Audit, which identified \$25-26.5 million in steady state savings by 2023. Further, the Commission acknowledges Hawaiian Electric's reception and cooperation with the Management Audit auditors.¹²⁴ The Commission is gratified with the Company's open-minded approach to the audit process and its willingness to embrace the Management Audit's findings and recommendations.

The Parties agree that much of the operational savings arising from the Management Audit will begin to occur in 2021 - i.e., beyond the 2020 test year - and thus, should be addressed outside of this rate case proceeding in the PBR docket. The Commission finds this agreement reasonable and, in doing, so, accepts and approves the Company's commitment to provide

¹²³See CA SOP at 17-18.

¹²⁴See Management Audit at 15 ("It should be recognized that, once the Audit commenced, the Company was fully supportive of and engaged in the process and made the requested data, as well as key staff, available to us throughout the process.").

\$25 million in savings to customers over three years - with the understanding that after three years, this \$25 million will be continually achieved annually on a steady state basis - as a satisfactory means of addressing the savings resulting from the Management Audit.¹²⁵ Consistent with the Settlement Letter, the details of how these savings benefits will be passed to customers will be determined in the PBR docket, Docket No. 2018-0088.

However, the Commission provides clarification as to conditions placed on this savings commitment in the Settlement Letter.¹²⁶ In addition to listing a number of "understandings" and "conditions" to Hawaiian Electric's Management Audit savings commitment, the Settlement Letter also provides that the Parties agree that the Management Audit savings commitment will be addressed in the PBR docket and that "[n]othing within this Settlement [Letter] is intended to restrict either the Hawaiian Electric Companies or the Consumer Advocate to any positions in the PBR Docket regarding future cost changes,

¹²⁵Settlement Letter, Exhibit 1 at 33 ("Based on the above, [Hawaiian Electric] has committed to deliver savings benefits to customers 'at the beginning of the year following the achievement of savings[.]' Audit Report at 174. This will achieve a steady state of \$25M in savings in 2023.").

¹²⁶See Settlement Letter, Exhibit 1 at 31-33.

productivity or consumer dividend quantification matters”¹²⁷

While the Commission does not object to the Parties’ agreement to address this issue in the PBR docket, or to the quantification of \$25 million in savings benefits to be provided to customers, the Commission clarifies that this Settlement Letter shall not be construed to limit the Commission’s discretion to fashion a solution in the PBR docket either - that is, the Commission is not bound to accept either the Company’s or the Consumer Advocate’s proposal regarding specific implementation details identified in the Settlement Letter or further proposals which may be made in the PBR docket as to the treatment of the \$25 million savings commitment, but may arrive at an independent solution.

B.

Miscellaneous Matters

Procedurally, the Parties state that “[a]pproval of this [Settlement Letter] would render many of the remaining procedural steps unnecessary, except for those procedural steps associated with Company Rebuttal Testimonies, the management audit and a final

¹²⁷Settlement Letter, Exhibit 1 at 33 (emphasis added).

decision and order for this proceeding approving this [Settlement Letter]."¹²⁸ The Parties expressly waive their right to a hearing and to present further evidence on the settled issues.¹²⁹

The Commission agrees with this assessment. In addition to reflecting the Parties agreement on all issues in this proceeding, the Settlement Letter contains agreements that address the issues within the scope of the DOD's participation in this proceeding.¹³⁰ The DOD's Direct Testimony focused on the rate design changes that corresponded to the proposed rate increase sought by Hawaiian Electric in its Application.¹³¹ Given that the Parties have agreed to maintain Hawaiian Electric's current rate design and not increase base rates,¹³² the Commission finds that the issues raised in the DOD's Direct Testimony have been resolved by the Commission's approval of the Settlement Letter.¹³³

¹²⁸Settlement Letter at 3-4.

¹²⁹Settlement Letter at 4.

¹³⁰See Order No. 37040, "Modifying the Department of Defense's Scope of Participation," filed March 12, 2020.

¹³¹See "Direct Testimony and Exhibits of Maurice Brubaker on behalf of Department of Defense," filed March 30, 2020 ("DOD Direct Testimony"), DOD T-1 at 4-6.

