JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

DEPT. COMM. NO. 365

LEODOLOFF R. ASUNCION, JR.
CHAIR

NAOMI U. KUWAYE
COMMISSIONER

COLIN A. YOST
COMMISSIONER

STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

465 S. KING STREET, #103
HONOLULU, HAWAII 96813

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January 16, 2024

The Honorable Ronald D. Kouchi,
President and Members
of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki,
Speaker and Members of
the House of Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the **Public Utilities Commission Annual Report for Fiscal Year 2023 as required by section 269-5 and section 269-33(c), Hawaii Revised Statutes (HRS).**

In accordance with Section 93-16, HRS, I am also informing you that the report may be viewed electronically at **https://puc.hawaii.gov/reports/**.

Sincerely,

Leodoloff R. Asuncion
Chair

Enclosures

STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

ANNUAL REPORT

FOR

FISCAL YEAR 2023

(July 1, 2022 – June 30, 2023)

JANUARY 2024

Message from the Chair

As the State of Hawaii continues to take historic and innovative action towards achieving its goal of 100% renewable energy by 2045, the Commission plays a critical role in ensuring that each action and decision made meaningfully drives forward progress. The Commission's careful deliberation ensures that our decisions are made to serve the public interest, and is in alignment with the holistic and long-term approach that the Commission has long taken in advancing the State's goals for an energy sector that is reliable, resilient, and sustainable. We are doing so by continuing to direct electric utilities to deploy and use advanced systems, incentivizing accelerated interconnection of grid-scale renewable energy projects, and promoting cost containing measures to improve affordability.

We continue to be committed to a renewable energy transition that is accessible to all ratepayers by encouraging energy efficiency measures and implementing policies that equally distribute the benefits and burdens of energy infrastructure. For example, the Commission is taking extraordinary steps in incorporating energy equity as part of its decision-making process. This is important as the State continues to strive to meet its Renewable Portfolio Standards goals by 2030, because placing public and community engagement at the forefront of the decision-making process makes our decisions more robust and ensures that our systems work for the residents of Hawaii.

As we focus on achieving our State goals, we are also mindful of the devastation and tragedy in the events of the Maui wildfires on August 8, 2023. This traumatic event will have a lasting impact for many years to come. We are wholeheartedly committed to rebuilding Maui in a way that reflects community priorities and with the state of the art resilient infrastructure.

In this Annual Report, we proudly highlight some of the Commission's work and many important actions the Commission has taken in ensuring that all our regulated utilities continue to provide safe, economical, and reliable services.

Sincerely,

Leodoloff R. Asuncion, Jr.

Chair, Public Utilities Commission

Executive Summary

Administrative

The Commission's administrative focus in Fiscal Year ("FY") 2023 was to complete the implementation of its strategic plan and launch the new user-friendly Case and Document Management System (CDMS). See page 4 for more information.

Special Fund

The Commission is special funded largely from fees collected from regulated entities. In FY 2023, the Commission collected $18.1 million in revenue, expended $10.4 million, and transferred $7.6 million to other state agencies and the general fund. See page 72 for more information.

Enforcement

In FY 2023, enforcement activities returned to near pre-pandemic levels and included field surveillance and an increased numbers of citations issued to motor carriers as well as investigations of One Call violations, informal complaints against regulated entities, and other compliance related reporting. See page 62 for more information.

Docket Proceedings

In FY 2023, 404 new dockets were opened with 165 dockets carried over from previous years. A total of 569 dockets were before the Commission for review and consideration. The majority of the new dockets are in the motor carrier industry, while most of dockets that will carry over to the following year are in the electric industry. A total of 5,105 docketed documents were filed. The Commission issued 886 decisions and orders. See page 7 for more information.

Progress Toward a 100% Renewable Future

In FY 2023, the Commission made progress in investigating and pursuing policies that accelerate Hawaii's progress towards a 100% renewable future.

PUC BY THE NUMBERS

Fiscal Year 2023

ABOUT THE COMMISSION

3 Commissioners

67 Employees (Budget)

$18.1M Revenue

$18M Expenditures & Transfers

REGULATED UTILITIES

1 Gas

2 Water Carriers

4 Electric

40 Water & Wastewater

226 Wireline & Wireless

1,741 Motor Carriers

CONTRACTED PROGRAMS

Relay Hawaii

Hawaii Energy

One Call Center

FILINGS

404 New Dockets Opened

5,105 Documents Filed

886 Decisions Issued

Progress Toward a 100% Renewable Future

COMPREHENSIVE ENERGY REGULATION

Performance-Based Regulation

The Commission continues to holistically assess Hawaiian Electric's regulatory framework to identify areas for improvement and develop new mechanisms to drive superior utility performance. In FY 2021, the Commission approved a new performance-based regulation framework for Hawaiian Electric. The HECO Companies are in year 4 of their 5-year rate period.

In FY 2022, the Commission approved additional performance mechanisms, directed the Companies to pursue planning initiatives to facilitate the retirement of fossil fuel units and the efficient utilization of demand-side resources, streamlined some reporting requirements for the Companies, and approved a framework and workplan for the Companies to pursue innovative pilot projects by creating a docket (Docket No. 2022-0212).

In FY 2023, the Commission worked with parties to establish a process for working groups to explore improvements to the framework for the Commission's consideration. The parties are currently working independently on a number of topics such as refining existing performance incentive mechanisms, and on developing a next generation incentive for distributed energy resources. The Commission also reviewed and approved two innovative pilot proposals related to electric vehicles and data analytics, and worked with stakeholders to refine the pilot proposal process to ensure that projects represent the cutting edge of industry practices. See Docket No. 2018-0088 on page 31 for more information.

Hawaii Gas Integrated Resources Plan

In FY 2022, Hawaii Gas began an Integrated Resource Plan ("IRP") for the first time since 1999, in alignment with the Commission's revised framework for IRPs for electric and gas utilities. Guiding objectives include addressing the state's emissions reduction and decarbonization goals, establishing a pathway to increase Hawaii Gas' renewable resources, assessing supply chain concerns, and ensuring customer energy affordability. The Commission divided this investigative proceeding into two phases, with Phase 1 focusing on the development and submission of a draft IRP Report and Action Plan by Hawaii Gas, followed by formal review in Phase 2.

In FY 2023, as part of Phase 1 of the proceeding, an Independent Facilitator ran twelve monthly Advisory Group meetings to enable live stakeholder input on proposed planning assumptions, scenarios and sensitivities, modeling methods, and the draft plan. Representatives from 24 organizations, including Commission staff and Hawaii Gas, participated in the Advisory Group.

In April 2023, Hawaii Gas submitted its Final IRP Report and Action Plan and the Independent Facilitator filed its report on the Advisory Group process, which provided observations on remaining issues that could be considered and addressed by the Commission. An additional Independent Entity filed reports providing observations on the Advisory Group process to aid the Commission's decision making, finding that the Hawaii Gas IRP Report and Action Plan are in substantial, but not yet complete, compliance with the IRP Framework.

In May 2023, three organizations filed motions to intervene and/or participate in Phase 2 of the IRP proceeding. The Commission will act on the IRP Report with input from the docket parties.

Kauai Island Utility Cooperative (KIUC) Rate Case

KIUC filed an application for approval of rate changes and increases in FY 2023. KIUC's first and only other rate case was previously filed in June 30, 2009 (Docket No. 2009-0050).

KIUC requested a $16.7 million increase in electric revenue to a total revenue requirement of $193.7 million, based on a 2023 Test Year, a 9.42% increase in rates. KIUC based this proposed rate increase on relatively flat sales growth and increased costs and investments in the 14 years since the previous rate case.

The Commission held a public hearing on Kauai in March 2023. Parties to the docket, including the Consumer Advocate and Friends of Maha'ulepu, are currently in the process of discovery, submitting testimony and information requests. On November

27, 2023, the Commission issued an Interim Decision & Order approving interim rate relief for KIUC, which approved an interim increase in rates of approximately 7.95% based on a settlement agreement reached between KIUC and the Consumer Advocate. See Docket No. 2022-0208 on page 10 for more information.

ELECTRIC GRID

Integrated Grid Planning

In FY 2023, the Commission continued its oversight of Hawaiian Electric's Integrated Grid Planning ("IGP") process, a comprehensive, long-term planning effort that includes forecasting future loads, grid needs, and the associated costs. The IGP process is a critical part of meeting the state's RPS goals, ensuring a reliable and resilient grid, and managing the impacts to customer bills throughout the transition away from fossil fuels across multiple sectors. The IGP initiative integrates planning efforts which historically have been siloed, to efficiently find solutions to serve customer needs and develop policy goals in a least cost, least regrets approach, while engaging stakeholders throughout the planning process.

In FY 2022, the Commission approved the Companies' Inputs & Assumptions and Grid Needs Assessment Methodology for use in the IGP process.

The five-year IGP process culminated in Hawaiian Electric filing its proposed Final Integrated Grid Plan ("Final IGP") in May 2023, incorporating feedback from stakeholders and the Commission. The Final IGP provides a five-year action plan and preferred resource plans for each island through 2045. Hawaiian Electric also provides an overview of stakeholder engagement efforts, data collection methods, a resilience planning approach, potential customer impacts, an energy equity analysis, customer program and resource procurement plans, and a grid reliability assessment.

The Commission is expected to review the IGP filing in FY 2024 and expects to provide guidance on improvements to the IGP process for future cycles of the process, including Hawaiian Electric's equity metrics, resource adequacy framework, and energy efficiency modeling. See Docket No. 2018-0165 on page 33 for more information.

Grid Modernization

In February 2022, the Commission approved Hawaiian Electric's advanced meter deployment plan, which accelerates deployment to all customers with considerations for timing, deployment costs, and implementation risks. Advanced meters enable customers to better understand their energy usage patterns and manage them accordingly, and to participate in new programs such as the Time of Use Study and distributed energy resource ("DER") programs. Advanced meters also provide Hawaiian Electric better insight to customer energy usage patterns.

As of May 2023, Hawaiian Electric had installed over 270,000 advanced meters across its three service territories, with Maui County leading the deployment efforts with an estimated 75% of customers receiving an advanced meter, and Oahu having the highest total number installed at nearly 163,000 advanced meters. Over 50% of customers on Oahu and Hawai'i Island have received an advanced meter. The Company is on track to complete its advanced meter rollout of 471,000 meters by the third quarter of 2024.

Additionally, the Commission is monitoring Hawaiian Electric's plans to aggregate, anonymize, and analyze the advanced meter data in collaboration with other public entities to support energy initiatives in the state through Hawaiian Electric's Data Analytics Clearinghouse Pilot innovative framework project. The provision of data is also expected to support the City and County of Honolulu's Better Building Benchmarking program, signed into law in

July 2022. See Docket No. 2018-0141 on page 23 for more information.

Climate Adaptation Transmission and Distribution Resilience Project

On June 30, 2022, Hawaiian Electric submitted an application to the Commission for approval to commit $189 million in funds over a five-year period toward a Climate Adaptation Transmission and Distribution Resilience Program. This project proposes initiatives in the areas of critical transmission line hardening, critical pole hardening and mitigation, critical customers circuit hardening, substation flood monitoring, wildfire prevention and mitigation, distribution feeder ties on Maui, lateral undergrounding on Oahu, hazard tree removal, and resilience modeling. These investments are intended to ensure that Hawaiian Electric's infrastructure can withstand and recover from severe disruptions and adapt to the changing climate.

On August 30, 2023, the Commission received notice from Hawaiian Electric that the U.S. Department of Energy had awarded Hawaiian Electric a grant of $95 million for this project pursuant to the IIJA. On November 27, 2023, in the aftermath of the devastating August 8, 2023 wildfire on Maui, Hawaiian Electric proposed modifications to the project to shift more resources to wildfire mitigation. Hawaiian Electric is currently in negotiations with the U.S. Department of Energy to finalize IIJA award grant. The Commission is currently undertaking an expedited review of this matter to accommodate Hawaiian Electric's expedited request for an expedited decision to support its negotiations with the Department of Energy. See Docket No. 2022-0135 on page 24 for more information.

RESOURCE ACQUISITION

Interconnections and Fossil Fuel Retirements

In assisting the State of Hawaii achieve its 100% Renewable Portfolio Standard ("RPS") goal, Hawaiian Electric must balance its planned retirements for existing fossil fuel plants and ensure that adequate resources are brought online to replace the capacity that is taken offline. Hawaiian Electric provides monthly progress updates on each step in the interconnection process, and the Commission has held status conferences to track and analyze the progress towards retiring key fossil fuel plants.

A combination of solutions has been assessed to meet the grid needs resulting from these retirements, including customer-sited DERs, energy efficiency measures, and modifications to the Companies operations and maintenance of its existing fleet, in addition to the utility-scale renewable projects under development.

In FY 2023, three utility-scale solar-plus-storage projects were interconnected and placed into service, including two on Oahu and one on Hawai'i Island. The Commission continues to monitor progress towards interconnecting and placing into service the remaining projects selected through Hawaiian Electric's competitive procurements.

The Commission has also identified and implemented several improvements to the interconnection process to accelerate the development of new renewable projects and continues to focus on this critical objective. For example, the Commission has contracted Independent Engineers to help resolve interconnection issues, manage a dispute resolution process, and to provide additional recommendations for improving interconnection practices. See Docket No. 2021-0024 on page 35 for more information.

Progress Toward a 100% Renewable Future

Competitive Procurements

In FY 2023, Hawaiian Electric initiated competitive procurements for large-scale renewable energy projects on Oahu, Maui, and Hawaii Island. These procurements represent the third in a series of requests for procurement ("Stage 3 RFPs") of utility-scale resources that Hawaiian Electric has solicited through Docket No. 2017-0352. Past procurements in this docket resulted in two tranches of utility-scale solar-plus-storage and standalone battery projects, many of which are operational or under development. Hawaiian Electric selected competitive projects in FY 2024 and is negotiating contracts to submit to the Commission for review.

These competitive procurements for utility-scale renewable projects are vital to serving customer and grid needs at the lowest cost through competitive bidding by market participants. The Commission oversees the process to ensure these competitive procurements follow a fair set of guidelines to achieve shared benefits for market participants and communities that will be impacted by the development of these projects.

Following the conclusion of the Stage 3 RFP process, Hawaiian Electric will initiate a new round of competitive procurement in FY 2024 based on the findings from its Final IGP report and feedback from stakeholders. See Docket No. 2017-0352 on page 17 for more information.

Demand Response and Grid Service Programs

Hawaiian Electric has several demand response programs that compensate utility customers for providing grid services during events initiated by Hawaiian Electric for economic or reliability purposes. Customers in these programs generally allow Hawaiian Electric to control or curtail some of their load (e.g., electric water heaters, central air conditioning units, rooftop solar, energy storage) in return for bill incentives. Hawaiian Electric filed an application in FY 2023 to replace the communications technology for the largest of these demand response programs, the residential sector EnergyScout program.

In FY 2023, the Commission approved requests related to two Grid Service Purchase Agreements ("GSPAs") between Hawaiian Electric and third-party aggregators who procure customer resources to deliver grid services—including capacity and frequency response—to Hawaiian Electric for a predetermined contract term and price. Hawaiian Electric also initiated a competitive procurement for a customer grid service program on Maui in FY 2023, which the Commission expects to review in FY 2024. The Commission monitors the development and implementation of these programs through two annual reports and other docketed processes. See Docket No. 2007-0341 and Docket No. 2022-0041 on page 19 for more information.

INTEGRATING NEW TECHNOLOGY

Time of Use Rate Study

The Commission approved a new pilot rate schedule for residential customers and small and medium sized commercial customers, called the Time of Use ("TOU") Study, which is expected to launch in early 2024. TOU rates charge a different rate for electricity depending on the time of day. Daytime (9am-5pm) rates are the lowest-cost, when abundant, cheap renewable energy is available on the grid, and evening peak (5pm-9pm) rates are the highest-cost, when polluting, expensive fossil fuels provide more energy on the grid. Overnight (9pm-9am) rates are in between daytime and evening peak rates, similar in cost to existing effective rates.

In FY 2023, the Commission established the rate design framework for the TOU Study and collaborated significantly with stakeholders to prepare for the launch of the TOU Study. The framework is the culmination of a multi-year working group effort and is designed to incentivize customers to shift energy usage to reduce grid costs and achieve bill savings. Methods to make use of TOU rates include pursuing energy efficiency measures, setting timers for appliances (e.g., dishwasher, water heater, laundry unit), scheduling electric vehicle charging, and installing distributed energy resources.

For the one-year TOU Study, a subset of Hawaiian Electric's customers with advanced meters installed have been selected for participation and are notified at least two months in advance. The Commission approved several customer protection measures, including six months of bill protection, the ability to opt out of the study, and streamlined energy efficiency opportunities. Following the one-year TOU Study, the Commission and stakeholders will evaluate the success of the program to inform modifications prior to a rollout to all residential and commercial Hawaiian Electric customers. See Docket No. 2019-0323 on page 33 for more information.

Distributed Energy Resource Programs

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

Hawaiian Electric has several interim DER programs available for customers, including Customer Self Supply, Customer Grid Supply Plus, Smart Export, and the Battery Bonus Program. The Battery Bonus Program is an emergency program launched in 2021 to incentivize customers to serve or reduce daily evening peak load through the use of batteries coupled with solar PV systems. Through Nov. 2023, 917.52 MW and 1.47 MW of capacity had been installed on Oahu and Maui, respectively, through the program and an additional 21.62 MW and 4.67 MW of capacity had been approved for installation on Oahu and Maui, respectively. The maximum program capacity is 40 MW on Oahu and 15 MW on Maui. After the Program reached its maximum enrollment capacity of 40 MW on Oahu the Commission extended enrollment to December 31, 2023.

In FY 2023 and early FY 2024, the Commission established the framework for two new DER programs, the Smart DER Tariff and BYOD Tariff, following collaboration with the utility and stakeholders. When the tariffs launch in early 2024, they will replace the interim and emergency DER programs available for Hawaiian Electric's customers.

The Smart DER Tariff will be the "basic" DER program available for all DER customers to enroll in, determining customer interconnection requirements, metering requirements, and compensation for energy exports. The BYOD Tariff will be the "advanced" DER program available for DER customers with load-managing devices (such as batteries) to enroll in and receive additional incentives for providing grid services to Hawaiian Electric. See Docket No. 2019-0323 on page 33 for more information.

ACCESS AND AFFORDABILITY

Energy Equity and Justice

The Commission opened a docket to investigate how to better integrate equity and justice considerations across Commission proceedings and its work in regulating public utilities. The Commission's initial focus will be on the electric industry whereby the Commission intends to further the State's policy goals, improve energy affordability, and ensure the burdens and benefits of energy infrastructure and the renewable energy transition are equitably distributed. The Commission will regularly seek public input on this docket and will reduce barriers to participation. Any person or entity interested in energy equity is encouraged to participate in Docket No. 2022-0250 in any way they find convenient.

In FY 2023, the Commission held several opening conferences to introduce the Commission's work and the docket to interested stakeholders. The Commission filed a workplan outlining an approach to address energy equity and justice issues across five categories: procedural equity, energy affordability and direct payment assistance, equitable siting and hosting of energy infrastructure, equitable access to clean energy, and utility performance and tracking.

Following stakeholder feedback on the workplan, the Commission is developing and implementing a holistic community outreach and engagement plan and hosting interim discussions to incorporate equity into Hawaiian Electric's competitive procurement processes. See Docket No. 2022-0250 on page 36 for more information.

Energy Efficiency

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

In FY 2023, Hawaii Energy offered efficiency incentives and enhanced community-based programming with targets of saving over 65 million in kWhs for residential and commercial customers. Hawaii Energy also processed nearly 16,000 rebates, conducted approximately 13,000 participant hours of educational workshops and technical training, and supported the completion of 17,700 projects for Hawaiian Electric customers. See Docket No. 2007-0323 on page 30 for more information.

Community-Based Renewable Energy

In FY 2023, the Commission continued the implementation of Phase 2 of Hawaiian Electric's Community-Based Renewable Energy ("CBRE") program, which significantly increased the program capacity from 8 MW (Phase 1) to 235 MW (Phase 2). Prior to approval of the CBRE Requests for Proposals ("RFPs"), the Commission offered and/or held community meetings for Oahu, Maui, and Hawaii Island to listen to and consider community concerns regarding potential CBRE projects in their respective communities. Topics included project locations, community benefits, and customer education.

Additionally, in FY 2023, Hawaiian Electric issued CBRE RFPs for Molokai, Lanai, and Low- and Moderate-Income projects. Proposals under these programs are at various stages of development. The ongoing supply chain impacts due to COVID-19 prompted the Commission to approve the HECO Companies' request to extend the Phase 1 Standard Form Contract deadline for projects to achieve commercial operations from 18 to 24 months. The Commission also required subscriber organizations to provide the CBRE Subscriber Bill of Right to each of its customers to ensure all subscribers are fully informed of their rights in the program. See Docket No. 2015-0389 on page 16 for more information.

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I. Introduction

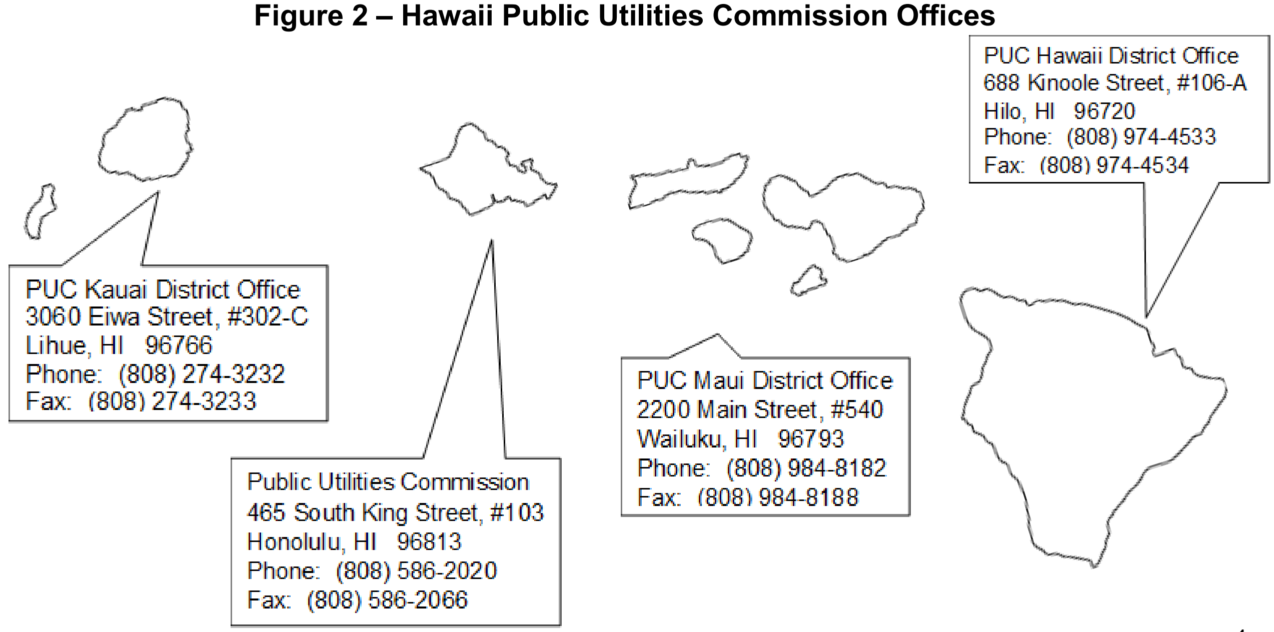
The Public Utilities Commission of the State of Hawaii submits this Annual Report pursuant to Hawaii Revised Statutes ("HRS") § 269-5 and § 269-33. This report summarizes the activities and operations of the Commission and the public utilities it regulated during FY 2023, which runs from July 1, 2022 to June 30, 2023. Regulated utilities' reported financial and budget information reflect information from the 2023 fiscal year. Where possible, this report reflects the most current information.

The Commission regulates 2,014 entities in Hawaii, which include all chartered, franchised, certificated, and registered public utility companies that provide electricity, gas, telecommunications, private water and sewage, and motor and water carrier transportation services in the State. The Commission also enforces the requirements of HRS Chapter 269 and other applicable statutes, and establishes rules and regulations.

Figure 1 – Entities Regulated by the Hawaii Public Utilities Commission

Industry	Type	Regulated Entities
Energy	Electricity	Hawaiian Electric Company, Inc.
		Maui Electric Company, Ltd.
		Hawaii Electric Light Company, Inc.
		Kauai Island Utility Cooperative
	Gas	The Gas Company, dba Hawaii Gas
Transportation	Water Carriers	Young Brothers
		Hono Heke
	Motor Carriers	1,123 Passenger Carriers
		618 Property Carriers
Telecom		Hawaiian Telcom
		225 Wireless and Wireline Companies
Water/Wastewater		40 Private Water and Sewer Companies

Figure 2 – Hawaii Public Utilities Commission Offices



Commissioners

Current Commissioners as of December 31, 2023

LEODOLOFF R. ASUNCION, JR.
Chairperson, July 1, 2022 – present
Commissioner, May 1, 2019 - present

Leodoloff ("Leo") R. Asuncion, Jr. was appointed to the Public Utilities Commission by Governor David Y. Ige for a term to expire June 30, 2026. He has served as a Commissioner since April 2019 and as the Chair since July 1, 2022.

Prior to his appointment to the PUC, Commissioner Asuncion was a Planning Program Administrator II at the Office of Planning, Department of Business, Economic Development and Tourism, and from 2013 to 2018 served as Director of the Office. As Director, he was responsible for the overall management, development, and implementation of state policy, and coordination and planning support to state and county agencies. He also served as Planning Program Manager of the Hawaii Coastal Zone Management Program from 2011 to 2013.

Commissioner Asuncion has over 30 years of extensive experience in planning, policy analysis, and management throughout Hawaii and the Pacific Region, in both the public and private sectors, through previous positions with Hawaiian Electric Company, Inc., SSFM International, Inc. the Hawaii State Judiciary, and the State Land Use Commission. He has also chaired or been a member of a number of governmental boards, commissions, task forces and councils during his professional career, and served in 2021 and 2022 as President of the American Planning Association. He is also a Past Chair of the Coastal States Organization.

Commissioner Asuncion holds a Master in Business Administration from Hawaii Pacific University, and a Master in Urban and Regional Planning and Bachelor of Arts in Political Science degrees from the University of Hawaii at Manoa.

NAOMI U. KUWAYE
Commissioner, July 1, 2022 - present

Naomi U. Kuwaye was appointed to the Public Utilities Commission by Governor David Y. Ige and confirmed by the State Senate beginning July 1, 2022 and ending June 30, 2028.

Prior to her appointment to the PUC, Commissioner Kuwaye was an attorney at Ashford & Wriston, LLP where she had practiced since 2012. Previously, Commissioner Kuwaye had also worked for then Honolulu City Councilmember Donna Mercado Kim and practiced law in Oregon and Washington before returning home to Hawaii.

Commissioner Kuwaye earned her Juris Doctorate and a certificate in environmental and natural resources law from Lewis and Clark Northwestern School of Law and her Bachelor of Arts in journalism and political science from the University of Hawaii at Manoa.

COLIN A. YOST

Commissioner, November 1, 2022 - present

Colin A. Yost was appointed on November 1, 2022 to the Public Utilities Commission by Governor David Y. Ige as an Interim Commissioner. In March 2023, Governor Josh Green nominated Commissioner Yost to continue his service at the PUC, and the State Senate confirmed this nomination for a term ending June 30, 2024.

Prior to his appointment to the PUC, Commissioner Yost was an owner of Oahu-based renewable energy company RevoluSun, where he served for eight years as Chief Operating

Officer and for four years as General Counsel. At RevoluSun, he was responsible for general company management, directing the commercial projects division and overseeing human resources, legal and regulatory matters. As General Counsel, he helped steer RevoluSun through a rapidly changing policy landscape to become one of the leading residential photovoltaic installers in the nation.

In his legal career before RevoluSun, Commissioner Yost founded the law firm of Cruise & Yost and he also worked as an attorney for the Honolulu firm of Paul Johnson Park & Niles. In these positions, he represented clients in the areas of energy and environmental law, civil litigation, business law, consumer law, civil rights, Native Hawaiian rights, real estate matters and administrative proceedings before the PUC and other administrative agencies.

From 1998-2003, Commissioner Yost served as an Assistant Attorney General in the Financial Fraud/Consumer Protection Section of the Oregon Department of Justice, where he led the State of Oregon's investigation and prosecution of western energy companies, including Enron, Duke Energy and the Williams Energy Companies for matters relating to the west coast electricity crisis of 2000-2001 and secured settlement agreements worth $32 million to the State of Oregon. He also led and resolved the state's investigation of telecommunications company MCI. In 2001, Commissioner Yost received the Oregon Department of Justice's Outstanding Service Award.

Commissioner Yost earned his Juris Doctorate from Lewis and Clark Northwestern School of Law and his Bachelor of Arts in English and Environmental Studies from the University of Pennsylvania.

II. Administrative Update

Vision: The PUC delivers transparent, accessible and timely regulatory oversight, while working collaboratively with customers, stakeholders and the general public.

Mission: To serve the public by ensuring essential utility services are delivered to consumers in a safe, reliable, economical, and environmentally sound manner.

How the PUC Fulfills Its Mission

This mission is achieved through responsible and informed oversight of public utilities and a focus on economic, operational, environmental and societal concerns associated with balanced regulation and future impacts of present-day decisions.

Core Values:

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

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

Strategic Plan

The Public Utilities Commission's Strategic Plan focuses on two main priority goals: establishing well-documented, modernized policies and procedures; and creating a work environment that fosters organizational success. With modernized policies and procedures, a new and improved Case and Document Management System, and an enhanced work environment to support staffing resources, the Commission will be in a better position to help the State achieve its clean energy goals, as well as support our regulated entities and communities.

On Dec. 14 and 15, 2023, the Hawaii Public Utilities Commission held an all-staff strategic planning retreat to update its 2020-2022 PUC Strategic Plan. The staff collectively decided it was important to also update the PUC's Vision, Mission and Core Values. We expect to finalize the PUC's Vision, Mission, Core Values and 2024-2027 Strategic Plan by the second quarter of 2024. When PUC's new Vision, Mission, Core Values and 2024-2027 Strategic Plan are finalized, the PUC will distribute the document to stakeholders and the public.

Goals and Objectives

Goal 1: The PUC will have established well-documented, modernized policies and procedures.

Objective 1: Document current state of the Docket Management System processes and identify immediate and interim improvements and critical policies.

Objective 2: Document the current state of non-docket processes and identify immediate and interim improvements and critical policies.

Objective 3: Upgrade PUC-wide IT to provide a streamlined, user-friendly Docket Management System, including initially selected processes.

Goal 2: The PUC will create a work environment that foster organizational success.

Objective 1: Ensure the PUC's Human Resources' practices build on and or meet industry best practices (e.g. Society for Human Resources Management).

Objective 2: Identify and secure professional development opportunities that ensure all PUC staff develop and maintain their expert knowledge in a rapidly changing industry.

Objective 3: Optimize communications to ensure staff are well informed and productive in achieving the PUC's mission, and strategic goals, in accordance with policies and procedures.

Objective 4: Develop standardized and section specific training for all new employees to ensure a holistic on-boarding process.

Objective 5: Design an employee retention program that recognizes outstanding work performance and staff contributions to the organization.

Case and Document Management System Project

In June 2023, the new Case and Document Management System (CDMS) replaced the Commission's current Document Management System (DMS) with a modern, user-friendly and integrated Content and Case Management workflow solution that can accommodate docketed and non-docketed processes and documents. This project aligns with the 2018 State Auditor's recommendation to improve the PUC's Information Technology infrastructure and customer accessibility.

The CDMS project replaced the current DMS repository with the following:

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

Pacific Point was selected as the CDMS Solution Integrator, and PCG Consulting was selected as the Independent Verification and Validation Contractor. Work with Pacific Point and PCG commenced on July 1, 2021. Pacific Point completed the requirements phase and worked on the solutions development phase throughout FY 2023.

Personnel Update

During FY 2023, the Commission redescribed 13 positions, and recruited and filled 15 vacant positions. The Commission continues to foster employee engagement and collaboration through training of all staff and managers, an enhanced new employee onboarding program and more frequent and timely communications about information and issues that impact the workplace. To track progress on these initiatives and to measure employee satisfaction, the Commission conducted a first-ever employee engagement survey, which will be administered on a regular basis by a third-party independent research company.

III. Recommendations for Legislative & Executive Action

1. ***Implement the Hawaii Home Energy Assistance Program ("HI-HEAP") Program to enable assistance to Hawaii ratepayers in need.***
   The PUC recognizes that a large portion of struggling families in the State that are eligible for federal utility payment assistance are not receiving vital support due to the program's low funding levels for Hawaii. Through the efforts of the State Low Income Home Energy Assistance Program (LIHEAP) Working Group, as called for through Senate Concurrent Resolution No. 242 (2022), the PUC proposes the creation of a separate State program in order to expand the current reach of the Federal LIHEAP program. Upon establishment of HI-HEAP, additional households would be considered eligible for energy payment assistance and more households overall would receive assistance.

2. ***Amend the Energy-efficiency Portfolio Standards ("EEPS") through 2045.***
   As the State gets closer to 2030 and the final stated goal of HRS § 269-96 of 4,300 Gigawatt Hours of energy savings, the PUC believes that it is appropriate to extend the energy savings goal through 2045 with an increased target. The Public Benefits Fee Administrator, as allowed under HRS § 269-121, will be tasked with helping meet the new EEPS goals. The PUC supports that a new final target of 6,000 Gigawatt Hours for 2045 along with interim goals is reasonable.

3. ***Amend HRS § 269-6(b) to clarify that the PUC may determine whether greenhouse gas (GHG) analysis is required for projects that do not result in generation-based GHGs.***
   The PUC believes that clarification of HRS § 269-6(b) would further expedite the State's advancement towards clean and renewable generation resources. The current provisions under HRS § 269-6 recognize that there is frequently tension in decision-making for renewable energy resources with regards to balancing cost, diversity, reliability, and emissions objectives. This tension also plays out in practice, as GHG analyses require time and resources for all parties to Commission proceedings, which can be costly to conduct, and for which costs typically fall to already burdened ratepayers. Detailed and resource-intensive GHG analyses may not be of critical importance in certain scenarios where resources or proposals under consideration do not result in generation-based emissions and are clearly moving the state away from imported fossil fuels towards local, clean energy. Therefore, the Commission proposes to clarify that it may determine that analysis of GHGs is not necessary under certain circumstances when generation-based emissions for a project are zero.

4. ***Enable permanent funding for Act 247, Session Laws of Hawaii 2023***
   The PUC is firmly in support of providing additional resources to support persons who are blind or visually impaired, and therefore is enthusiastic about the passage of House Bill No. 933 (2023) which was signed into law as Act 247 by Governor Green. Historically, the PUC has adminstered, as authorized by HRS § 269-16.6, through a third party administrator, the Telecommunications Relay Service ("TRS") that provides persons who are both deaf and blind access to devices and service that help these individuals with communication. The program enabled by Act 247 will complement the Hoʻopono Services for the Blind provided by the Department of Human Services – Division of Vocational Rehabilitation ("DHS-DVR"), which is not able to provide comprehensive local news, periodicals, and job advertisements, and the TRS, which does not cover persons who only have print disabilities. The PUC is conducting necessary procurement steps for Act 247 and expects a program to be in place early in 2024. Currently, Act 247 only provides spending authority for the 2024-2025 biennium, and the PUC is seeking funding or other changes to statute to enable permanent funding for the program envisioned by Act 247.

IV. Docket Proceedings and Regulatory Issues

Regulatory proceedings are conducted in a formal docket process. Docket filings, decisions, and orders are available on the Commission's new Document Management System ("CDMS") website at: **https://hpuc.my.site.com/cdms/s/**. Non-docketed filings are also available on CDMS. Non--docketed filings are searchable based on the calendar year in which they were filed (ex: non--docketed filings in 2022 are under docket number "2022-XXXXX" and those from calendar year 2023 are under docket number "2023-XXXXX"). In this section, docket summaries and regulatory issues are reported by industry.

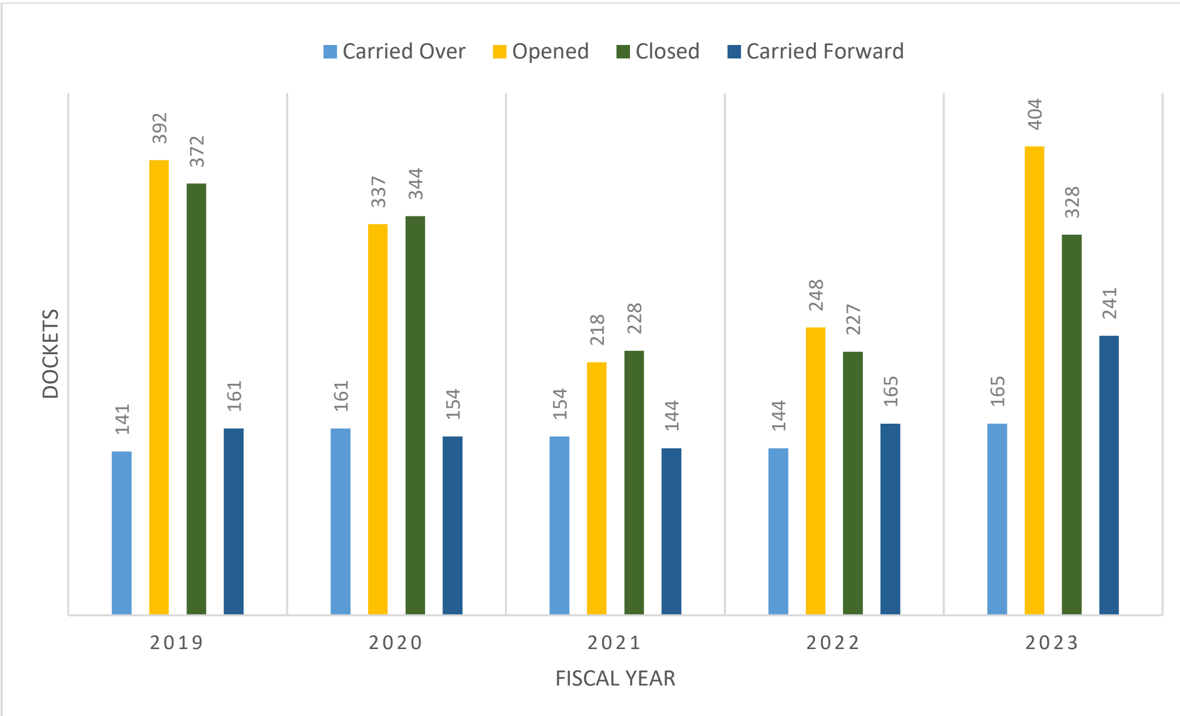
Docket Statistics

The Commission issued a total of 886 decisions and orders in FY 2023. At the beginning of FY 2023, there were 165 pending dockets that had been opened and carried over from previous fiscal years. During the past fiscal year, an additional 404 new dockets were opened. Thus, during FY 2023, a total of 569 dockets were before the Commission for review and consideration. Of the 569 dockets, 328 were closed by the end of FY 2023. As of June 30, 2023, a total of 241 open dockets remains pending and carried over to FY 2024. The number of dockets by type and status are shown in Table 1. The number of dockets opened and closed over the past five fiscal years are shown in Figure 3.

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

Sector	Carried over from FY 2022	Opened in FY 2023	Total of FY22 Carried Over + FY23 Opened	Closed in FY 2023	To Carry Forward to FY 2024
Electric	61	24	85	21	64
Gas	9	2	11	2	9
Telecommunication	12	37	49	33	16
Water/Sewer	8	9	17	4	13
Motor Carrier - Passenger	45	130	175	99	76
Motor Carrier - Property	10	195	205	168	37
Water Carrier	6	4	10	1	9
One Call Center	13	3	16	0	16
Other	1	0	1	0	1
TOTAL	165	404	569	328	241

Figure 3 - Dockets Carried Over, Opened, Closed, Fiscal Years 2019-2023



A. Electricity

The Commission regulates four electric utilities engaged in the production, purchase, transmission, distribution, and sale of electric energy in the State: Hawaiian Electric Company, Inc., ("HECO"), which serves the island of Oahu; Maui Electric Company, Limited ("MECO"), which serves the islands of Maui, Lanai, and Molokai; Hawaii Electric Light Company, Inc., ("HELCO"), which serves Hawaii island (collectively, HECO, MECO, and HELCO are referred to as "the HECO Companies" or "the Companies"); and Kauai Island Utility Cooperative ("KIUC"), which serves the island of Kauai. The islands of Niihau and Kahoolawe do not have electric service provided by a public utility.

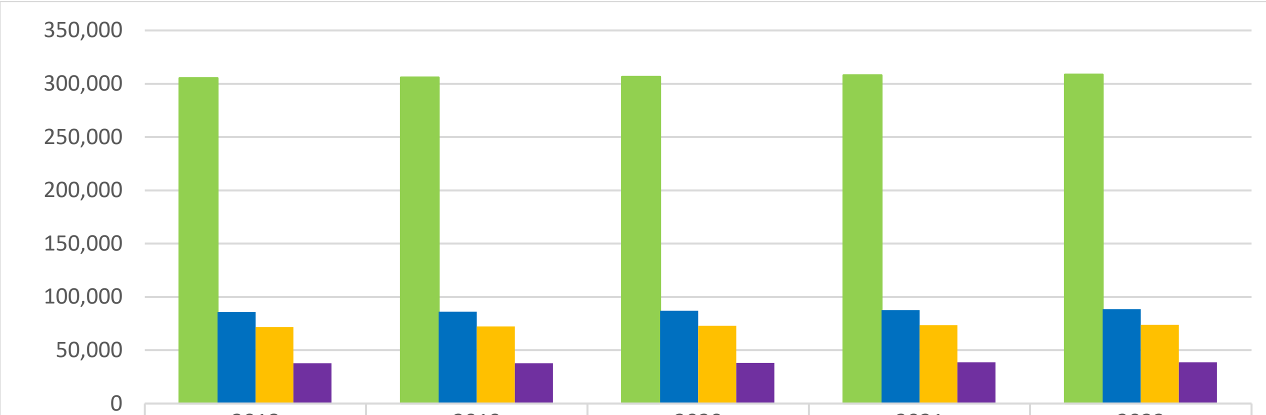
The following section summarizes the Commission's electricity-related proceedings in the following categories: 1) Operations, 2) Rates, 3) Summary of Power Purchase Agreements, 4) Resource Acquisition, 5) Fuel Contracts, 6) Capital Expenditures, 7) Grid Modernization, 8) Reliability and Resiliency, 9) Substation Improvements, 10) Overhead and Underground Transmission Lines, 11) Financing, 12) Electrification of Transportation, 13) COVID-19 Related, 14) Miscellaneous, 15) Commission-Directed Investigations, and 16) Reliability and Quality of Service.

This report summarizes various docket proceedings opened during FY22 and carried over from prior years. To the extent possible, updates are current through December 15, 2023.