¹³²See Settlement Letter, Exhibit 1 at 28.

¹³³See Letter From: J. Schubert To: Commission Re: DOD Notice of No Statement of Position on the Management Audit, filed June 17, 2020 (DOD's purpose for participation in these

As a result, no interim decision is necessary, and this proceeding is ripe for this final Decision and Order.¹³⁴ Hawaiian Electric shall prepare revised tariffs, as needed, consistent with this final Decision and Order and shall file them with the Commission, with copies served on the Consumer Advocate, within fifteen (15) days of this final Decision and Order for the Commission's review and approval.

C.

Hawaii Energy Policy Statutes

The State of Hawaii has expressed several energy policies requiring and/or encouraging reduction in the utilization of fossil fuels in statutes that directly pertain to the regulation of public utilities. These statutes include standards requiring minimum reductions in electric energy consumption through energy efficiency measures by specific dates;¹³⁵ standards requiring minimum percentages of renewable energy generation by

proceedings was to assist the Commission in evaluating proposed increases to rates and feed for DOD consumer on Oahu. The proposed settlement on May 27, 2020 proposed no increases in rates or fees and the audit findings will not disturb the agreement. Therefore, DOD takes no position on the audit findings.”).

¹³⁴See Settlement Letter at 4 (“ . . . because, as a result of this [Settlement Letter], no increase in base rates is proposed and the Company is therefore not seeking interim relief”).

¹³⁵See e.g., HRS § 269-96.

specific dates;¹³⁶ provisions allowing for utility utilization and dispatch of renewable generation resources;¹³⁷ provisions requiring consideration of factors related to impacts of fossil fuel use in the regulation of public utilities;¹³⁸ and provisions that require consideration of specific resources and/or regulatory mechanisms.¹³⁹

In particular, HRS § 269-6(b) provides, in relevant part:

The public utilities 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 recognizes the importance of considering the effects that Hawaii's reliance on fossil fuels have on the State's economy and general welfare in making utility resource planning, investment, and operation decisions. In performing the

¹³⁶See e.g., HRS §§ 269-91 to -95

¹³⁷See e.g., HRS § 269-27.2.

¹³⁸See e.g., HRS § 269-6(b)

¹³⁹See e.g., HRS §§ 269-16.1, 269-146, 269-147, 269-148, and 269-149.

duties specified in HRS Chapter 269, the Commission has been diligent in implementing the State's energy policies and statutes, giving deliberate weight to these provisions in the broader context of the many other statutes and considerations necessary to regulate and provide reliable and affordable access to essential electric utility services.¹⁴⁰

The composition of Hawaiian Electric's generation system is regularly examined in the context of long-range resource plans that are reviewed by the Commission in formal regulatory proceedings.¹⁴¹ The Commission's review of Hawaiian Electric's long-range plans includes rigorous, explicit consideration of the State's concurrent statutory energy policies and laws. Additionally, the Commission has initiated several investigative proceedings, some that have ended and some currently pending, that specifically address measures, resources, programs, and regulatory mechanisms that are intended to further the State's

¹⁴⁰Some of these broader considerations (such as monetary costs) are obvious, while others are explicitly stated or implied elsewhere in statutes, and/or specified in case law in which the courts have set forth standards and interpretations regarding the determination of just and reasonable rates, which collectively include: reliability, affordability, fairness, provision of just and reasonable compensation for utility investment, and provision of just and reasonable rates to utility customers.

¹⁴¹See e.g., Docket No. 2014-0183 (Power Supply Improvement Plan); and Docket No. 2018-0165 (Integrated Grid Planning).

energy policies and laws and, in particular, reduce Hawaii's reliance on fossil fuel resources.¹⁴²

The instant proceeding is a general rate case in which determinations of the reasonableness of the costs of utility system investments, capital improvements, and operations is a central focus, as reflected in Hawaiian Electric's proposed 2020 test year revenue requirement initially proposed in its Application.