1) **Operations**[1]

The number of customers served by electric utilities has shown modest yearly growth since 2018. See Figure 4

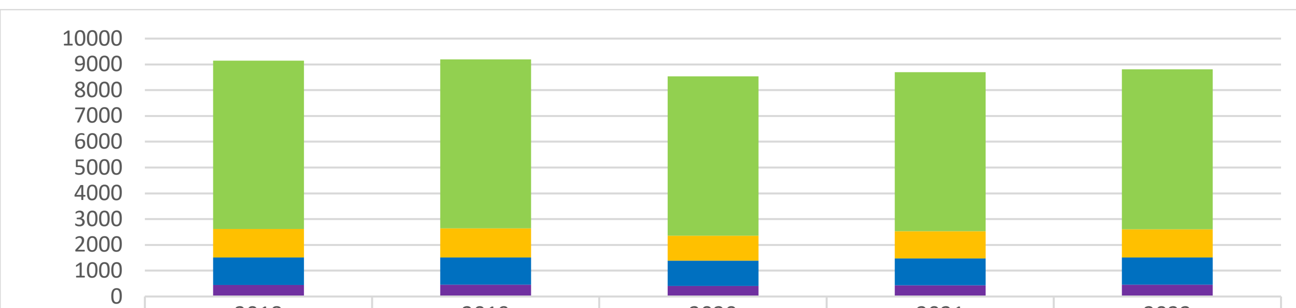
Figure 4 – Number of Electric Utility Customers, Calendar Years 2018-2022



	2018	2019	2020	2021	2022
HECO	305,285	305,984	306,606	308,098	308,486
HELCO	85,811	86,271	87,023	87,749	88,451
MECO	71,650	72,233	72,948	73,589	73,833
KIUC	37,705	37,917	38,257	38,593	38,799

The State has seen a slight uptick in annual electricity sales recently, with an average 5% increase across the islands between the years 2020 and 2021 and an average 3% increase across the islands between the years 2021 and 2022, as the State returns to pre-COVID-19 pandemic electricity sales levels. See Figure 5.

Figure 5 – Annual Electricity Sales in Gigawatt hours, 2018-2022



	2018	2019	2020	2021	2022
HECO	6,526	6,563	6,183	6,170	6,211
MECO	1,099	1,127	959	1,047	1,089
HELCO	1,064	1,050	978	1,044	1,054
KIUC	451	460	415	435	458

[1] Data obtained from the electric utilities' Annual Financial Reports filed with the Commission. See https://puc.hawaii.gov/reports/energy-reports/annual-financial-reports-electric-utilities/ for links to the electric utilities' Annual Financial Reports.

2) Rates

Electric utility rates are the sum of various components, all of which are analyzed and approved by the Commission. For residential customers, electricity rates consist of a fixed customer charge, a non-fuel energy charge, and surcharges. The sum of the different charges on customer bills is known as the "current effective rate."

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

Figure 6 – Five-Year Comparison of Effective Residential Electricity Rates per kWh[2]

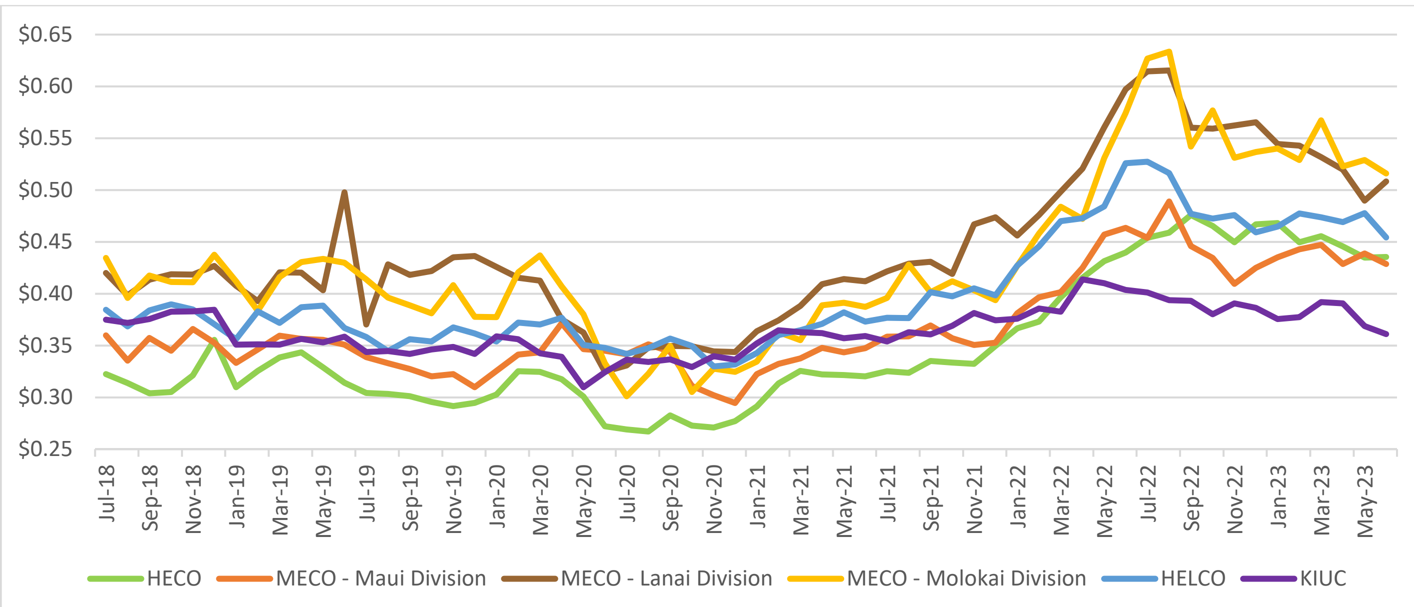


Table 2 – Five-Year Comparison of Effective Residential Energy Rates and Monthly Residential Electric Bill, Based on an Average Usage of 500 kWh

	Jun-18		Jun-19		Jun-20		Jun-21		Jun-22		Jun-23	
	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill
HECO	$0.31	$147.38	$0.31	$160.60	$0.27	$157.63	$0.32	$160.04	$0.44	$204.62	$0.44	$184.26
HELCO	$0.34	$162.65	$0.37	$163.59	$0.35	$145.72	$0.37	$177.79	$0.53	$237.25	$0.45	$197.05
MECO (Maui)	$0.36	$179.98	$0.35	$192.75	$0.34	$161.58	$0.35	$191.51	$0.46	$243.46	$0.46	$210.23
MECO (Lanai)	$0.41	$183.55	$0.50	$207.97	$0.32	$150.55	$0.41	$196.83	$0.60	$285.65	$0.51	$221.17
MECO (Molokai)	$0.42	$127.42	$0.43	$138.31	$0.33	$108.18	$0.39	$137.47	$0.57	$187.18	$0.52	$167.14
KIUC	$0.38	$196.69	$0.36	$188.98	$0.34	$171.23	$0.36	$199.14	$0.40	$218.15	$0.36	$210.93

Kauai Island Utility Cooperative ("KIUC") 2023 Test Year Rate Case

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

Docket No. 2022-0208, Status: Open

On December 28, 2022, KIUC filed an application for a rate increase of $16.7 million (9.42%) over revenues at current rates based on a proposed revenue requirement of $193.7 million for a normalized 2023 test year, which incorporates a targeted Debt Service Coverage ("DSC") Ratio under KIUC's loan indenture of 1.75 for the 2023 Test Year. The Commission held a public hearing on KIUC's Application on March 28, 2023, at 6:00 p.m. at the King Kaumuali'i Elementary School Cafeteria in Lihue, on the island of Kauai. On August 4, 2023, the Commission issued Order No. 40144, which, among other matters, granted limited participant status to Friends of Maha`ulepu, a non-profit organization. The Commission issued an Interim Decision & Order approving interim rate relief for KIUC on November 27, 2023 based on the settlement agreement reached between KIUC and the Consumer Advocate (Friends of Maha`ulepu did not object to the settlement). This resulted in an interim increase in rates of approximately 7.95% based on a revenue requirement of $190.575 million for the 2023 test year.

3) Summary of Power Purchase Agreements

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

Table 3 - Summary of Power Purchase Agreements in Effect on Oahu, FY 2023

OAHU Facility Name	Export Capacity (MW)	Facility Type	Average FY23 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In-Service Date	End Date / Term
Feed-in Tariff	Varies	As Available	$0.2302	Any	Solar	2008-0273	20 years
IES Downstream LLC	9.6	As Available	$0	On Peak[b]	Refinery Gas / Naphtha	6717 8/2/1990	Year to year
			$0	Off Peak[b]			
Kahuku Wind Power	30	As Available	$0.2214	Any	Wind	2009-0176	3/22/2031
Kalaeloa Renewable Energy Park	5	As Available	$0.2160	Any	Solar	2011-0384	11/22/2033
Kalaeloa Solar Two	5	As Available	$0.2530	Any	Solar	2011-0051	12/31/2032
Kapolei Sustainable Energy Park	1	As Available	$0.2360	Any	Solar	2011-0185	12/30/2031
Kawailoa Solar	49	As Available	$0.1273	Any	Solar	2017-0108 11/20/2019	11/20/2041
Kawailoa Wind	69	As Available	$0.2359	Any	Wind	2011-0224	11/02/2032
Lanikuhana Solar	14.7	As Available	$0.1305	Any	Solar	2017-0108	9/19/2041

						9/19/2019	
Na Pua Makani Power Partners, LLC	24	As Available	$0.1413	Any	Wind	2013-0423 12/11/2020	12/11/2040
Par Hawaii Refining LLC[c]	18.5	As Available	$0.2028	On Peak	Refinery Gas / Naphtha	5025 12/28/1983	Year to year
			$0.2429	Off Peak			
Waianae Solar	27.6	As Available	$0.1450	Any	Solar	2014-0354 1/14/2017	1/31/2039
Waipio PV	45.9	As Available	$0.1218	Any	Solar	2017-0108 9/19/2019	9/19/2041
AES Hawaii[d]	180	Firm	$0.0679	Any	Coal	6177 9/1/1992	9/1/2022
H-POWER	68.5	Firm	$0.1966	On Peak	Waste	2012-0129	4/2/2033
			$0.1508	Off Peak			
Kalaeloa Partners[e]	208	Firm	$0.2328	Any	LSFO	6378 2021-0188 5/23/1991	12/31/2032
Mililani I Solar[f]	39 MW + 156 MWh storage	Renewable Dispatchable Generation	$0.0856	Any	PV & BESS	7/31/22	7/31/2042
Waiawa Solar[f]	36 MW + 144 MWh storage	Renewable Dispatchable Generation	$0.0769	Any	PV & BESS	1/11/2023	1/31/2043
Avoided Energy Cost Rate			$0.2156	On Peak	Docket No. 7310, Decision and Order No. 24086; 2008-0069		
			$0.2410	Off Peak			

a Based on 12-month averages of actual energy costs unless otherwise noted; does not include capacity payments (if applicable).
b “On peak” is from 7 AM to 9 PM. “Off peak” is from 9 PM to 7 AM.
c Average Energy Price does not include reactive adjustment.
d Energy Price is based on AES Hawaii Energy Cost which includes Fuel, Variable O&M, and Fixed O&M components. The AES Hawaii Energy PPA terminated on 9/1/2022.

e	Energy Price is based on Kalaeloa Partners Energy Cost which includes Fuel, Nonfuel, and Additive components for the prior PPA, and Fuel and Variable O&M components for the Amended and Restated PPA. Prices of the Amended and Restated PPA effective as of 1/1/2023.
f	Energy Price is based on annual Net Energy Potential

Table 4 – Summary of Power Purchase Agreements in Effect on Hawaii Island, FY 2023

HAWAII Facility Name	Export Capacity (MW)	Facility Type	Average FY23 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Feed-in Tariff	Varies	As Available	$0.2342	Any	Solar	2008-0273	20 years
Hawi Renewable Development	10.56	As Available	$0.2222	On Peak	Wind	2004-0016	11/08/2046[b]
			$0.2254	Off Peak			
Tawhiri Power (Pakini Nui)	20.5	As Available	$0.1568	On Peak	Wind	2004-0346	4/2/2027
			$0.1497	Off Peak			
Wailuku River Hydro	12.1	As Available	$0.2125	On Peak	Hydro	6956	5/12/2023
			$0.2135	Off Peak			
Hamakua Energy[c]	60	Firm	$0.2073	Any	Naphtha/ Biodiesel	1998-0013	12/31/2030
Puna Geothermal Venture (PGV)	25	Firm	$0.2213	On Peak	Geo- thermal	2011-0040 2019-0333	12/31/2052
			$0.2230	Off Peak			
	5	Firm	$0.1375	Any			
	8	Cycling	$0.0699	On Peak			
			$0.0699	Off Peak			
Schedule Q[d]	Varies	As Available	$0.2191	Any	Docket No. 7310 Decision and Order No. 24086; 2008-0069		
AES Waikoloa Solar[e]	30 MW + 120 MWh storage	Renewable Dispatchable Generation	$0.0776	Any	PV & BESS	4/21/23	4/30/2048
Avoided Energy Cost Rate			$0.2177	On Peak	Docket No. 7310 Decision and Order No. 24086		
			$0.2194	Off Peak			

a Based on 12-month averages of actual energy costs unless otherwise noted; does not include capacity payments (if applicable).
b Hawi Renewable Development's new End Date/Term is based on the estimated GCOD of the Amended and

Restated PPA approved 7/12/2023, D&O No. 40083.
c Energy Price is based on Hamakua Energy's Energy Cost which includes Fuel and Variable O&M components.
d Includes County of Hawaii Department of Water Supply, Palm Valley Farm, and Hawaii Water Service. Hawaii Water Service went into service on 3/18/2022.
e Energy Price is based on annual Net Energy Potential

Table 5 – Summary of Power Purchase Agreements in Effect on Maui Island, FY 2023

MAUI Facility Name	Export Capacity (MW)	Facility Type	Average FY23 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Auwahi Wind Energy	21	As Available	$0.2179	Any	Wind	2011-0060 12/28/2012	12/27/2032
Feed-in Tariff	Varies	As Available	$0.2258	Any	Solar	2008-0273	20 years
Kaheawa Wind Power	30	As Available	$0.1400	On Peak	Wind	2004-0365 6/9/2006	6/9/2026
			$0.1313	Off Peak			
Kaheawa Wind Power II	21	As Available	$0.2441	Any	Wind	2010-0279 7/2/2012	7/2/2032
SSA Solar of HI 2 (Kuia Solar)	2.87	As Available	$0.1106	Any	Solar	2015-0224 10/4/2018	10/4/2040
SSA Solar of HI 3 (SMRR)	2.87	As Available	$0.1106	Any	Solar	2015-0225 5/5/2018	5/5/2040
Avoided Energy Cost Rate			$0.2382	On Peak	Docket No. 7310 Decision and Order No. 24086		
			$0.2207	Off Peak			

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

Table 6 – Power Purchase Agreements in Effect on Lanai Island, FY 2023

LANAI Facility Name	Facility Capacity (MW)	Facility Type	Average FY23 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Lanai Sustainability Research, LLC	1.2	As Available	$0.3000	Any	Solar	2008-0167 12/19/2008	12/19/2033
○ There are no FIT projects on Lanai.							

Table 7 – Power Purchase Agreements in Effect on Molokai Island, FY 2023

MOLOKAI Facility Name	Facility Capacity (MW)	Facility Type	Average FY23 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Feed-in Tariff	Varies	As Available	$0.2180	Any	Solar	2008-0273	20 years

Table 8 – Summary of Power Purchase Agreements in Effect on Kauai Island, FY 2023

KAUAI Facility Name	Facility Capacity (MW)	Facility Type	Average FY23 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Kekaha Ag Assoc	1.5	As Available	$0.1153	Any	Hydro	2001-0055	Month to Month
Kapaa	1	As Available	$0.2000	Daytime	Solar	2010-0179	3/4/2031
Ka'ie'ie Waho Company (formerly McBryde)	6	As Available	$0.2000	Daytime	Solar	2011-0180	12/21/2032
MP2 Hawaii Solar I	0.300	As Available	$0.2000	Daytime	Solar	2011-0362	1/4/2033
McBryde Resources	4.8	As Available	$0.2026	Any	Hydro	2012-0150	1/31/2033
Green Energy Team	6.7	Baseload	$0.2604	Any	Biomass	2011-0032	1/31/2036
Dom Solar Lessor I, SolarCity	13	As Available	$0.1390	Any	Solar & Storage	2015-0331	5/26/2037
KRS2 Koloa	12	As Available	$0.1220	Daytime	Solar	2012-0383	9/5/2039

KRS1 Anahola	12	As Available	$0.1280	Daytime	Solar	2011-0323	10/30/2040
Gay & Robinson	7.25	As Available	$0.1734	Any	Hydro	2014-0203	01/01/2044
AES Lawai	20	As Available	$0.1108	Any	Solar & Storage	2017-0018	06/01/2044
AES Kekaha	14	As Available	$0.1085	Any	Solar & Storage	2017-0443	04/01/2046
Avoided Energy Cost Rate			$0.1817	Docket No. 7310 Decision and Order No. 24086			

4) <u>Resource Acquisition</u>

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

On December 22, 2017, in Docket No. 2015-0389, the Commission adopted a CBRE Framework for the HECO Companies. The CBRE framework allows utility customers who are unable to directly participate in renewable energy generation because of their location, building type, access to the electric utility grid, and other impediments to participate directly in off-site renewable energy projects through a bill credit arrangement. There are currently three Phase 1 projects in commercial operation: two on Oahu and one on Maui. Three more projects are expected to reach commercial operations in 2024.

On April 9, 2020, the Commission commenced Phase 2 of CBRE, expanding the program capacity to at least 235 MW to dramatically expand access to the economic, environmental, and societal benefits of renewable energy. Phase 2 specifically addresses the needs of renters, shared building occupants, and low-to-moderate income earners. In late 2021 and early 2022, the Commission listened to community concerns about CBRE projects on Hawaii Island, Maui, and Oahu. To address these concerns, the Commission approved revised version of the Phase 2 requests for proposals ("RFP") for Hawaii Island, Maui, and Oahu on February 8, 2022. The Commission expects Hawaiian Electric to begin filing new CBRE power purchase agreements from Phase 2 in 2024.

Hawaiian Electric - Competitive Bidding Process to Acquire Variable Renewable Dispatchable Generation Paired with Energy Storage for the Islands of Molokai and Lanai
Docket No. 2019-0178; Suspended

On August 6, 2019, the HECO Companies filed a Proposed Draft Request for Proposals ("RFP") for the islands of Molokai and Lanai. The Commission opened the docket on August 29, 2019, in Order No. 36493, to receive filings, review approval requests, and resolve disputes, if necessary, related to the HECO Companies' proposed plans to proceed with competitive procurement of variable renewable dispatchable generation paired with energy storage on the islands of Molokai and Lanai. After a Status Conference held on September 5, 2019, the Commission solicited comments from the HECO Companies, the Consumer Advocate, and stakeholders regarding the proposed plans to proceed with the competitive procurement. On November 27, 2019, the Companies filed their Final RFPs for Molokai and Lanai. On June 8, 2020, the HECO Companies proposed combining the Lanai RFP with the RFP underway in the Community Based Renewable Energy proceeding, Docket No. 2015-0389. On September 14, 2021, after numerous meetings and public comments, the Molokai Clean Energy Hui filed an update on its Community Energy Resilience Action Plan ("the Molokai Plan"), in which the Molokai Clean Energy Hui stated that it was collaborating with Sustainable Molokai and the Hawaii Natural Energy Institute to develop an energy plan for Molokai based on thorough, timely, and unbiased technical and economic analyses, and estimated that the Molokai Plan would be completed by March 31, 2023. In light of the above, on September 29, 2021, the Commission suspended the docket, pending the completion and submission of the Molokai Plan. In the interim, the Molokai Clean Energy Hui, Sustainable Molokai, and the Hawaii Natural Energy Institute filed regular updates on the Molokai Plan's progress with the Commission, and filed the plan on July 10, 2023. On September 1, 2023, the Commission resumed the docket. On September 18, 2023, the Commission convened a status conference to discuss the Molokai Plan and stakeholders preferred next steps in this docket.

Hawaiian Electric - Competitive Bidding Process to Acquire Dispatchable and Renewable Generation
Docket No. 2017-0352; Open

The Commission opened this docket on October 6, 2017, to receive filings, review approval requests, and resolve disputes related to Hawaiian Electric's requests to proceed with competitive procurement of dispatchable firm generation and new renewable energy generation on Oahu, Maui, and Hawaii Island. On March 25, 2019, following the first RFP (Stage 1 RFP), the Commission approved six PPAs for grid-scale, solar-plus-storage projects for Oahu, Maui, and Hawaii Island, which in total represented approximately 247 MW of solar energy and 988 MW of storage. Pursuant to a second round of RFPs (Stage 2 RFP), on December 30, 2020, the Commission approved three PPAs for grid-scale, solar-plus-storage projects under the Renewable Dispatchable Generation (RDG) contract, and subsequently, the Commission approved six additional RDG PPAs from the projects selected in the Stage 2 RFP.

Pursuant to approval provided by the Commission in Decision and Order No. 38479, as modified and/or clarified by Decision and Order No. 38653, the Companies issued the Hawaii Island Stage 3 RFP on November 21, 2022. The Oahu and Maui Stage 3 RFPs were approved by the Commission and issued on January 20, 2023, and the Grid Services RFP for Maui was approved and issued on February 1, 2023. Pursuant to the Companies' request, the Commission approved modification and the schedule for the Maui Stage 3 RFP for firm generation, which was reissued on May 19, 2023. The RFP schedules for the Stage 3 RFPs for Hawaii Island, Oahu, and Maui (RDG only) were subsequently extended at the request of the Companies, based on the need to reallocate resources to support their emergency response on Maui.

These projects are expected to contribute towards Hawaii's 100% Renewable Portfolio Standard compliance, support system reliability and grid stability, and insulate customer bills from the volatility of fossil fuel costs. The following table summarizes dockets related to Hawaiian Electric's competitively procured projects during the fiscal year.

Project	Company	Docket No.	Docket Status	PPA Status	Transmission Interconnection Status
AES Waikoloa Solar, LLC	HELCO	2018-0430	Closed	Approved on 3/25/2019 in D&O 36233. Second Amendment approved on 6/29/22 in D&O 38741.	Project interconnected and reached its Commercial Operations Date on 4/14/23.
Ho‘ohana Solar 1, LLC	HECO	2018-0431	Closed	Approved on 3/25/2019 in D&O 36236. Amendment approved on 5/30/23 in D&O 39316.	Approved on 8/10/2021 in D&O 37906.
Hale Kuawehi Solar LLC	HELCO	2018-0432	Closed	Approved on 3/25/2019 in D&O 36234. Amendment approved on 8/1/23 in D&O 40132.	Approved on 2/4/2021 in D&O 37607.

Paeahu Solar, LLC	MECO	2018-0433	Open	Approved on 10/05/2020 in D&O 37340; Hawaii Supreme Court affirmed the Commission's approval of the PPA in its decision issued on 3/2/2022 in SCOT-21-0000041. On November 28, 2023, MECO notified that Commission that Innergex Renewable Energy, developer of the Paeahu Solar project, had terminated the PPA with MECO based on legal challenges and pandemic-related cost and supply-chain issues.	PPA was terminated by mutual agreement on 11/28/23.
Mililani I Solar, LLC	HECO	2018-0434	Closed	Approved on 3/25/2019 in D&O 36232. Amendment approved on 10/6/2021 in D&O 38006.	Project interconnected and reached its Commercial Operations Date on 7/31/22.
Waiawa Solar Power LLC	HECO	2018-0435	Closed	Approved on 3/25/19 in D&O 36231 Amendment approved on 10/6/21 in D&O 38007.	Project interconnected and reached its Commercial Operations Date on 1/11/23.
AES Kuihelani Solar, LLC	MECO	2018-0436	Closed	Approved on 3/25/19 in D&O 36235 Amendment approved on 10/16/23 in D&O 40315.	Approved on 10/1/21 in D&O 37995.
AES West Oahu Solar	HECO	2019-0050	Closed	Approved on 8/20/19 in D&O 36480. Amendment approved on 5/6/22 in D&O 38351.	Approved on 3/18/21 in D&O 37682.
Kapolei Energy Storage I, LLC	HECO	2020-0136	Closed	Approved on 4/29/21 in D&O 37754 Approved Second ESPPA amendment on 7/24/2023 in D&O 40106.	Project interconnected and reached its Commercial Operations Date on 12/19/23.
Waiawa Phase 2 Solar, LLC	HECO	2020-0137	Closed	Approved on 12/30/21 in D&O 37516. Second Amendment approved on 08/01/23 in D&O 40135.	Approved on 09/02/22 in D&O 38594.
Kupehau Solar, LLC	HECO	2020-0138	Closed	Approved on 12/30/2020 in D&O 37521.	PPA declared null and void and docket was closed on 7/15/22 in D&O 38500.
AES Mountain View Solar LLC	HECO	2020-0139	Open	Approved on 3/25/21 in D&O 37699. Amendment approved on 10/30/23 in D&O 40341.	Approved on October 28, 2022 in D&O 38670.
Mahi Solar, LLC	HECO	2020-0140	Closed	Approved on 12/30/20 in D&O 37515	PPA declared null and void and docket closed on 7/15/22 in D&O 38502.

Pulehu Solar LLC	MECO	2020-0141	Closed	Approved on 4/14/21 in D&O 37731	PPA declared null and void and docket closed on 7/15/22 in D&O 38503.
Kahana Solar, LLC	MECO	2020-0142	Open	Approved 11/19/21 in D&O 38077	PPA terminated by mutual agreement on 12/14/22.
Barbers Point Solar, LLC	HECO	2020-0143	Closed	Approved on 3/23/22 in D&O 38281	PPA declared null and void and docket was closed on 6/14/2023 in D&O 39374.
Kamaole Solar LLC	MECO	2021-0026	Open	Approved on 9/15/21 in D&O 37965	PPA declared null and void and docket closed on 6/19/23 in D&O 40003.
Kupono Solar LLC	HECO	2022-0007	Open	Approved on 7/22/2022 in D&O 38519	Approved on 5/3/23 in D&O 39230.

Hawaiian Electric - Integrated Demand Response Portfolio Plan
Docket No. 2007-0341; Open

On December 31, 2020, the Commission approved the HECO's Request to recover costs related to grid service purchase agreements ("GSPA") for five years through the Demand-Side Management ("DSM") Surcharge and ordered that all future GSPA applications should be filed as a separate application.

The docket remains open as a repository to accept the Companies reports including Annual Program Accomplishments and Surcharge Reports, DSM Adjustments, and Hawaiian Electric's Commercial and Industrial Direct Load Control, Residential Direct Load Control Program, and Fast Demand Response Programs.

On May 4, 2022, Hawaiian Electric submitted a request to amend its GSPA for Grid Services with Swell Energy VVP Fund 2020-I LLC, which the Commission approved. The Companies filed an additional amendment to the GSPA with OATI that request is currently pending before the Commission.

HECO - Grid Services Purchase Agreement For Oahu with Swell Energy
Docket No. 2022-0041; Open

On March 16, 2022, the HECO Companies filed an application seeking approval of its Grid Service Purchases Agreement with aggregator Swell Energy, resulting from the third round of RFPs seeking the delivery of up to 60 megawatts each of Capacity Reduction and Build and 12 MW off fast frequency response Grid Services on Oahu. On April 18, 2022, the HECO Companies filed a request seeking approval of an amendment to its GSPA contract with Swell Energy following renegotiations. The Commission approved this GSPA and the corresponding amendment on July 12, 2023 and the Company filed its Second Amendment to its GSPA contract with Swell on December 29, 2023. The Company is expecting to begin integration of system resources under this contract in the summer of 2024.

HELCO - PPA with Hu Honua Bioenergy, LLC
Docket No. 2017-0122; Closed

Following the Hawaii Supreme Court's decision in SCOT-20-0000569 on May 24, 2021, which vacated the Commission's previous dismissal of HELCO's application for approval of a power purchase agreement with Hu Honua Bioenergy, LLC and remanded the matter back to the Commission for further proceedings, the Commission reopened this docket on June 30, 2021. Following discovery and submission of testimony and other evidence, an evidentiary hearing was held from March 1-4 and March 7, 2022. On May 23, 2022, in a split 2-1 vote, the Commission issued Decision and Order No. 38395, denying Hawaii Electric Light Company's request for approval of a purchase power agreement with Hu Honua Bioenergy LLC. On June 24, 2022, the Commission issued Order No. 38443, denying motions for reconsideration of

Decision and Order No. 38395 filed by Hawaii Electric Light Company, Inc. and Hu Honua Bioenergy LLC and closing the docket. On June 29, 2022, Hu Honua Bioenergy LLC subsequently filed an appeal of the Commission's decision with the Hawaii Supreme Court in SCOT-22-0000418.. The Supreme Court upheld the Commission's decision on March 13, 2023, finding that the Commission upheld its duty to serve the public interest, stayed true to the governing statute in HRS § 269-6(b) (Supp. 2021), and faithfully followed the Court's remand instructions.

HELCO - PPA with Puna Geothermal Venture
Docket No. 2019-0333; Open

On October 4, 2019, the Commission opened this docket to review and receive filings related to the amended and restated power purchase agreement between HELCO and Puna Geothermal Venture ("PGV"). On December 31, 2019, HELCO filed its requests to: 1) issue a declaratory order regarding the exception of the project from the Competitive Bidding Framework, or approval of a waiver from the Competitive Bidding Framework; and 2) approve the amended and restated power purchase agreement for Firm Capacity Renewable Generation. On March 16, 2022, the Commission approved HELCO's requests, subject to several conditions, including successful completion of Hawaii Environmental Policy Act ("HEPA") review, and the requirement to reopen the docket for further Commission review if the HEPA process requires significant changes to the project. Since that time, HELCO filed a first amendment for consideration by the Commission, and also requested to suspend the procedural schedule to review such amendment. On October 2, 2023, HELCO requested approval for an amended PPA with PGV, relating to PGV's supply chain difficulties. On December 29, 2023, the Commission approved both the first and second amendments, subject to certain conditions. The docket remains open pending resolution of a discrepancy in HELCO's requested recovery for costs related to the PPA.

HELCO - PPA with Hawi Development, LLC.
Docket No. 2021-0200; Closed

On December 17, 2021, HELCO filed an application requesting exemption from the Competitive Bidding Framework and approval of an amended and restated power purchase agreement between HELCO and Hawi Development, LLC. The request provided for the repowering of the facility and an extension of the previous PPA, with several modifications. On July 12, 2023, the Commission issued Decision and Order No. 40083 granting HELCO's requests, subject to certain conditions.

HELCO - Competitive Procurement to Acquire a Battery Energy Storage System in North Kohala
Docket No. 2022-0012; Open

The Commission received filings related to the draft request for proposals for the North Kohala Battery Energy Storage System ("BESS") to be interconnected to a microgrid controller, which will allow for the rehabilitation and rebuilding of the Hawi transmission line. On November 10, 2022, the Commission suspended the docket, based on HELCO's representations that its request is on hold until it completes a restudy to determine if a revised BESS size is required. The Commission subsequently reopened the docket and approved the Revised North Kohala BESS RFP, with modifications, after HELCO submitted the BESS restudy. On September 6, 2023, HELCO advised the Commission that the North Kohala BESS RFP concluded without a Final Award Group awardee and the Company is reassessing it options.

5) Fuel Contracts

HECO - Facility Fuel Supply Contract Between Par Hawaii Refining LLC and Kalaeloa Partners, L.P

Docket No. 2019-0385; Open

On December 30, 2019, HECO filed an application requesting Commission approval of: 1) HECO's Consent to a facility fuel supply contract between Par Hawaii Refining, LLC and Kalaeloa Partners, L.P.; and 2) inclusion of the costs for energy purchased from Kalaeloa Partners, L.P., and related taxes and fees incurred pursuant to the new facility fuel supply contract, in HECO's Energy Cost Recovery Clause, to the extent that those costs are not recovered in HECO's base rates. This matter is currently pending before the Commission.

KIUC - Facility Fuel Supply Contract with Pacific Biodiesel Technologies, LLC

Docket No. 2022-0240; Open

On November 30, 2022, KIUC filed an Application requesting approval of the fuel supply agreement between KIUC and Pacific Biodiesel Technologies, LLC. On March 24, 2023, the Commission issued a decision and order approving the fuel supply agreement on an interim basis. This docket is currently pending before the Commission.

6) Capital Expenditures

The following section provides information on capital improvement projects ("CIP") for HECO, HELCO, MECO, and KIUC for the calendar year ("CY") 2022.

HECO

HECO's actual CY 2022 plant additions, before reduction for contributions in aid of construction received, total $197.3 million.

Table 9 – HECO Summary of CY 2022 Plant Additions[3]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$174.3	$158.1	$16.2
Less than $2.5 million - Plant additions budgeted in 2022, delayed to 2023 or beyond or cancelled	$0.0	$32.0	($32.0)
Subtotal - Less than $2.5 million	**$174.3**	**$190.1**	**($15.8)**
GO7 - Greater than $2.5 million	$23.0	$19.5	$3.5
GO7 - Greater than $2.5 million - Plant additions budgeted in 2022, delayed to 2023 or beyond	$0.0	$52.6	($52.6)
Subtotal - GO7 - Greater than $2.5 million	**$23.0**	**$72.1**	**($49.1)**
Total	**$197.3**	**$262.2**	**($64.9)**

[3] See Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2022, Exhibit 1 filed on March 31, 2023.

HELCO

HELCO's actual CY 2022 plant additions, before reduction for contribution in aid of construction received, total $44.9 million.

Table 10 – HELCO Summary of CY 2022 Plant Additions[4]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$34.8	$42.2	($7.4)
Less than $2.5 million - Plant additions budgeted in 2022, delayed to 2023 or beyond or cancelled	$0.0	$8.3	($8.3)
Subtotal - Less than $2.5 million	**$34.8**	**$50.5**	**($15.7)**
GO7 - Greater than $2.5 million	$10.1	$5.8	$4.3
GO7 - Greater than $2.5 million - Plant additions budgeted in 2022, delayed to 2023 or beyond	$0.0	$1.3	($1.3)
Subtotal - GO7 - Greater than $2.5 million	**$10.1**	**$7.1**	**$3.0**
Total	**$44.9**	**$57.6**	**($12.7)**

MECO

MECO's actual CY 2022 plant additions, before reduction for contribution in aid of construction received, total $51.1 million.

Table 11 – MECO Summary of CY 2022 Plant Additions[5]

($ in million)	Actual	Budget	Variance
Less than $2.5 million	$43.9	$47.2	($3.3)
Less than $2.5 million - Plant additions budgeted in 2022, delayed to 2023 or beyond or cancelled	$0.0	$11.0	($11.0)
Subtotal - Less than $2.5 million	**$43.9**	**$58.2**	**($14.3)**
GO7 - Greater than $2.5 million	$7.2	$4.6	$2.6
GO7 - Greater than $2.5 million - Plant additions budgeted in 2022, delayed to 2023	$0.0	$2.7	($2.7)
Subtotal - GO7 - Greater than $2.5 million	**$7.2**	**$7.3**	**($0.1)**
Total	**$51.1**	**$65.5**	**($14.4)**

KIUC

For CY 2022, KIUC completed 54 CIPs for which 53 of the individual projects had a total cost less than $1 million, none of the individual projects had a total cost between $1 million and $2.5 million, and one of the individual projects had a total cost exceeding $2.5 million. As shown in Table 12, the total aggregate cost is approximately $11.8 million.

[4] Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2022, Exhibit 2 filed on March 31, 2023.
[5] Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2022, Exhibiti 3 filed on March 31, 2023.

Table 12 – KIUC Summary of CY 2022 Completed CIPs[6]

($ in million)	Actual	Budget	Variance
Completed CIPs with a total cost of less than $1 million	$8.8	n/a	n/a
Completed CIPs with a total cost of between $1 million to under $2.5 million	$0.0	$0.0	$0.0
Completed CIPs with a total cost of $2.5 million or more	$3.0	$11.1	($8.2)
Total	**$11.8**	**$11.1**	**$0.6**

The following section summarizes proceedings before the Commission in FY 2023 related to capital expenditures in excess of $2.5 million and grouped into 3 categories: grid modernization, reliability and resiliency, and substation improvements.

7) *Grid Modernization*

Hawaiian Electric - Phase 1 of the Grid Modernization Project
Docket No. 2018-0141; Open

The Commission approved, subject to certain conditions, the Companies' application to commit approximately $86.3 million to the first phase of their Grid Modernization Strategy, including the acquisition and deployment of advanced meters, a meter data management system, a telecommunications network, and related matters. As part of this approval, the Companies subsequently filed an Advanced Rate Design Strategy and Data Access and Privacy Policy on September 25, 2019. The Commission accepted the Advanced Rate Design Strategy and the Data Access and Privacy Policy, and further directed the Companies to make meter data available to all customers, via the customer portal, in Green Button format. The Commission encouraged the Companies to collaborate with the State Energy Office, the Counties, the Consumer Advocate, and the University of Hawaii, to ensure they have ready access to aggregated, anonymized electricity usage data.

On January 20, 2022, the Companies submitted their final plan to fully deploy advanced meters. On February 28, 2022, the Commission approved, with conditions, the Companies' plan to fully deploy advanced meters by September 30, 2024. On December 22, 2022, the Commission modified the data aggregation standard to enable the City and County of Honolulu to implement its Better Buildings Benchmarking Program. As of December 15, 2023, the Companies have deployed advanced meters to over 75% of all customers and are on track to complete full deployment by Q3 2024.

Hawaiian Electric - Phase 2 of the Grid Modernization Project
Docket No. 2019-0327; Open

On September 30, 2019, the HECO Companies filed their Phase 2 Grid Modernization application seeking approval to commence and obtain cost recovery for the Advanced Distribution Management System component of their Grid Modernization Strategy. On December 30, 2019, the Commission suspended deliberations in this docket until the HECO Companies filed a supplemental application for the broad deployment of sensors and field devices. The Companies filed their updated application, including sensors and field devices on March 31, 2021. After resuming the docket and reviewing the updated Phase 2 application, on November 16, 2021, the Commission again suspended this docket pending the completion of Phase 1, the subject of Docket No. 2018-0141. On January 6, 2022, the Commission notified Hawaiian Electric that it may move to lift the suspension on Phase 2 no earlier than six months before Phase 1 is scheduled to be complete, i.e., no earlier than March 31, 2024.

[6]<u>See</u> Docket No. 03-0256, Kauai Island Utility Cooperative for Exemption from and Modification of General Order No. 7, Paragraph 2.3(g)2, Regarding Capital Improvements; Annual Report Regarding Completed Projects in 2012, filed on May 31, 2023.

On May 3, 2023, the Commission resumed this docket, at Hawaiian Electric's request, to enable Hawaiian Electric to pursue funding for this project from the Infrastructure Investment and Jobs Act ("IIJA"). On October 20, 2023, Hawaiian Electric informed the Commission that it its application for IIJA was not selected.

8) *Reliability and Resiliency*

Hawaiian Electric - Climate Adaptation Transmission and Distribution Resilience Program
Docket No. 2022-0135; Open

On June 30, 2022, the HECO Companies filed an application requesting approval to commit approximately $189 million for a climate adaptation transmission and distribution resilience program and to recover the Project costs through the Exceptional Project Recovery Mechanism ("EPRM"). At the time of the application, Hawaiian Electric informed the Commission that it was seeking a grant for federal funds under the Infrastructure Investment and Jobs Act ("IIJA") and expected to learn if it had received an award in summer of 2023. On August 30, 2023, Hawaiian Electric notified the Commission that it had been awarded a grant under the IIJA, subject to negotiations with the Department of Energy ("DOE"). On October 20, 2023, Hawaiian Electric informed the Commission that it had commenced the negotiation period with DOE, which was expected to take approximately 90 days. On November 27, 2023, in response to the devastating August 8, 2023 wildfire on Maui, Hawaiian Electric proposed modifications to the Project to allocate more resources to wildfire mitigation. This was subsequently followed by a stipulation to these modifications by some of the parties and participants. Hawaiian Electric clarified that this has not modified its negotiation period with DOE.

The Commission is expediting its review of the project to accommodate Hawaiian Electric's request for a decision in early 2024 to support its negotiations with DOE for the IIJA award.

HELCO - Keahole Battery Energy Storage System Project
Docket No. 2020-0127; Open

On August 28, 2020, HELCO filed an application requesting approval to commit approximately $16.9 million to purchase and install a 12 megawatt /12 megawatt-hour Battery Energy Storage System Project ("Project") at the Keahole Generating Station in Kailua-Kona, on Hawaii Island, and a 69 kilovolt ("kV") overhead line to connect the Project to HELCO's transmission system. HELCO subsequently sought and received approval to amend its application to seek recovery of Project costs through the Exceptional Project Recovery Mechanism. On May 25, 2022, the Commission denied HELCO's request. Thereafter, HELCO filed a Motion for Reconsideration on June 6, 2022, and then, on June 24, 2022, requested that the docket be suspended pending HELCO's pursuit of federal funds pursuant to the Infrastructure Investment and Jobs Act. On July 27, 2022, the Commission suspended the proceedings and the docket remains open pending HELCO's notification on its application for federal funding and the Commission's final disposition on the pending Motion for Reconsideration.

On February 22, 2023, based on HELCO's request, the Commission unsuspended the docket, denied the Motion for Reconsideration, and granted review of the Project under revised terms and based on supplemental information provided by HELCO. Additional discovery and briefing on HELCO's Revised Amended Application concluded on September 19, 2023. On November 15, 2023, HELCO requested another suspension of the docket.

MECO - Waena Battery Energy Storage System
Docket No. 2020-0132; Closed

On August 28, 2020, MECO filed an application requesting approval to commit approximately $60 million to purchase and install a 40 megawatt ("MW")/160 megawatt-hour ("MWh") Battery Energy Storage System ("BESS") at its Waena Site in Central Maui ("Project"), as well as a

69 kilovolt overhead line to connect the Project to MECO's transmission system. MECO subsequently requested and received approval to amend its application to seek recovery of Project costs through the Exceptional Project Recovery Mechanism. MECO states that the Project will help facilitate the retirement of Kahului Power Plant, support the integration of more renewable resources, and provide grid services. Due to delays or cancellations of planned projects on Maui, among other things, on June 23, 2022, the Commission ordered MECO to submit a proposal to add a solar component to the existing BESS Project for the Commission's consideration. MECO submitted its revised proposals on August 22, 2022, and the matter is currently pending before the Commission.

On March 17, 2023, the Commission granted review of MECO's Revised Project for a 40 MW/160 MWh BESS with 10 MW future PV pairing capability and other revised terms based on supplemental information provided by MECO. Additional discovery and briefing on MECO's Revised Project request concluded on September 26, 2023. The Commission approved the request, subject to certain conditions on December 22, 2023.

HECO – Turbine Blade Replacements
Docket No. 2022-0170; Closed

On August 29, 2022, HECO filed an application for approval of funds to purchase a Turbine Blade Replacement on the Campbell Industrial Park Unit CT1 combustion turbine, pursuant to General Order No. 7. On April 13, 2023, the Commission approved the application with conditions and closed the docket.

HECO – Exhaust Duct Replacement
Docket No. 2022-0189; Closed

On September 13, 2022, HECO filed an application for approval of funds for exhaust duct replacement regarding the Waiau 9 and Waiau 10 combustion turbine generators. On June 6, 2023, the Commission approved the application with conditions and closed the docket.

The Companies – Middle Mile Infrastructure
Docket No. 2022-0227; Closed

On November 10, 2022, the Companies filed an application for approval of funds for a project to construct segments of terrestrial fiber pursuant to General Order No. 7. On June 28, 2023, the Companies withdrew the application and the Commission closed the docket on July 27, 2023.

HECO – Purchase of Spare Transformers
Docket No. 2022-0256; Closed

On December 16, 2022, HECO filed its application to purchase spare transformers pursuant to General Order No. 7. The Commission approved this request on October 25, 2023.

9) <u>Substation Improvements</u>

HECO – Waipio Substation Project
Docket No. 2023-0303; Open

On June 21, 2023, HECO filed an application requesting approval to purchase and install a new substation transformer and a new switchgear unit to address anticipated load growth associated with the Koa Ridge community development in Central Oahu. HECO indicates that the existing electrical infrastructure system does not have adequate 12 kV distribution capacity to serve the projected load growth in the Koa Ridge area beginning in 2023. HECO's request is currently pending before the Commission.