However, as discussed above, as a result of the Parties' agreements in the Settlement Letter, there will be no base rate increase in this proceeding. Stated in practical terms, "[e]xcept as otherwise expressly addressed herein, for purposes of this settlement, the Company requests in the [A]pplication should be effectively deemed withdrawn."¹⁴³ Consequently, as may be relevant to HRS § 269-6(b), no new costs for capital investments

¹⁴²See e.g., Docket No. 2003-0371 (establishing a distributed generation framework); Docket No. 2005-0069 (examination of DSM programs and establishment of a third-party energy efficiency program provider); Docket No. 2008-0273 (establishment of feed-in tariffs); Docket No. 2008-0274 (establishment of revenue decoupling to remove disincentives for energy efficiency and distributed customer generation); Docket Nos. 2007-0341 and 2015-0412 (implementation of demand response resources); Docket Nos. 2014-0192 and 2019-0323 (investigations into establishing programs and policies regarding distributed generation resources); Docket No. 2018-0141 (application for approval of first phase of grid modernization); and Docket No. 2018-0088 (investigation into performance-based regulation the Hawaiian Electric Companies, including HELCO).

¹⁴³Settlement Letter, Exhibit 1 at 3.

or operating expenses are being approved and the Commission finds that the impact of the Settlement Letter on State's reliance on fossil fuels as it pertains to price volatility, export of funds for fuel imports, fuel supply reliability risk, and greenhouse gas emissions is neutral, in that it preserves the status quo.

III.

FINDINGS AND CONCLUSIONS

Based on the above, the Commission finds and concludes as follows:

1. The Commission finds the agreements in the Parties' Settlement Letter reasonable and approves them as such, with the exception of the clarification regarding any conditions on the Commission's discretion to address Hawaiian Electric's Management Audit savings commitment in the PBR Docket, as described above.

2. Consistent with the Parties' agreements in the Settlement Letter, Hawaiian Electric shall have a capital structure based on 58% total equity and a ROE of 9.50%, which the Commission finds to be fair and reasonable.

3. Consistent with the Parties' agreements in the Settlement Letter, there will be no increase to Hawaiian Electric's base rates, operation of its existing surcharges, or rate design. Revenues will continue to be collected and allocated to Hawaiian Electric's customer classes as currently allowed.

4. In light of the Settlement Letter, which effectively constitutes a withdrawal of Hawaiian Electric's request for an increase in revenues of approximately \$77,554,000, the Commission finds that an interim decision and order in this proceeding is unnecessary and, in light of the fact that all other procedural steps having been completed, proceeds with issuing this final Decision and Order.

5. Hawaiian Electric shall prepare revised tariffs, as needed, consistent with this final Decision and Order and shall file them with the Commission, with copies served on the Consumer Advocate, within fifteen (15) days of this final Decision and Order for the Commission's review and approval

6. Notwithstanding the Commission's approval of the Parties' agreements in the Settlement Letter, as set forth above, the approval of the Parties' settled terms, or any of the supporting methodologies, may not be cited as precedent by any parties in future Commission proceedings.

IV.

ORDERS

THE COMMISSION ORDERS:

1. The terms of the Parties' Settlement Letter are approved, subject to the Commission's clarifications regarding the

treatment of the Management Audit savings commitment in the PBR Docket, and consistent with the specific determinations set forth above.

2. Hawaiian Electric shall prepare revised tariffs, as needed, consistent with this final Decision and Order and shall file them with the Commission, with copies served on the Consumer Advocate, within fifteen (15) days of this final Decision and Order for the Commission's review and approval.

3. The Commission's approval of the Settlement Letter, or any methodologies used by the Parties in reaching the Settlement Letter, may not be cited as precedent in any future Commission proceeding.

DONE at Honolulu, Hawaii OCTOBER 22, 2020.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By James P. Griffin, Chair By Jennifer M. Potter, Commissioner

APPROVED AS TO FORM:

Mark Kaetsu By Leodoloff R. Asuncion, Jr., Commissioner
Mark Kaetsu
Commission Counsel

2019-0085.ljk

CERTIFICATE OF SERVICE

Pursuant to Order No. 37043, the foregoing order was served on the date it was uploaded to the Public Utilities Commission's Document Management System and served through the Document Management System's electronic Distribution List.

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