10) <u>Overhead and Underground Transmission Lines</u>

Pursuant to HRS § 269-27.5, whenever a public utility plans to place, construct, erect, or otherwise build a new 46 kilovolt ("kV") or greater high-voltage electric transmission system above the surface of the ground through any residential area, the Commission shall conduct a public hearing prior to any issuance of approval. Additionally, pursuant to HRS § 269-27.6, for any new 46 kV or greater high-voltage electric transmission system, the Commission shall determine whether the electric transmission system shall be placed, constructed, erected, or built above or below the surface of the ground. The following table summarizes a docket relating to overhead and underground transmission lines during the fiscal year. (As noted above, a number of Hawaiian Electric's capital expenditure projects and power purchase agreements with independent power producers include overhead and underground power line components, which are described separately above.)

Docket No.	Company	Status
2023-0234 *Open*	HECO	On May 3, 2023, HECO requested approval pursuant to General Order No. 7 to commit funds for Farrington Highway Widening Project, involving installation of overhead lines and wooden poles. On September 22, 2023, the Commission issued a temporary stay in this docket.

11) <u>Financing</u>

Hawaiian Electric - Projects Financed through the Sale of Special Purpose Revenue Bonds
Docket No. 2020-0072; Closed

On May 4, 2020, the Hawaiian Electric filed an application requesting Commission approval to issue and sell special purpose revenue bonds, in one or more offerings, to finance a number of capital expenditure projects, pursuant to Act 41 of the 2019 Session Laws of Hawaii, along with related approvals necessary for implementation. On February 9, 2021, the Commission issued Decision and Order No. 37615, which approved the HECO Companies' requests, subject to certain conditions. Decision and Order No. 37615 also established an expedited approval procedure, where the HECO Companies could file letter requests in this docket to seek Commission approval and/or certification of additional projects to be financed by the special purpose revenue bonds. On January 31, 2023, the Commission granted Hawaiian Electric's request in Order No. 38837.

12) <u>Electrification of Transportation</u>

Hawaiian Electric – Electrification of Transportation Strategic Roadmap
Docket No. 2018-0135; Open

On June 13, 2018, the Commission instituted a proceeding related to the HECO Companies' Electrification of Transportation Strategic Roadmap. In the past year, the docket has initiated the Innovative Pilot Project's program which has since been transferred to the Commission's Performance Based Regulation docket (Docket No. 2018-0088, <u>See</u> page 31 for more information). Since the relocation of the Innovative Pilot Project, Docket No. 2018-0135 has become the planning docket for other Electrification of Transportation filings. This docket remains open for planning purposes.

Hawaiian Electric - Commercial EV Charging Facility Pilot Extension and Schedule EV-F and EV-U
Docket 2016-0168, Open

The Commission issued Order No. 31338 approving the Companies' first proposed tariff rules for public EV charging facilities (i.e., Schedules EV-F and EV-U) as five-year pilot program effective July 4, 2013 through June 2018. On June 2, 2017, in Decision and Order No. 34592, the Commission approved a five-year extension of the EV Pilot effective through

June 30, 2023. On October 25, 2022, the Companies filed a motion to re-open the docket and extend the Schedule EV-U tariff until such time as the Commission issues a decision on the revised EV-U tariff in Docket 2021-0173. On December 2, 2022, the Commission granted the Companies' motion to extend EV Pilot and current EV-U tariff until a decision is rendered in Docket No. 2021-0173.

Hawaiian Electric - Charge Ready Hawaii Pilot Project
Docket No. 2020-0202; Closed

On December 4, 2020, the HECO Companies filed their Application requesting approvals necessary to implement a Charge Ready Hawaii Pilot Project and to recover the associated Pilot costs through the Renewable Energy Infrastructure Program surcharge mechanism. In January 2022, the Commission approved the pilot project subject to conditions. On March 17, 2023, the Commission closed this docket.

Hawaiian Electric - Public Electric Vehicle Charger Expansion Project
Docket No. 2021-0173; Open

On October 29, 2021, the HECO Companies filed an application requesting approval to: 1) implement a Public Electric Vehicle Charger Expansion Project and to recover the Project costs through the Exceptional Project Recovery Mechanism; 2) install and operate 150 single-port Direct Current fast charging and 150 dual-port Level 2 charging stations across the Company service territories from 2023 through 2030; and 3) proposed revised EV-U tariffs. In May 2023, the Companies alerted the Commission of its anticipated application for Federal funding. In light of this request, the Commission extended the procedural schedule. This docket is currently pending.

13) <u>COVID-19 Related</u>

HECO - Recover Deferred Costs Associated with the COVID-19 Pandemic Emergency
Docket No. 2022-0118; Open

On June 9, 2022, the HECO Companies requested approval of the recovery of deferred costs previously authorized by the Commission in Dockets 2020-0209 and Docket 2020-0069 through the exogenous events factor established in the Performance-Based Regulation framework. On December 29, 2023, the Commission granted the Companies' request to recover approximately $8.8 million in deferred costs.

KIUC - Deferred Accounting Treatment to Establish Regulatory Asset Associated with the COVID-19 Pandemic
Docket No. 2020-0088; Closed

On June 5, 2020, KIUC filed its application seeking approval to utilize deferred accounting treatment to establish a regulatory asset to record and accrue lost gross margins and increased bad debt expense associated with the COVID-19 pandemic, incurred from April 1, 2020, and continuing until ordered otherwise by the Commission.

The Commission found that KIUC has demonstrated the significant financial impact that has resulted from the COVID-19 pandemic, and that deferred accounting treatment for costs related to COVID-19 impacts would help KIUC to achieve a debt service coverage ratio that exceeds the minimum DSC, which is important in maintaining compliance with loan agreements and protecting favorable access to capital.

On July 31, 2020, the Commission issued Decision and Order No. 37252, approving KIUC's requests and requiring specific information be included in its quarterly reports and ordered that any specific request for recovery be filed as a separate docketed application.

On September 13, 2022, the Commission issued an order granting KIUC's request to end its deferred accounting treatment, discontinuing the accrual of lost gross margins as of June 30, 2022, and closing the docket.

14) Miscellaneous

Green Energy Market Securitization Program and Green Infrastructure Fee
Docket No. 2014-0134; Open
Docket No. 2014-0135; Open

The Green Energy Market Securitization Program ("GEMS") was established through Act 211, Session Laws of Hawaii 2013, codified in HRS Chapter 196, Part IV. Act 211 allowed GEMS to access funding from the Public Benefit Fee and established the Hawaii Green Infrastructure Authority ("HGIA"), as the administrative authority for the GEMS Program.

In Decision and Order No. 32281, the Commission required that the Green Infrastructure Fee ("GIF") be reviewed and adjusted by true-up semiannually. Each true-up adjustment is designed to correct for any over-collections or under-collections of GIF through the proposed True-Up Adjustment Date and ensure that the expected GIF remittances to the Trustee during the applicable collection period are adequate.

In its quarterly report to the Commission for Fiscal Year 2023 (filed July 31, 2023), HGIA reported approximately $23.2 million remaining GEMS funds available to lend, with $12.9 million of that available under the State Revolving Loan Fund and the remaining $10.2 million available to finance eligible projects for Low and Moderate-Income single-family residential homeowners and renters, small businesses, multi-family rental project and non-profits.

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

Hawaiian Electric - Enterprise Resource Planning and Enterprise Asset Management System Implementation Project
Docket No. 2014-0170; Open

On July 23, 2014, the HECO Companies submitted an application for approval to commit funds to replace their Ellipse enterprise resource planning system with a new Enterprise Resource Planning and Enterprise Asset Management System ("ERP/EAM").

The ERP/EAM System is comprised of five inter-related projects: 1) Discovery; 2) High-Level Business Case; 3) Software and System Integrator Selection, Commission Application, and Preliminary Implementation Project, also known as Selection and Pre-Implementation; 4) Implementation; and 5) Stabilization, also known as Post-Implementation. Docket No. 2014-0170 involves the Implementation phase of this project and includes the sub-phases of: 1) project preparation; 2) business blueprint; 3) realization; 4) final preparation; 5) Go-Live; and 6) Run Systems, Applications and Products.

On October 1, 2018, the HECO Companies commenced their implementation of the ERP/EAM System. On January 1, 2019, the HECO Companies commenced with the ERP/EAM System's 12-year Stabilization/Post-Implementation phase.

Based on key developments undertaken and completed during the Post-Implementation phase, a variety of Commission-accepted filings, mechanisms, reporting, and monitoring features are firmly in place that will ensure that a minimum of $246 million in overall net benefits are passed on to ratepayers during the twelve-year service life of the ERP/EAM System. This foundation ensures that customer benefits will continue to be provided according to this framework in the future.

Based on review of monthly, and later quarterly status reports, as well as of the Companies' annual system benefits reports, the Commission has concluded that the ERP/EAM System has reached stability and that benefits delivery has reached steady state. Thus, on October 5, 2022, the Commission issued Order No. 38639, which discontinued the Companies' quarterly status reporting requirement but maintained the annual reporting requirement. The Commission will continue to review the Companies' annual enterprise system benefits reports and will seek clarification from the Companies when necessary to ensure that compliance with the foundational plan described above is being maintained.

Hawaiian Electric - Streamlined Donation Review Approval Process
Docket No. 2020-0068; Open

On April 21, 2020 the HECO Companies filed an application for approval of a Streamlined Donation Process for donations "typically involving equipment or material that is at or near the end of its usable service life for the Company" to non-profit organizations through July 31, 2020. On September 4, 2020, the Commission approved the HECO Companies use of the Streamlined Donation process, which allows for expeditious review of donations to non-profit organizations after they are made, through December 31, 2020, but indicated that further extensions may be granted. Among other conditions, the HECO Companies were required to provide a report on donations made during this period using the Streamlined Donation process.

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

Hawaiian Electric - Modification of the Pension Tracking Mechanism
Docket No. 2022-0119; Closed

On June 9, 2022, the Hawaiian Electric Companies filed an application seeking Commission approval to modify their pension tracking mechanism to incorporate 401(k) contributions. Historically, the Hawaiian Electric Companies have offered a defined pension plan, the costs of which have been tracked through the pension tracker for reconciliation with base rates in general rate case proceedings. The Companies have begun transitioning their retirement benefits towards 401(k) plans and seek to modify the pension tracker to incorporate these costs. On January 13, 2023, the Commission denied the Companies' request. While acknowledging the Companies' efforts to transition its employees toward a 401(k) plan, the Commission concluded that any modifications to the pension tracker should take place in a more comprehensive context, where all aspects of the pension tracker can be examined.

HECO - Lease Arrangement with the Defense Information Systems Agency
Docket No. 2021-0186; Closed

On November 19, 2021, Hawaiian Electric Company, Inc. filed an application seeking Commission approval of a lease agreement between HECO and DISA whereby HECO would lease a specific portion of HECO's unused fiber optic cable assets to DISA. On April 24, 2023, the Commission granted HECO's request.

MECO –Lease Arrangement with Hawaiian Telcom, Inc.
Docket No. 2023-0312; Open

On July 11, 2023, MECO filed an application for approval to temporarily lease fiber to Hawaiian Telecom, Inc. This docket is currently pending before the Commission.

HECO - Green Tariff Program Phase 1 Pilot
Docket No. 2020-0204; Open

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

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

On June 2, 2023, the Commission hosted a technical conference with parties and participants to solicit feedback based on significant changes in energy prices and available incentives/credits for renewable energy that had developed since HECO's application was originally filed. On September 19, 2023, HECO requested that the Commission suspend the docket to allow for more time for the parties and participants to work towards a stipulated proposal. The Commission anticipates an update on this docket by March 31, 2024.

KIUC - Plan Protecting Native Birds
Docket No. 2022-0045; Closed

On March 23, 2022, KIUC filed an application seeking approval for the commitment of funds for a protection plan for Newell's Shearwaters and Hawaiian Petrels on Kauai. On July 3, 2023, the Commission issued Decision and Order No. 40052, granting KIUC's requested relief, but on different grounds than KIUC had argued in its application.

HECO and HELCO-Sale of Utility Poles
Docket No. 2022-0213; Closed

On October 21, 2022, HECO and HELCO filed an application, seeking approval to sell utility poles and related equipment to Hawaiian Telcom. On July 25, 2023, the Commission approved the application and closed the docket.

HECO – Request for Accounting and Ratemaking Treatment of Honolulu Units 8 & 9
Docket No. 2022-0243; Closed

On December 5, 2022, HECO filed an application seeking Commission approval of certain accounting and ratemaking treatment in preparation for the retirement of Units 8 & 9 at its Honolulu Power Plant. While these units have been in a deactivated state for a number of years, in preparation for retiring them permanently, HECO requested certain accounting and ratemaking treatment to address remaining book value for these units. The Commission approved this request with conditions on December 22, 2023.

15) <u>Commission-Directed Investigations</u>

Energy Efficiency
Docket No. 2007-0323; Open

Pursuant to HRS 269-121, the Commission established the Public Benefits Fee ("PBF"), to fund programs supporting clean energy technology, demand response technology, energy use reduction, and demand-side management infrastructure. The Commission contracts with a third-party administrator, Hawaii Energy, to design and deliver these programs that support the optimization of electricity use as the State's electric system evolves and grows more complex, strengthen local communities and businesses, and boost Hawaii's economy. As a part of its contract, the Hawaii Energy program may earn performance awards for achieving specific objectives and program goals. In October 2022, the Commission approved a program performance payment of $607,864 to Hawaii Energy for Program Year 2020.

On June 23, 2023 in Order No. 40034, the Commission continued to set the PBF surcharge at 2%. HECO Company customers are billed this fee as a separate line item titled “PBF surcharge.” The split between the residential and commercial collection components remains at 41% residential and 59% commercial.

Hawaii Energy is currently in the second year of a three-year Triennial Plan cycle, covering program years 2022-2024. This new plan includes a significant increase in programs that benefit low-income households, small businesses, and other communities. The plan also includes innovative clean energy technologies to promote market transformation and opportunities for economic development. Achievements in Program Year 2022 (July 2022 through June 2023) include over 65 million kWh of first-year energy savings for Hawaiian Electric residential and commercial customers (across Hawaii County, Maui County, and the City & County of Honolulu), nearly 16,000 rebates processed, and over 12,800 participant hours in educational workshops and technical training.

Hawaii Energy built upon the significant adjustments made during the PY19-PY21 triennial period (due to pandemic-impact) in their new triennial period of PY22-PY24. The program continues to support residents and businesses through increased energy efficiency incentives and enhanced community-based programming despite facing several industry challenges including supply-chain delays, workforce transitions, and reprioritization of energy efficiency upgrade projects. Of note during this time period, changing federal standards programs eliminate most energy savings from residential LED lighting programs, but commercial lighting programs savings impact remain consistent and unaffected by these changes.

More information and annual reports about Hawaii Energy’s programs are available on their website: HawaiiEnergy.com. Information about the Hawaii EEPS goals and associated meetings and activities are available online at https://www.hawaiieeps.org/.

Performance-Based Regulation
Docket No. 2018-0088; Open

On April 18, 2018, the Commission opened Docket No. 2018-0088 to develop a new regulatory framework for the HECO Companies, known as Performance-Based Regulation (“PBR”). The PBR proceeding is holistically assessing the current regulatory framework to identify areas for improvement, and developing new regulatory mechanisms to drive superior utility performance.

During the first phase of the proceeding, which concluded in May 2019, the Commission utilized a collaborative stakeholder process to identify priority goals and outcomes to help guide PBR development. During the second phase, which concluded in December 2020, the Commission used a combination of collaborative workshops and formal discovery, briefing, and a hearing to develop and approve a new regulatory framework for the HECO Companies. This new framework facilitates the transition of the regulatory structure away from the traditional cost of service model to a new performance based model, with enhanced regulatory mechanisms aimed at cost control balanced with performance incentives to drive superior performance in desirable areas such as improved interconnection of demand-side systems, assistance to low- to moderate-income customers, and accelerating achievement of the State’s Renewable Portfolio Standards.

During FY 2022, the Commission has continued to enhance the PBR Framework by approving additional performance incentives, as well as a suite of reporting mechanisms which will allow the Commission and stakeholders to track the HECO Companies’ performance across a broad range of metrics. The Commission has also approved a new pilot review process, under which the HECO Companies can seek expedited review of new pilot programs intended to drive innovation in key areas. The Commisision has also overseeing the development of a webpage on the HECO Companies’ website, which allows interested members of the public to view the information reported by the Companies under the PBR Framework. In September 2021, the Commission identified several new areas of concern for the PBR Working Group, and on June 17, 2022, the Commission issued Decision and Order No. 38429, approved several new performance incentive mechanisms ("PIMs") and planning initiatives for the Hawaiian Electric Companies.

Following the devastating wildfire on Maui in August 2023, in response to a request from Hawaiian Electric, the Commission approved a partial and temporary suspension of certain performance mechanisms for MECO, including the transmission and distribution reliability PIM and heat rate provision for the Maui Division's ECRC heat rate in recognition that damage to MECO's infrastructure.

On December 26, 2023, pursuant to its review of existing performance incentive mechanisms, the Commisision issued Order No.40437, which allowed the interim Grid Services PIM to sunset at the end of 2023 and allowed the Interconnection Approval PIM to continue for an additional year through 2024.

The Commisision is continuing to collaboratively engage with the Working Group to monitor the progress of the PBR Framework and discuss additional considerations and potential improvements.

Microgrid Services Tariff
Docket No. 2018-0163; Open

Pursuant to Act 200 (enacted July 10, 2018 and codified as Hawaii Revised Statutes § 269-46), the Commission opened this docket to investigate the establishment of a microgrid services tariff for the "HECO Companies.

On May 17, 2021, the Commission issued Decision and Order No. 37786, in which it accepted the Working Group's proposed Microgrid Services Tariff, as well as associated submissions, including a Microgrid Participant's Bill of Rights and corresponding modifications to other tariffs to effectuate the Microgrid Services Tariff.

Having considered, and building on, the Parties' written recommendations, as well as discussion and feedback during the January 28, 2022 Technical Conference, on April 1, 2022, the Commission issued Order No. 38293, setting forth a list of priority issues on: (a) Microgrid Compensation and Grid Services; (b) Utility Compensation; (c) Customer Protection and Related Considerations; (d) Interconnection; (e) Working Group Coordination with Related Microgrid and Resilience Initiatives at Hawaiian Electric and Government Agencies.

In Phase 2 of the proceeding, the Commission's objective is to promote self-sufficiency and resilience among microgrid project operators and further streamline the Microgrid Services Tariffs. On July 28, 2022, and October 27, 2022, the Commission held the Status Conferences, to discuss the Working Group's progress towards completing the requested work products for Phase 2 of this docket. On November 21, 2022, the Commission issued Order No. 38710 suspending the procedural schedule, pending review of the Working Group's proposed schedule for the remainder of Phase 2.

The Commission maintains a webpage about this docket with information on its status and technical conferences, working group reports, and other information at: https://puc.hawaii.gov/energy/microgrids/.

Hawaiian Electric also maintains a webpage with all of the presentation slides and other produced materials from the Working Group meetings at https://www.hawaiianelectric.com/about-us/our-vision-and-commitment/resilience/microgrid-services-tariff.

Integrated Grid Planning
Docket No. 2018-0165; Open

In July 2018, the Commission opened this proceeding to investigate the HECO Companies' Integrated Grid Planning ("IGP") process. In December 2018, the HECO Companies filed their IGP Workplan, which describes the major steps of the Companies' proposed IGP process, timelines, and the methods the Companies intend to employ, including various Working Groups. In March 2019, the Commission provided the Companies with guidance on implementation of their proposed Workplan.

On August 19, 2021, the HECO Companies filed revised and updated modeling inputs and assumptions in response to Commission guidance. On March 3, 2022, the Commission issued Order No. 38253, approving with modifications the HECO Companies' revised modeling inputs and assumptions. On November 5, 2021, the HECO Companies filed its draft grid needs assessment and solution evaluation methodology. On June 30, 2022, the Commission issued Order No. 38482, approving with modifications the HECO Companies' grid needs assessment and solution evaluation methodology. On May 12, 2023, the HECO Companies filed their final IGP plan. On October 12, 2023, the Commission issued Order No. 40311, which directed the HECO Companies to clarify their preferred plans, and indicated that if they did so, the Commission would be inclined to accept the plans as a whole, offer guidance on how to implement those plans, open a new docket for IGP-related procurements, and direct the HECO Companies to make specific process and timing changes for the next round of IGP. On November 14, 2023, the HECO Companies filed an update clarifying their preferred plans, which is currently under review, which is currently under review.

Distributed Energy Resource Policies
Docket No. 2019-0323; Open

On September 24, 2019, the Commission opened a proceeding to investigate the technical, economic, and policy issues associated with distributed energy resources ("DER") and rate design, as they pertain to the Hawaiian Electric Companies. In doing so, the Commission observed that this proceeding would continue the work begun in Docket No. 2014-0192 and Docket No. 2015-0412, which investigated policies and programs for customer-sited DER.

The proceeding is divided into three tracks: 1) "Program Track"; 2) "Advanced Rate Design ("ARD") Track and 3) "Technical Track."

Program Track

On January 25, 2022, the Commission issued Decision and Order No. 38196, which established the framework for long-term DER programs, the Smart DER Tariff, the next-generation DER tariff that includes the Export Rider and Non-Export Rider, and the Bring Your Own Device ("BYOD") Tariff, an advanced program that allows customers to receive compensation for grid services in addition to any compensation received from the underlying DER tariff, as well as, among other things, provided guidance on the transition plan for existing interim DER programs. The Commission also established a Phase 2 for the DER Program Track to allow DER Docket Parties to address outstanding matters relating to the Smart DER and BYOD Tariffs and required Hawaiian Electric to file a Program Transition Plan to address several issues related to the transition of the existing interim DER programs. On October 31, 2022, the Commission issued Decision and Order No. 38681, which established the framework for implementation of the Smart DER and BYOD programs and initiated Phase 3, during which the Companies were instructed to collaborate with the other Parties to prepare modeling results for to help establish the export rates for the Smart DER Tariff and incentives for the BYOD Tariff. The Commission conducted multiple Technical Conferences between December 2022 and August 2023 to review and discuss the modeling results and the Parties' conducted extensive discovery and briefing. The Smart DER Tariff and BYOD Tariff are scheduled to be effective March 1, 2024, after multiple delays, including postponement initiated by the Companies as a result of the need to reallocate resources to support their emergency response on Maui. On December 4, 2023, the Commission issued Decision and Order No. 40418, which finalized the Smart DER and BYOD Tariffs by establishing incentives and other enrollment requirements, as well as the framework for updating the Tariffs.

On June 30, 2021, the Commission issued Decision and Order No. 37853, which approved Hawaiian Electric's Emergency Demand Response Program/Schedule Dispatch Program ("SDP") Implementation Plan, thereby enabling the establishment of the Battery Bonus program, which allows Hawaiian Electric to offer a one-time cash incentive for residential and commercial customers to add energy storage to an existing or new rooftop solar system. The SDP program is intended to help mitigate potential resource shortfalls resulting from the retirement of the AES coal plan on Oahu. Subsequently, on February 25, 2022, the Commission issued Decision and Order No. 38239, which approved amendments to the SDP to generally expand the market for the SDP. Thereafter, on May 20, 2022, the Commission approved Hawaiian Electric's proposal to expand the SDP to Maui to address similar impending peak capacity needs, pursuant to Decision and Order No. 38393 and approved Hawaiian Electric's requests for cost recovery associated with the SDP on Oahu and Maui pursuant to Order No. 38441, issued on June 23, 2022. The SDP on Oahu closed to enrollment on December 31, 2023, after the Commission issued Order No. 40448, which extended the enrollment period irrespective of the previously established capacity limit of 40 MW. The SDP on Maui will continue enrollment until capacity is reached or June 30, 2024, after implementation of the BYOD Tariff becomes effective.

Advanced Rate Design Track

On October 31, 2022, the Commission issued Decision and Order No. 38680 establishing an ARD Implementation framework to inform Hawaiian Electric's development of advanced time of use rates for residential and small and medium commercial customers. Advancing rate design to time of use rates will promote a greater level of fairness for all customers as rates will better align with the cost of power and services provided by the increasing amount of renewable generation on the electric grid. Time of use (TOU) rates will also encourage customers to consume electricity more efficiently, thereby lowering costs for the electricity system in the long-run. Subsequently, on November 10, 2022, the Companies filed a Motion for Reconsideration and/or Clarification, which the Commission addressed, pursuant to Order No. 38750, on December 8, 2022. The Commission reconvened the ARD Working Group, which held monthly meetings from December 2022 through December 2023 to review and address issues relating to TOU implementation. The Commission issued multiple orders which, among other things, provided limited bill protection for residential and commercial customers who participate in the TOU Study (Decision and Order No. 38680 and Order No. 39172) and established the ARD TOU rates for residential and commercial customers (Decision and Order No. 40044). The TOU Study is scheduled to commence on February 1, 2024, after multiple delays, including postponement initiated by the Companies as a result of the need to reallocate resources to support their emergency response on Maui.

Technical Track

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

Plan, Volt-Watt Compensation Plan, and URP Implementation Plan, which the Parties and the Commission will review and evaluate in 2024.

To learn more and stay up to date about the Commission's work in all three tracks in this docket, visit http://puc.hawaii.gov/energy/DER.

Affiliate Transaction Requirements
Docket No. 2018-0065; Open

"Affiliate transactions" encompass a broad range of utility interactions, including interactions with the utility's parent holding company and entities contemplating acquiring or investing in an affiliate. In this proceeding, affiliate transaction requirements ("ATRs") have been designed to address all potential situations in which the utility may gain or provide an unfair benefit by virtue of its relationship with other entities.

On September 30, 2022, pursuant to a section in the ATRs, the HECO Companies submitted an independent audit which reviewed the HECO Companies' compliance with the ATRs. On January 16, 2023, the Commission issued Order No. 38832, which addressed the Audit by instructing the HECO Companies to comply with the recommendations provided in the Audit. The Commission also instructed the HECO Companies to revise their Compliance Plan to address several sections that were not consistent with the ATRs. The HECO Companies sought reconsideration of this requirement, which the Commission denied; however, the Commission established a schedule to allow the parties to submit briefing on this matter. This matter is currently pending before the Commission.

On December 29, 2023, the Commission denied the HECO Companies' request for a waiver to allow joint lobbying efforts with its parent entity, Hawaiian Electric Industries, Inc. ("HEI"). Under the ATRs, joint lobbying actions with affiliates are expressly prohibited. The Commission found that the HECO Companies failed to demonstrate good cause and sufficient information in support of their waiver request, particularly as to how it would address situations where conflicts of interest between HEI and the Companies may arise and what cost savings, if any, would accrue to the Companies as a result of joint lobbying efforts.

Review of Hawaiian Electric's Interconnection Process and Transition Plans for Retirement of Fossil Fuel Power Plants
Docket No. 2021-0024; *Open*

The Commission opened this investigative docket on October 11, 2021, to review the status and interconnection progress of various Hawaiian Electric renewable projects, and to review the AES Hawaii Plant and Kahului Power Plant Transition Plans, as well as other fossil fuel power plant transition plans, as needed. Those Transition Plans, and updates, continue to be periodically filed in this docket. In addition, Hawaiian Electric files monthly update reports on the status of Stage 1 and Stage 2 RFP projects (see also Docket No. 2017-0352, Page 17), as well as Phase 1 of the CBRE program (see also Docket No. 2015-0389, Page 16), as well as cost comparison calculations related to delays in commercial operations of approved Stage 1, Stage 2, and CBRE Projects.

Innovative Pilot Process for the Hawaiian Electric Companies
Docket No. 2022-0212; Open

On October 20, 2022, following the Commission's approval of Hawaiian Electric's pilot process workplan as part of the PBR Framework in Docket No. 2018-0088 (See page 31 for more information), the Commission opened Docket No. 2022-0212 to receive filings and adjudicate requests related to pilot proposals submitted under this new process. On October 26, 2022, Hawaiian Electric submitted its first proposal for a Data Analytics Clearinghouse Pilot, which the Commission approved on December 8, 2022, pursuant to the expedited process incorporated into the pilot framework.

On February 6, 2023, Hawaiian Electric submitted its second pilot proposal for an EV Telematics pilot project, which the Commission approved on March 22, 2023.

Following the approval of the EV Telematics pilot, the Commission provided further guidance to Hawaiian Electric on the Innovative Pilot Process in Order No. 40129, issued on July 28, 2023.

There are no innovative pilot projects pending before the Commission at this time, but stakeholders and Commission staff continue to meet regularly with Hawaiian Electric to receive updates on Hawaiian Electric's pilot development. On November 15, 2023, Hawaiian Electric submitted a letter notifying the Commission that in light of its response to the August 8, 2023 wildfire on Maui, it was reprioritizing its resources and that development of new pilot projects had been temporarily suspended and was expected to resume in 2024.

Instituting a Proceeding to Investigate Equity
Docket No. 2022-0250; Open

The Commission opened this investigative docket on December 13, 2022, to investigate how to better integrate equity and justice considerations across Commission proceedings and the Commission's work more broadly, including in its role overseeing and regulating the functions of public utilities. In 2022, the Thirty-First Legislature of the State of Hawaii adopted three resolutions requesting that the Commission consider efforts to mitigate high energy burdens for low- and moderate-income customers and to investigate how to integrate considerations of energy equity and justice across Commission work.

The Commission intends to address the specific matters set forth by the Legislature, and, more broadly, the Commission intends to further the State's policy goals, to improve energy affordability and reduction of energy burdens for vulnerable customers, to ensure the burdens and benefits of energy infrastructure and the renewable energy transition are equitably distributed, including increasing accessibility of Commission proceedings among vulnerable and/or underrepresented customers. During the course of this proceeding, the Commission and stakeholders identified three additional priorities: improving equity in siting energy facilities, improving community outreach related to this docket, and developing equity-related recommendations for the forthcoming IGP RFPs.

16) <u>Reliability and Quality of Service</u>

The annual service reliability reports submitted to the Commission by the HECO Companies and KIUC provide information by calendar (not fiscal) year. Reliability indices are calculated using the data from system outages that cause sustained interruptions.

Reliability Indices: SAIDI and SAIFI

Although there are a variety of reliability indices, there are two that are both in widespread use and are currently being used as a measure of performance for the HECO Companies. These indices include SAIDI and SAIFI, further described in the box below.

SAIDI: ***System Average Interruption Duration Index: the average length of time the company's customers is out of power during the year, i.e. "minutes."***

SAIFI: ***System Average Interruption Frequency Index: the frequency or number of times a company's customers experience an outage during the year, i.e., "interruptions."***

Guidelines used by the HECO Companies

The reliability indices for 2017 - 2022 reported in each of the HECO Companies' respective Annual Service Reliability Report for 2022 use guidelines outlined in IEEE Std. 1366™-2012: *IEEE Guide for Electric Power Distribution Reliability Indices* ("IEEE 1366"). Indices reported on a normalized basis exclude Major Event Days ("MEDs"). MEDs are defined as days in which the daily system SAIDI exceeds the MED threshold value ("TMED"). According to the HECO Companies, statistically, days having a daily system SAIDI greater than TMED indicate days on which the energy delivery system experienced stresses beyond that normally expected (such as during severe weather). In calculating the daily system SAIDI, any interruption that spans multiple calendar days is accrued to the day on which the interruption began.

The IEEE 1366 explains that the purpose of removing MEDs is:

> … to allow major events to be studied separately from daily operation, and in the process, to better reveal trends in daily operation that would be hidden by the large statistical effect of major events … Activities that occur on days classified as MEDs should be separately analyzed and reported.[7]

and recommends that:

> indices should be calculated for two conditions:
>
> 1) All events included
>
> 2) MEDs removed[8]

IEEE 1366 also discussed special treatment for "catastrophic days":

> … a certain number of [utilities] have experienced large-scale events (such as hurricanes or ice storms) that result in unusually sizable daily SAIDI values. The events that give rise to these particular days considered "catastrophic events," … could cause a relatively minor upward shift in the resulting reliability metric trends …
>
> It is recommended that the identification and processing of catastrophic events for reliability purposes should be determined on an individual company basis by regulators and utilities since no objective method has been devised that can be applied universally to achieve acceptable results.[9]

The HECO Companies' respective, reported SAIDI and SAIFI reliability indices for 2017 through 2022 are provided in the tables below.

Table 13 - HECO SAIDI and SAIFI Reliability Index, 2017 - 2022

HECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2017	138.65	96.58	1.400	1.150
2018	123.41	111.94	1.326	1.253
2019	174.90	104.13	1.470	1.105
2020	120.08	81.62	1.178	0.914
2021	155.35	106.79	1.613	1.233
2022	132.75	99.65	1.003	0.900

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

Table 14 - HELCO SAIDI and SAIFI Reliability Index, 2017 - 2022

HELCO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2017	186.14	135.05	1.784	1.515
2018	230.71	230.71	2.539	2.539
2019	252.52	164.86	3.060	1.864
2020	128.76	128.76	1.819	1.819
2021	478.03	161.56	3.171	2.299
2022	299.29	193.60	3.580	3.197

Table 15 - MECO SAIDI and SAIFI Reliability Index, 2017 - 2022

MECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2017	831.18	150.62	3.495	1.653
2018	476.53	228.04	3.366	2.526
2019	289.08	158.42	2.706	2.051
2020	236.57[10]	166.43	1.901	1.725
2021	495.94	156.71	1.994	1.346
2022	490.26	134.85	2.796	1.293

HECO Service Quality

HECO's reported SAIDI and SAIFI reliability indices for 2022 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 7 and Figure 8, respectively.[11]

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[10] The *Hawaiian Electric Annual Service Reliability Reports for 2020* reported a SAIDI (All Interruptions) value of 235.59 for 2020. However, in the *Hawaiian Electric Annual Service Reliability Reports for 2021*, this value was subsequently revised to 236.57 based on updated data.

[11] Exclusions for the normalized indices include: 1/2/15, 2/5/17, 12/25/19 due to high winds and vegetation; 2/14/15, 2/19/15, and 1/22/17 due to high winds; 7/24/16 due to flooding at Iwilei Substation and

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

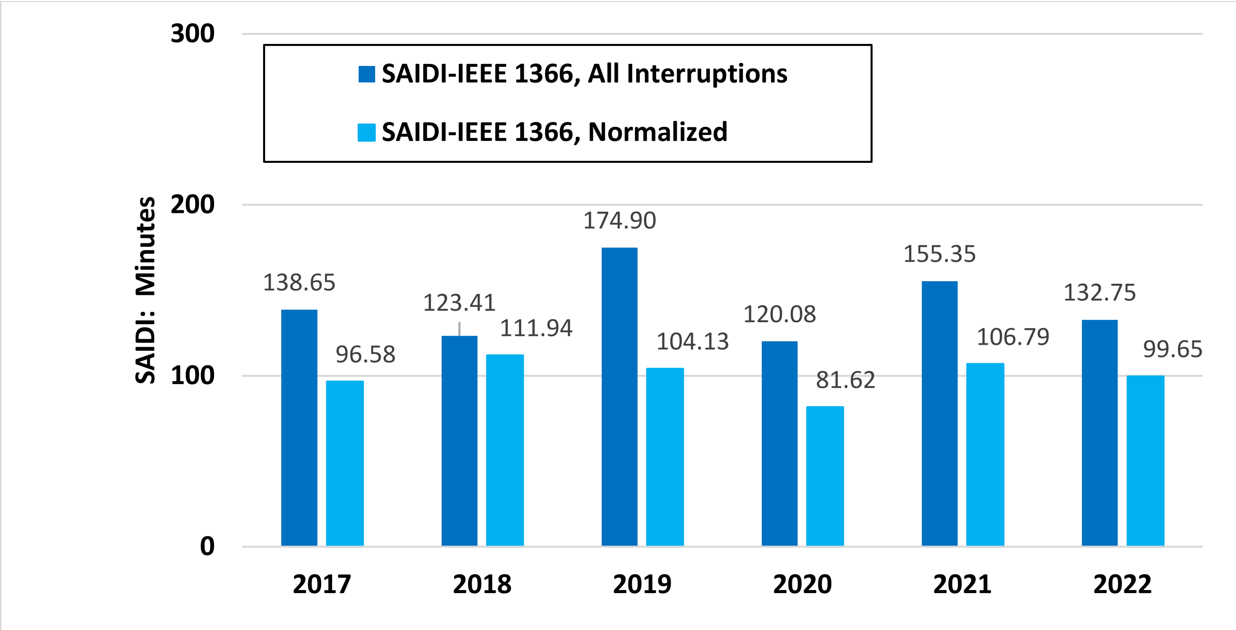
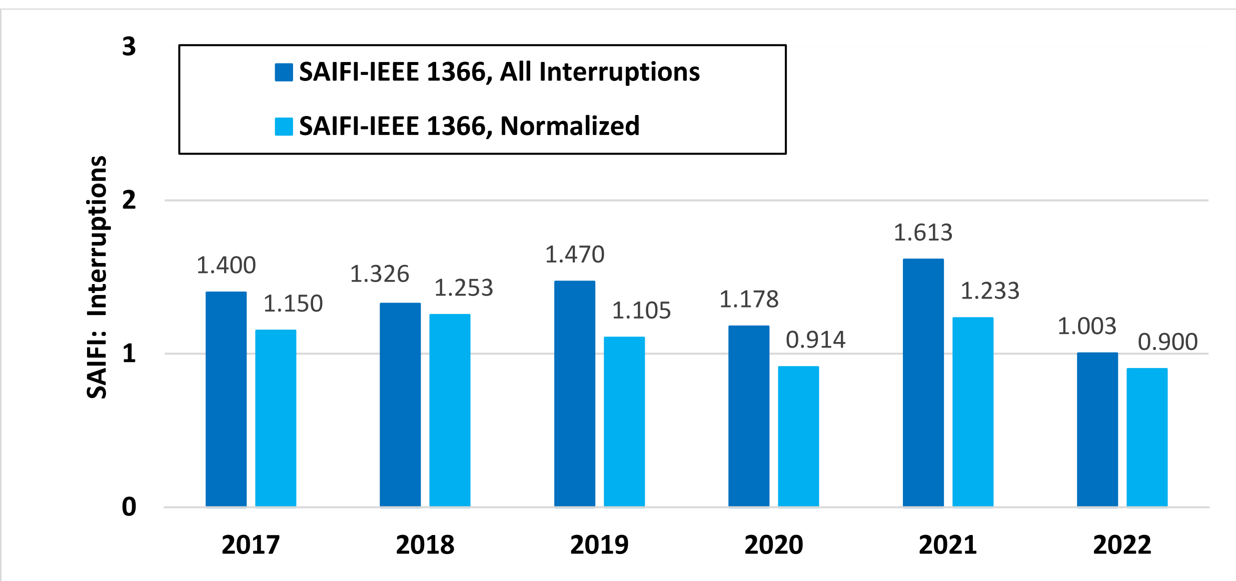


Figure 8 – HECO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



surrounding area, 1/21/17 due to trees/branches and high winds; 8/24/18 due to effects of Hurricane Lane; 9/12/18 due to the effects of Tropical Storm Olivia and equipment deterioration; 2/10/19 due to effects of winter storm/high winds, vegetation, equipment deterioration, and flashover; and10/30/19 due to vegetation and company personnel error.

HELCO Service Quality

HELCO's reported SAIDI and SAIFI reliability indices for 2022 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 9 and Figure 10, respectively.

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

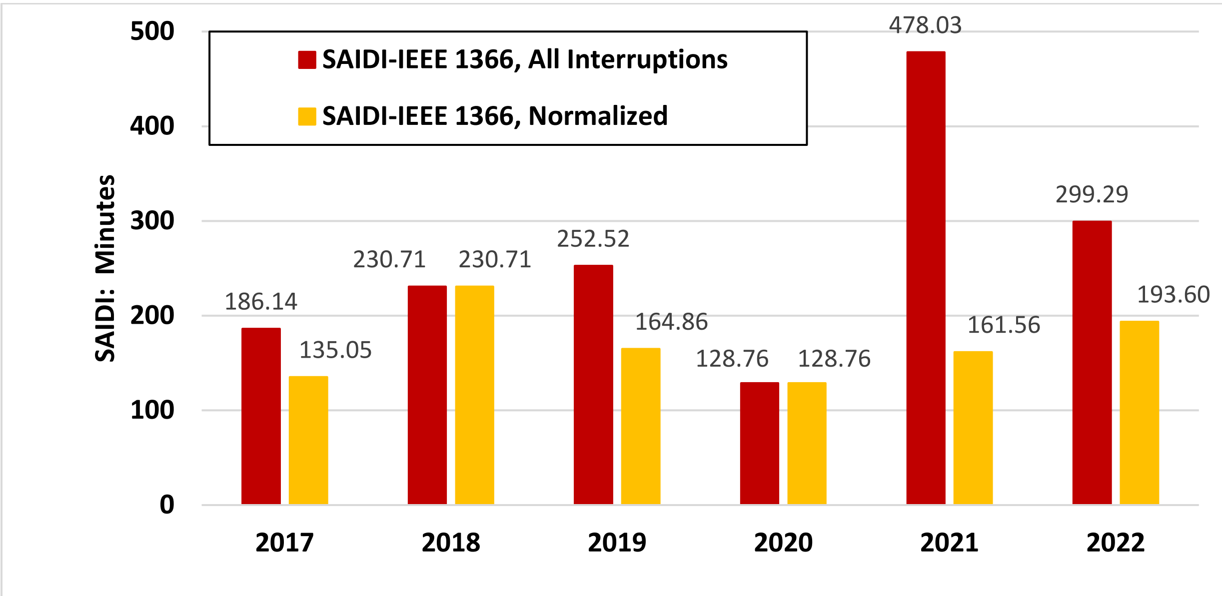
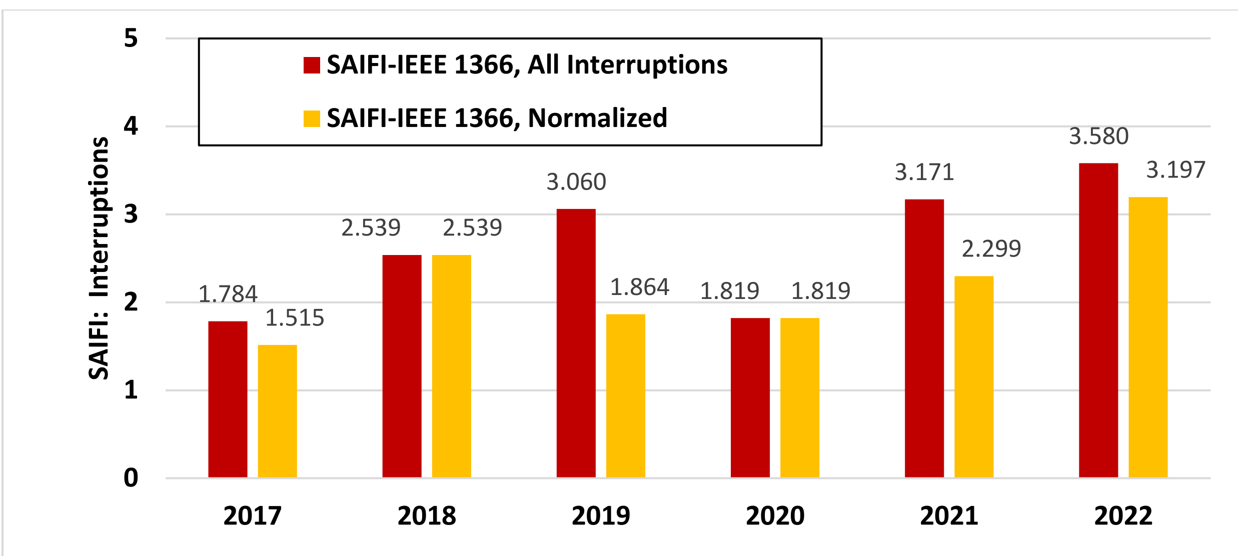


Figure 10 – HELCO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



MECO Service Quality

MECO's reported SAIDI and SAIFI reliability indices for 2022 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 11 and Figure 12, respectively.[12]

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

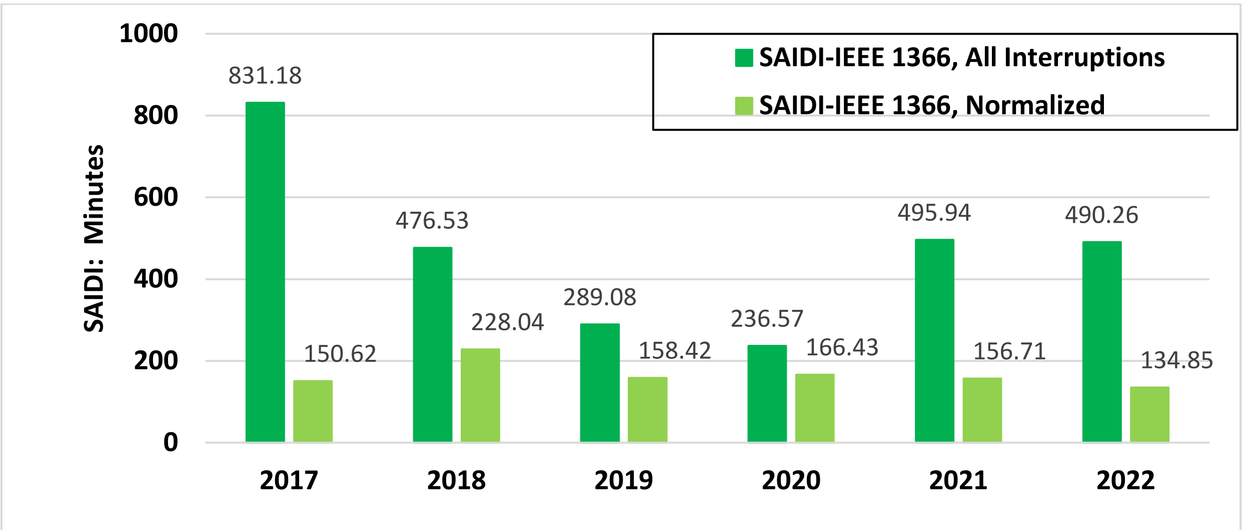
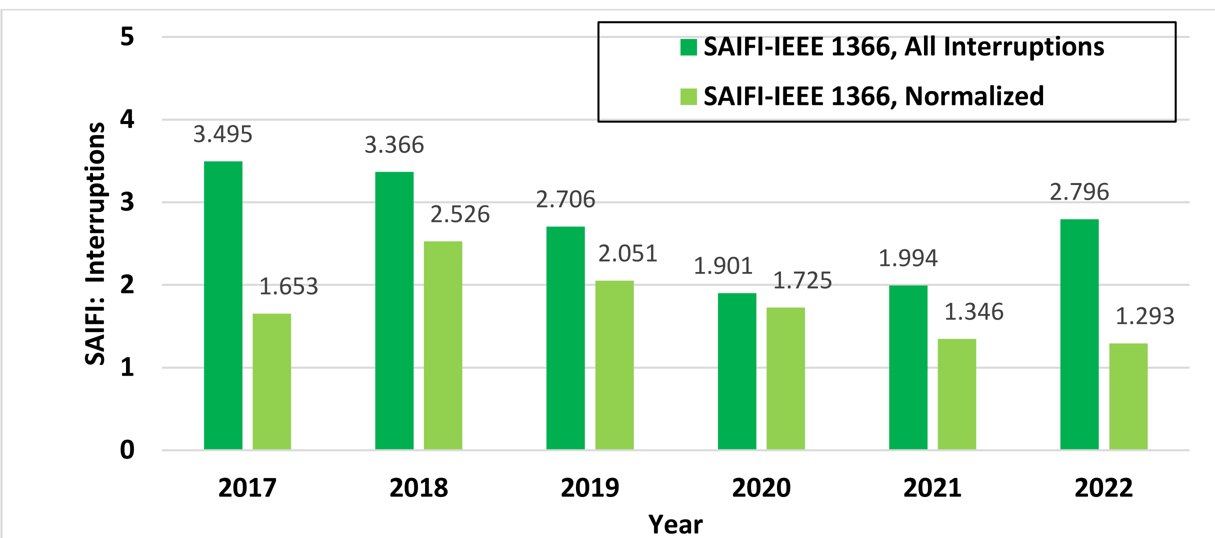


Figure 12 – MECO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



[12] Exclusions for the normalized indices include: 7/11/14 due to unknown on company generation on Lanai; 8/7/14 and 8/8/14 due to effects of Tropical Storm Iselle on Maui; 10/7/14 due to substation equipment failure on Maui; 1/2/15 and 1/3/15 due to Kona Storm on Maui; 2/14/15 due to Valentine's Day storm on Maui; 2/24/15 due to unknown and equipment deterioration on Maui; 11/19/15 due to trees or branches in lines on Maui; 11/20/15 due to motor vehicle accident and trees or branches in lines on Maui; 12/18/15 due to substation equipment failure on Maui; 4/3/16 due to motor vehicle accident on Maui; 7/2/16 due to West Maui Mountains wild fire on Maui; 12/18/16 due to trees or branches in lines during high winds on Maui; 1/21/17 due to high winds on Lanai; 3/2/17 due to under frequency load shed on Maui; 10/24/17 due to an island-wide outage on Maui; 11/26/17 due to under frequency load shed and a fault caused by tree branch on Maui; 8/23/18 and 8/24/18 due to effects of Hurricane Lane on Maui; 9/12/18 due to effects of Tropical Storm Olivia on Maui; 10/20/18 under-frequency load shedding due to rapid drop in as-available generation on Maui; 2/10/19 due to effects of winter storm/high winds, vegetation, and flashover on Maui; 2/12/19 due to effects of winter storm/high winds on Maui; and 11/22/19 due to high winds on Maui.

KIUC Service Quality

Methodology used by KIUC

KIUC calculates reliability indices using the data from all sustained (i.e., one minute or longer) system interruptions. KIUC's reported SAIDI and SAIFI reliability indices for 2022 and the prior four years are shown in Figure 13 and Figure 14, respectively.

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

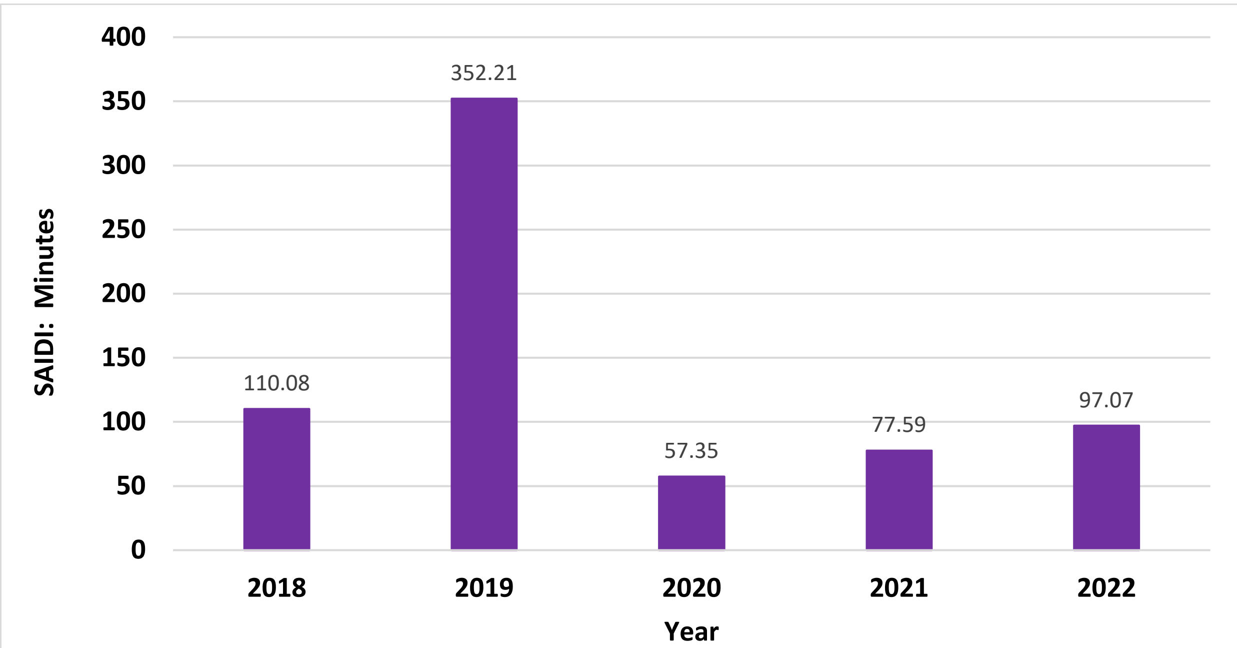
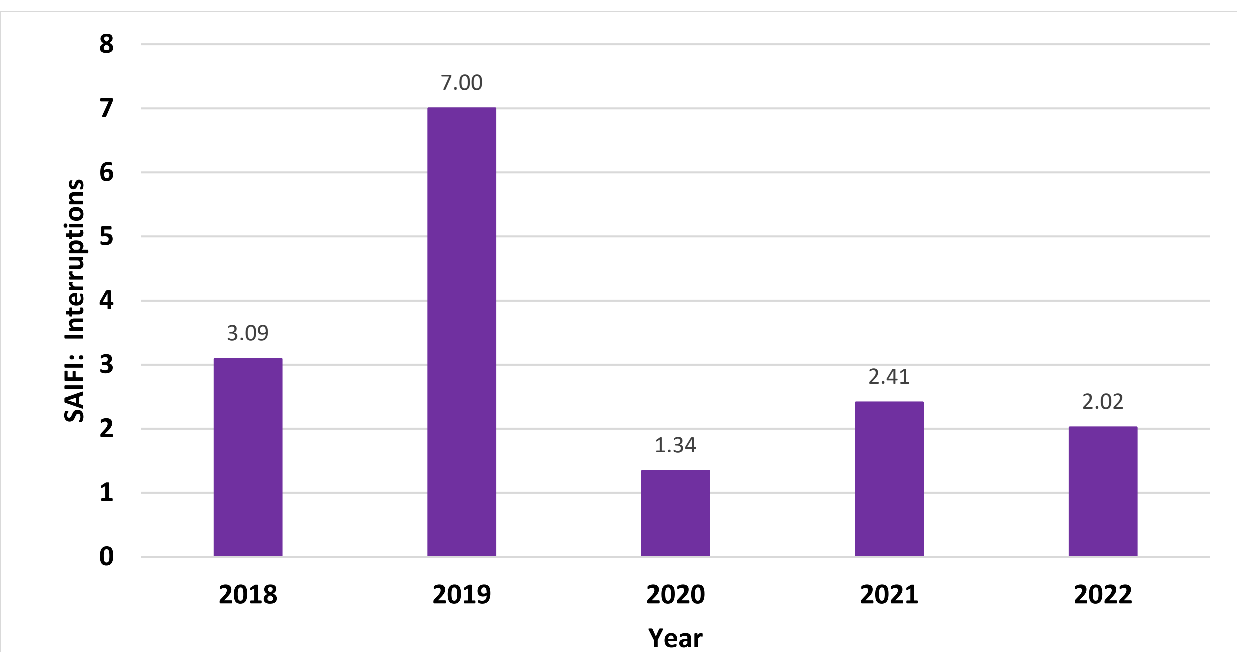


Figure 14 – KIUC System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



B. Gas

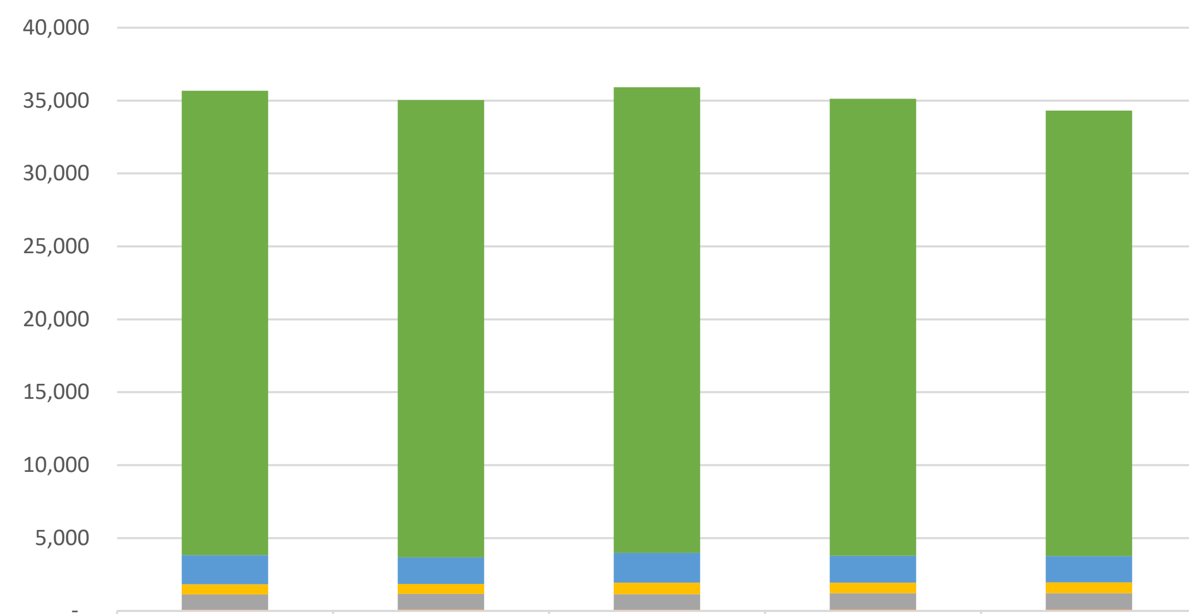
The Gas Company, LLC dba Hawaii Gas ("Hawaii Gas"), is the only duly franchised public utility providing gas service for residential, commercial, and industrial uses throughout the State. The following sections summarize: 1) Utility Operations, 2) Rates, 3) Capital Expenditures, 4) Fuel Contracts and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

1) <u>Operations</u>

Hawaii Gas serves over 34,000 utility gas customers in its six gas districts; Honolulu, Hilo, Maui, Molokai, Lanai, and Kauai. Between 2018 and 2022, the number of customers has remained relatively flat. Over 90% of Hawaii Gas' utility customers are in its Honolulu District. <u>See</u> Figure 15.

Hawaii Gas delivers fuel directly to a property, using a system of pressurized gas pipes that cross property lines; this service is regulated by the Commission. Sales of gases in cylinders (e.g., example, propane, medical and industrial gases) are not regulated by the Commission.

Figure 15 – Average Gas Customers per Calendar Year, 2018 – 2022

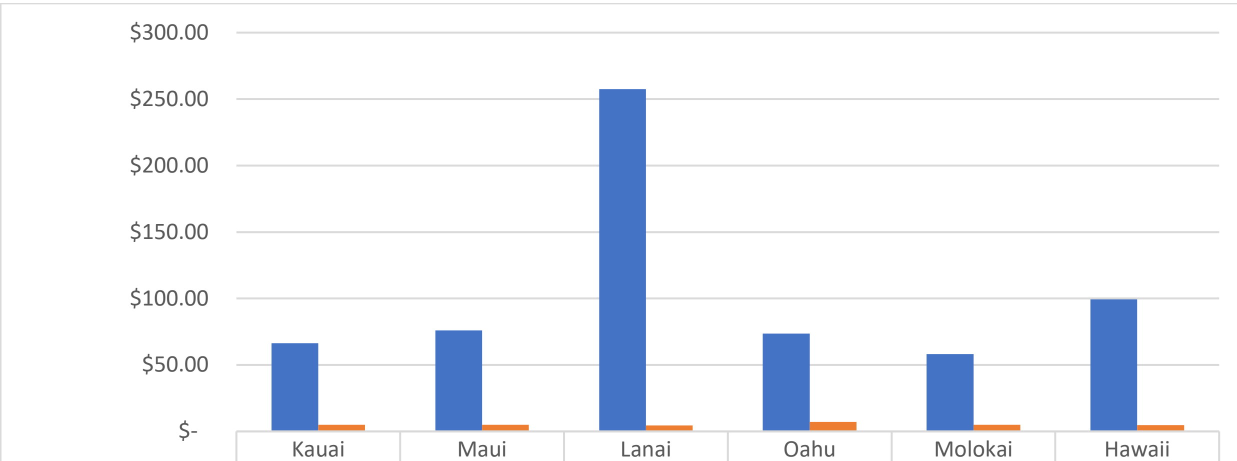


	2018	2019	2020	2021	2022
Oahu	31,838	31,367	31,941	31,340	30,550
Hawaii	2,013	1,825	2,034	1,837	1,809
Maui	695	678	795	737	730
Kauai	1,030	1,059	1,060	1,088	1,098
Molokai	73	92	67	99	96
Lanai	22	22	22	23	25

2) <u>Rates</u>

For CY 2023, average residential utility gas bills ranged from $58.25 on Molokai to $257.42 on Lanai, and the cost per therm ranged from approximately $4.48 on Lanai to $7.16 on Oahu. <u>See</u> Figure 16.

Figure 16 – Average Monthly Residential Utility Gas Bills and Costs Per Therm, CY 2022



	Kauai	Maui	Lanai	Oahu	Molokai	Hawaii
Res Bill	$66.25	$75.92	$257.42	$73.67	$58.25	$99.42
Costs per therm	$5.07	$4.97	$4.48	$7.16	$4.98	$4.77

Application for Approval of Rate Increases and Revised Rate Schedules and Rules
Docket No. 2017-0105, Status: Open

On August 1, 2017, Hawaii Gas submitted its application to the Commission seeking approval to increase its existing gas utility rates and to revise certain rate schedules and rules. Hawaii Gas asked the Commission to approve a requested increase of $14,962,000 over revenues at current effective rates, which it stated was a 14.58% increase over revenues at present rates. The Commission held statewide public hearings in late 2017 and early 2018. On February 14, 2018, in response to the 2017 Tax Act, Hawaii Gas revised its increase in total revenues to $13,470,401, which it stated was a 12.7% increase over revenues at present rates.

On June 27, 2018, the Commission issued Interim Decision and Order No. 35550, which found that an interim rate relief in the amount of a revenue increase of $8,896,152, was appropriate. The $8,896,152 increase represents an increase of 8.39% over revenues at Hawaii Gas' rates prior to Decision and Order No. 35550. The Commission also ordered Hawaii Gas to refund to ratepayers $113,965 attributable to the impact of the 2017 Tax Act for the six-month period from January 1, 2018 to June 30, 2018.

On December 21, 2018, the Commission issued its Final Decision and Order, finding that Hawaii Gas was entitled to a revenue increase of $8,896,152, and that a rate of return of 7.095% was fair. The Commission's Final Decision and Order was appealed by two of the docket participants and on June 9, 2020, the Hawaii Supreme Court issued a decision vacating the Final Decision and Order and remanding the matter back to the Commission for further proceedings.

On November 25, 2020, the Commission issued an Order re-opening the docket pursuant to the June 9, 2020, Hawaii Supreme Court decision. On April 9, 2021, the Commission issued Order No. 37720 which established a procedural order to govern the remand proceedings, which was subsequently modified by Order No. 37963 on September 10, 2021. The remand proceedings are currently underway per the procedural order established by Order No. 37720 and modified by Order Nos. 37963 and 38694. The modifications included bifurcating the remand proceedings into two phases (Phase 1 and Phase 2) and updating the Statement of Issues ("SOIs") in response to feedback from parties. After the Commission issues a decision on Phase 1 SOIs, Phase 2 issues will be addressed, including an updated procedural schedule, if needed.

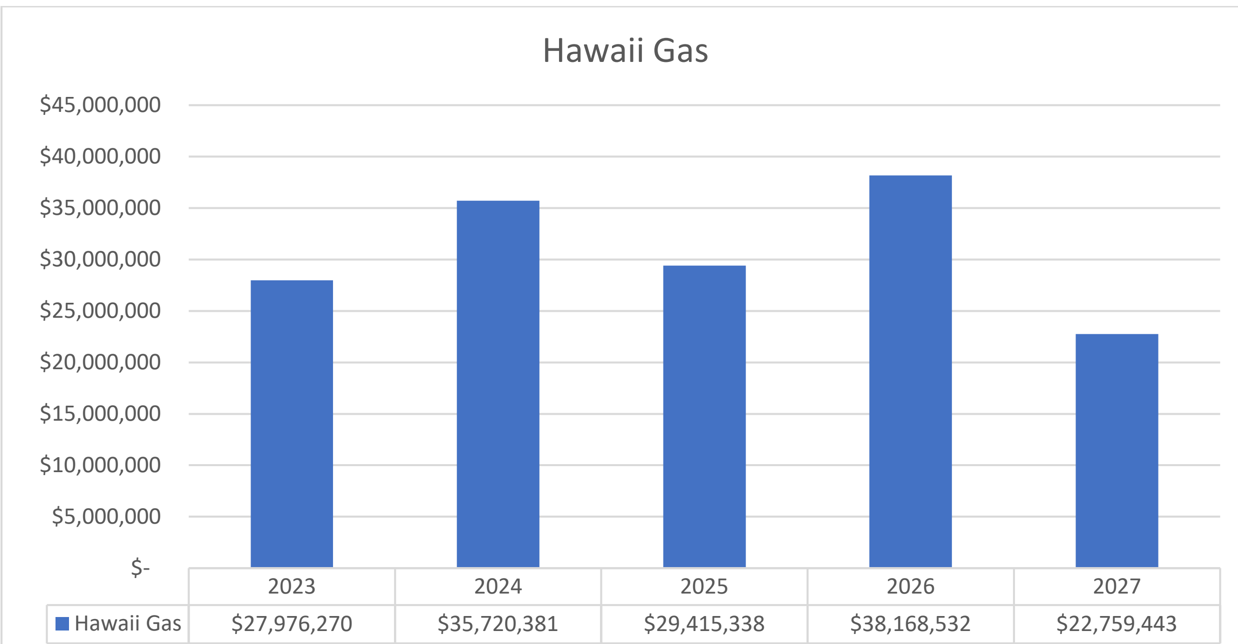
3) Capital Expenditures

Hawaii Gas files its annual five-year capital budget report pursuant to General Order No. 9, Rule 2.3.f.1. The capital expenditure forecast for Hawaii Gas is approximately $16.5 million in 2023, $18.5 million in 2024, $14.0 million in 2025, $21.8 million in 2026, and $17.2 million in 2027 for a total of approximately $88 million over the five-year period. Capital expenditure increases over this timeframe are largely due to new expenditures for Renewable Natural Gas that range from $150,000 to $14 million annually from 2023 to 2027. Table 16 and Figure 17 show the five-year capital expenditure budget forecast for Hawaii Gas.

Table 16 – Gas Utility Expenditure Forecast, 2023-2027

	2023	2024	2025	2026	2027
Hawaii Gas	$16,597,271	$18,507,293	$14,078,101	$21,847,395	$17,211,956

Figure 17 – Five-year Capital Expenditure Budget Forecast for Hawaii Gas



Relocate Pipelines to Accommodate HART
Docket No. 2022-0115, Status: Closed

On June 3, 2022, Hawaii Gas filed an application requesting Commission approval to commit funds in excess of $500,000, pursuant to paragraph 2.3.f.2 of General Order No. 9, Standards for Gas Service Calorimetry, Holders & Vessels in the State of Hawaii, to relocate portions of its distribution pipelines to accommodate the Honolulu Authority for Rapid Transit ("HART") Rail Project. The Commission approved the application with conditions and closed this docket on January 9, 2023.

Extend Gas Mains and Service Connections to Serve Kapolei Business Park
Docket No. 2022-0150, Status: Open

On July 26, 2022, Hawaii Gas filed an application requesting Commission approval to commit funds in excess of $500,000 to extend gas mains and service connection to serve new customers at Kapolei Business Park, pursuant to paragraph 2.3.f2 of General Order No. 9, Standards for Gas Service Calorimetry, Holders & Vessels in the State of Hawaii ("G.0.9") and HAR § 16-601-110. On October 26, 2022, Hawaii Gas submitted its greenhouse gas analysis for the application, and the Commission issued a procedural schedule on October 28, 2022. This docket is currently pending before the Commission.

C. Water and Wastewater

The Commission regulates 40 privately owned utilities that provide water and wastewater services in Hawaii. During FY 2023, the Commission's key proceedings in this area included reviewing rate cases and requests to transfer Certificates of Public Convenience and Necessity ("CPCN").

The following sections summarize water and wastewater utility proceedings in: 1) Ratemaking, 2) Mergers and Transfers of Assets, and 3) other Miscellaneous proceedings FY 2023.

1) Ratemaking

Kaupulehu Water Company – Notice of Intent to File a General Rate Increase Application
Docket No. 2016-0363, Status: Closed

On May 31, 2017, Kaupulehu Water Company ("KWC") submitted its amended application for approval of a net revenue increase of $273,571.99, which amounts to an increase of 6.15% from the pro forma revenue amount of $4,446,623 at present rates for the Test Year. KWC also requested to transfer certain facilities from Hualalai Investors to KWC.

On May 22, 2020, the Commission accepted as reasonable, with certain additional findings and modifications, the Parties' stipulation with respect to KWC's base rate increase request. The Commission ordered KWC to decrease its rates and charges to produce total annual revenue decrease of $168,998, representing decrease of approximately 3.93% over revenues at present rates, based on 2017 Test Year revenue requirement of $4,299,171. On June 4, 2020, KWC filed a Motion for Reconsideration of the Commission's May 22, 2020 Decision and Order. On July 6, 2020, KWC filed its revised rate schedules and rules and regulations governing water service pursuant to the Commission's Decision and Order and later withdrew its Motion for Reconsideration on September 6, 2022. On October 14, 2022, the Commission issued Order No. 38652 approving KWC's revised rate schedules and rules and instructing KWC to submit a revised Tax Act Refunding Plan that comported with the approved rate schedules. On October 27, 2022, KWC submitted its revised Tax Act Refunding Plan, which the Commission approved on November 22, 2022.

Kona Water Service Company – General Rate Case and Revisions to Its Tariff
Docket No. 2018-0388, Status: Open

On February 28, 2019, Kona Water Service Company ("KWSC") filed an application for a General Rate Increase and for Approval of Revisions of its Tariff. KWSC requested Commission approval of a net increase in revenue of $660,216 (approximately 12.3%) over its pro forma revenue amount of $5,348,358 at present rates for the 2019 Test Year for its water and sewer operations. On May 30, 2019, a public hearing was held at the West Hawaii Civic Center – County Council Chambers to allow ratepayers to testify. On November 1, 2019, the Parties filed a stipulation for partial settlement. The Parties could not resolve their differences with regard to the issue of the impact of the Federal Tax Cuts and Jobs Act of 2017 and thus filed separate statements of position on the issue. On May 1, 2020, the Commission issued Decision and Order No. 37124, approving in part and denying in part the Parties' stipulation for partial settlement.

On December 15, 2020, the Commission filed Order No. 37494 granting KWSC's request to stay Decision and Order No. 37124, in order to obtain a private letter ruling ("PLR") from the Internal Revenue Service ("IRS") to confirm that KWSC will not commit a tax normalization violation when implementing Decision and Order No. 37124's treatment of KWSC's excess accumulated deferred income taxes. The Commission also approved KWSC's request to implement the rate structure on an interim basis.

On January 8, 2021, pursuant to Order No. 37494, KWSC submitted revised tariff sheets and rate schedules (i.e. "Interim Tariff Sheets"), which the Commission approved on February 23, 2021. On December 2, 2021, KWSC submitted the PLR to the Commission. On January 31, 2022, the Commission issued Order No. 38201, which lifted the stay imposed by Order

No. 37494. On July 21, 2022, pursuant to Orders No. 38201 and 38437, KWSC and the Consumer Advocate submitted a Revised Stipulation that reflects the IRS' rulings in the PLR and includes a results of operation schedule that avoids a normalization violation. On December 15, 2022, the Commission issued Decision and Order No. 38767, which approved a rate increase for KWSC and also approved the Revised Stipulation. KWSC was also instructed to submit tariff sheets reflecting the Commission's approved effective dates.

Launiuopoko Irrigation Company - Temporary Rate Relief
Docket No. 2020-0089, Status: Open

On June 5, 2020, Launiupoko Irrigation Co., Inc. ("LIC"), submitted an application for temporary rate increase, stating it has been operating at a loss under its present revenues since 2019 due to a severe limitation of its primary non-potable water source. At the Commission's direction, LIC also filed an application for a general rate increase, which is also currently pending before the Commission. On July 19, 2021, the Commission partially granted LIC's request for a temporary rate increase, and LIC filed a motion for reconsideration regarding that Order, which is currently pending before the Commission. On May 23, 2022, the Commission, on its own motion, approved a larger temporary rate increase for LIC, subject to certain conditions. At the Commission's direction, LIC also filed an application for a general rate increase, which is also currently pending before the Commission.

Kalaeloa Water Co. - General Rate Increase and Revised Rules, Regulations, and Rates
Docket No. 2021-0005, Status: Closed

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

On September 12, 2022, the Commission issued Decision and Order No. 38602, approving an increase of $155,022, or approximately 4.92% over revenues at present rates, for KWC, based on a revenue requirement for KWC's consolidated operations of $3,303,529 for the July 1, 2021, through June 30, 2022 test year.

Hawaii Water Service Company, Inc/. - General Rate Increase and Revised Rules, Regulations, and Rates
Docket No. 2022-0140, Status: Open

On July 8, 2022, Hawaii Water Service Company, Inc. ("HWSC") filed a notice of intent to file a general rate increase application for its Ka'anapali Division. On August 18, 2023, HWSC indicated that it has decided to delay the filing of its rate case application. This docket is currently pending before the Commission.

Hawaii Water Service Company, Inc. - General Rate Increase and Tariff Changes Application
Docket No. 2022-0186, Status: Closed

On September 12, 2022, Hawaii Water Service Company, Inc. ("Hawaii Water") filed a Notice of Intent to file an application for approval of a general rate increase for its Pukalani Wastewater Division and for changes to certain tariffs. On December 30, 2022, HWSC filed its application. On July 10, 2023, the Commission held a public hearing on HWSC's rate requests. On September 22, 2023, the parties submitted a settlement agreement. On October 30, 2023, the Commission issued Final Decision and Order No. 40344, approving an increase of $493,180, or approximately 34.0% over revenues at present rates, for Hawaii Water, based on a total revenue requirement of $1,942,976 for the January 1, 2023 through December 31, 2023 test year.

2) <u>Mergers and Transfers of Assets and Interests</u>

Wailuku Water Company, LLC – For Approval of Sale of Assets
Docket No. 2023-0172; Status: Open

On February 6, 2023, Wailuku Water Company, LLC ("WWC") filed an application ("Application") requesting approval of a proposed transaction involving the release and assignment of easement rights to the Waikapu surface water distribution system for the benefit of Waikapu Properties, LLC. WWC provides non-potable water distribution services in its service territory comprised of Waihee, Waiehu, Puuohala, Wailuku and Waikapu on the island of Maui. Although WWC does not currently hold a Certificate of Public Convenience and Necessity ("CPCN"), it acknowledges that as a *de facto* public utility, it is subject to the Commission's jurisdiction. WWC's Application is pending before the Commission.

Kukui'ula South Shore Community Services, LLC, BBCP Kukui'ula Development, LLC and Hawaii Water Service Company, Inc. – For Approval of the Sale and Transfer of Assets of Kukui'ula South Shore Community Services, LLC, Financing, and Other Matters.
Docket No. 2022-0257; Status: Open

On December 16, 2022, Kukui'ula South Shore Community Services, LLC ("KSSCS"); BBCP Kukui'ula Development, LLC ("BBCP"); and Hawaii Water Service Company, Inc. ("HWSC") filed an application ("Application") requesting approval of the purchase, sale, and transfer of KSSCS's utility assets and business to HWSC, among other related approvals. KSSCS provides wastewater collection and treatment services to Kukui'ula, a residential subdivision in Kukui'ula, Poipu, Koloa, on the island of Kauai ("Kukui'ula"). BBCP is a Colorado limited liability company that purchased Kukui'ula in November 2021. This Application is pending before the Commission.

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

On September 11, 2021, HOH Utilities, LLC ("HOH") and Hawaii Water Service Company, Inc. ("HWSC") filed an application requesting approval of the sale and transfer of HOH's utility assets to HWSC, expansion of its service territory, and related matters. HOH provides wastewater collection and treatment services to bulk and individual customers in the Poipu and Koloa Town areas on the island of Kauai. On June 30, 2022, the Commission issued Decision and Order No. 38447, which approved the requests set forth in the application, subject to certain conditions of approval. The docket remains open, pending the closing of the proposed transaction and filing of the requested documents and/or information specified in the Decision and Order with the Commission.

Keauhou Community Services, Inc. and Hawaii Water Service Company, Inc - Sale and Transfer of Assets of Keauhou Community Services, Inc., Financing, and Other Matters
Docket No. 2021-0160, Status: Open

On October 11, 2021, Keauhou Community Services, Inc. ("KCSI"), and Hawaii Water Service Company, Inc. ("HWSC") (collectively, "Applicants") filed an application requesting approval of the sale and transfer of KCSI's assets to HWSC, and other matters. KCSI provides wastewater service to the Keauhou area of North Kona on the island of Hawaii. On October 11, 2022, the Commission issued Decision and Order No. 38648, which approved the requests set forth in the application, subject to certain conditions of approval. The Docket remains open, pending the closing of the proposed transaction and filing of the requested documents and/or information specified in the Decision and Order with the Commission.

3) Miscellaneous

Wailuku Water Distribution Company, LLC and Wailuku Water Company, LLC- For a CPCN and Approval of Rules and Regulations Pursuant to HRS 269-7.5; Approval of Rates and Contracts Pursuant to HRS § 269-16; Approval of Waivers Pursuant to HAR § 6-61-92; and Approval of Affiliate Transactions Pursuant to HRS §§ 269-19 and 269-19.5.
Docket No. 2008-0025; Suspended

On February 8, 2008, Wailuku Water Distribution Company, LLC and Wailuku Water Company, LLC ("WWC") filed an application requesting, among other approvals, a CPCN to provide non-potable water service in certain areas of Waihee, Waiehu, Puuohala, Wailuku, and Waikapu on the island of Maui. The Commission has also granted limited participant status to: Maui Department of Water Supply; MMK Maui L.P.; Hui O Na Wai `Eha and Maui Tomorrow Foundation, Inc.; the Office of Hawaiian Affairs; MTP Operating Company, LLC, Maalaea Properties, LLC, and Waikapu Properties, LLC; Hawaiian Commercial & Sugar Company; and 7) Wailuku Country Estates Irrigation Company and Wailuku Country Estates Community Association, Inc.

On January 9, 2009, the Commission suspended this docket, pending determinations on two proceedings before the Commission on Water Resource Management ("CWRM") involving WWC and participants in this docket. Specifically, the Commission suspended this docket until: (1) the CWRM issued a decision in CWRM Case No. CCH-MA 06-01, which would determine instream flow standards for the streams of Na Wai `Eha on the island of Maui ("IFS Proceeding"); and (2) the applicants obtain the necessary water use permits in CWRM Case No. CCH-MA 15-01, which addressed, among other matters, water use permit applications resulting from the designation of Na Wai `Eha as a Surface Water Management Area ("SWMA Proceeding").

On May 18, 2022, WWC filed an amended application in this docket. WWC's Amended Application is currently pending before the Commission.

ATC Makena WWTP Services Corp - Expansion of its Service Area.
Docket No. 2022-0114, Status: Closed

On June 3, 2022, ATC Makena WWTP Services Corp. filed an application requesting Commission approval to: (a) amend its CPCN to expand its service area to provide wastewater collection and treatment services to a new service area; and (b) amend its Rules and Regulations to include the new service area. On July 7, 2023, the Commission approved the application with conditions, and closed the docket on August 3, 2023.

Hawaii-American Water Company - Financing and Security Arrangements
Docket No. 2022-0169; Closed

On August 25, 2022, the Hawaii-American Water Company ("HAWC") filed an application requesting Commission approval to enter into proposed financing amounts of up to $20 million. On April 14, 2023, the Commission issued Decision and Order No. 39144, granting HAWC's request.

D. Telecommunications

The Commission oversees the intrastate cellular, paging, mobile telephone and other services of 225 telecommunications providers, in addition to the services of Hawaiian Telcom, Inc. ("HTI"), the State's only incumbent local exchange carrier and largest carrier of intrastate services.

The following sections summarize telecommunications proceedings in: 1) Certificates of Registration, 2) Interconnection Agreements, 3) Designation as an Eligible Telecommunications Carrier, 4) Telephone Relay Services, 5) Waivers, and 6) Miscellaneous.

1) Certificates of Registration

In FY 2023, the Commission certificated 13 new telecommunications companies. See Table 17

Table 17 – New Telecommunications Companies Certificated in FY 2023

Certificate of Registration	Carrier Type	Docket No.	Date Approved
Clear Mobile, LLC dba Clear Wireless	Wireless	2022-0132	08/04/2022
Hoop Wireless, LLC	Wireless	2022-0143	08/11/22
Whoop Connect Inc.	Wireless	2022-0148	09/22/22
Sarver Corporation	Wireless	2022-0185	09/12/22
Go Technology Management, LLC	Wireless	2022-0182	10/31/22
Bark Technologies, Inc.	Wireless	2022-0192	11/02/22
Locus Telecommunications, LLC	Wireless	2022-0202	12/19/22
Weave Communications, Inc.	Wireline	2022-0198	01/17/23
Wrazzle, Inc.	Wireless	2022-0246	01/17/23
Comlink Total Solutions	Wireline	2022-0169	03/24/23
Red Pocket, Inc.	Wireless	2023-0199	05/03/23
Tube Incorporated dba Reach Mobile	Wireless	2023-0186	06/06/23
AFNET, LLC	Wireless	2023-0232	06/21/23

The Commission resolved ten requests for the voluntary surrender of telecommunication companies' certificates. See Table 18.

Table 18 – Telecommunications Companies Who Surrendered Certificates in FY 2023

Certificate of Authority/Registration	Carrier Type	Docket No.	Date Approved
Sprint Communications Company, L.P.	Wireline Reseller	2022-0023	8/4/2022
X2Comm, Inc., dba DC Communications	Wireline Reseller	2022-0120	8/29/2022
Tachibana Enterprises, LLC	Wireless	2022-0122	11/21/22
Public Communications Services, Inc	Wireline Reseller	2022-0130	pending
Ting Inc.;	Wireless	2022-0133	11/23/22
X2Comm, Inc., dba DC Communications	Wireline	2022-0120	08/29/22
Intellicall Operator Services, Inc.	Wireless	2022-0117	09/16/22
Tachibana Enterprises, LLC	Wireless	2022-0122	11/21/22
Ting, Inc.	Wireless	2022-0133	11/23/22
Alliant Technologies L.L.C.	Wireless	2022-0188	05/05/23

2) Interconnection Agreements

Pursuant to Section 252(e) 1) of the Telecommunications Act of 1996 and HAR § 6-80-54, the Commission may reject a negotiated interconnection agreement if the Commission finds: (A) the agreement, or any portion of the agreement, discriminates against a telecommunications carrier not a party to the agreement; or (B) the implementation of the agreement, or any portion of the agreement, is not consistent with the public interest, convenience, and necessity.

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

3) Designation as an Eligible Telecommunications Carrier

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

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

Summaries of Commission proceeding on ETC designation are described below.

Whether Designated Eligible Telecommunications Carriers Participating in the High-Cost Program Of The Universal Service Fund Should Be Certified
Docket No. 2022-0047, Status: Closed

On March 29, 2022, the Commission initiated an investigation to determine whether state designated ETCs in the State of Hawaii participating in the high-cost support program of the federal USF should be certified by the Commission in 2022, pursuant to 47 Code of Federal Regulations ("C.F.R.") 54.314(a). On September 26, 2022, the Commission issued Decision and Order No. 38628, and certified to the Federal Communications Commission and the Universal Service Administrative Company that Hawaiian Telcom, Inc. is eligible to receive federal high-cost support for the program years cited.

AirVoice Wireless, LLC dba AirTalk Wireless – Designation as an ETC
Docket No. 2022-0048; Closed

On March 28, 2022, AirVoice Wireless, LLC dba Air Talk Wireless ("AirVoice") filed a Petition for Designation as an Eligible Telecommunications Carrier, for the sole purpose of receiving federal Lifeline support in the geographic areas set forth therein ("Petition"). The Commission

[13] https://www.fcc.gov/general/universal-service
[14] https://www.fcc.gov/general/universal-service
[15] See 47 U.S.C.A. § 254(e); See also 47 U.S.C.A. §§ 214(e)(2) and (6).
[16] See Order No. 30932, filed on December 28, 2012, in Docket no. 2011-0052
[17] See 47 C.F.R. § 54.202(b) (2012). See Order No. 30309, Application of Pa Makani LLC for Designation as an Eligible Telecommunications Carrier in the State of Hawaii, Docket No. 2011-0145, filed April 10, 2012 at 25.

issued Decision and Order No. 38664 on October 20, 2022, and approved AirVoice's Petition, subject to certain conditions.

Hawaii Dialogix Telecom, LLC - Designation as an ETC
Docket No. 2021-0069, Status: Closed

On April 30, 2021, Hawaii Dialogix Telecom, LLC filed its application seeking designation as an ETC for the purpose of receiving federal universal service support for low-income customers under Part 54, subpart E of the rules of the Federal Communications Commission, 47 C.F.R. § 54.400 - § 54.423. On November 22, the application requested their application be withdrawn. On December 10, 2021, the Commission issued Order No. 38112, granting Hawaii Dialogix Telecom, LLC's request to withdraw its application.

Telrite Corporation d/b/a Life Wireless – Designation as an ETC (Lifeline)
Docket No. 2022-0210, Status: Closed

On October 17, 2022, Telrite Corporation d/b/a Life Wireless ("Telrite") filed a petition seeking designation as an ETC for the purpose of receiving federal universal service support for low-income customers under Part 54, subpart E of the rules of the Federal Communications Commission, 47 C.F.R. § 54.400 - § 54.423 ("Petition"). The Commission issued Decision and Order No. 39096 on March 22, 2023, and approved Telrite's Petition, subject to certain conditions,.

DISH Wireless L.L.C. – Designation as an ETC (Lifeline)
Docket No. 2023-0190, Status: Closed

On February 28, 2023, DISH Wireless L.L.C. ("DISH") filed a petition seeking designation as an ETC for the purpose of receiving federal universal service support for low-income customers under Part 54, subpart E of the rules of the Federal Communications Commission, 47 C.F.R. § 54.400 - § 54.423 ("Petition"). The Commission issued Decision and Order No. 40309 on October 10, 2023, and approved DISH's Petition, subject to certain conditions.

4) <u>Telecommunications Relay Services</u>

Telecommunication relay services ("TRS") means telephone transmission services that provide an individual who has a hearing or speech disability the ability to engage in communication by wire or radio with a hearing individual in a manner that is functionally equivalent to the ability of an individual who does not have a hearing or speech disability to communicate using wire or radio voice communication services. TRS include services that enable two-way communication using text telephones or other nonvoice terminal devices, speech-to-speech services, video relay services, and non-English relay services.

The Commission, pursuant to HRS § 269-16.6, oversees the TRS fund to provide intrastate TRS for the deaf, persons with hearing disabilities, and persons with speech disabilities. All regulated telecommunications carriers (except payphone providers) contribute to the TRS fund through a surcharge determined by the Commission based on a percent of their gross operating revenues from intrastate telecommunications services. The current contribution rate is 0.23%.

During FY 2023, the TRS fund collected $537,894 in revenues and disbursed $468,197 to T-Mobile USA ("T-Mobile"), formerly Sprint Communications Company, L.P.), the current contract provider for TRS. <u>See</u> Figure 18.

The Federal Communications Commission ("FCC") requires that TRS providers be able to provide different forms of TRS which include services such as Text-to-Voice TTY-based TRS, Voice Carry Over, and Speech-to-Speech Relay Service. The TRS program currently provides all of the required services as well as Captioned Telephone Service ("CapTel" or "CTS") and an enhanced service, Relay Conference Captioning ("RCC"), which is not a required by the FCC.

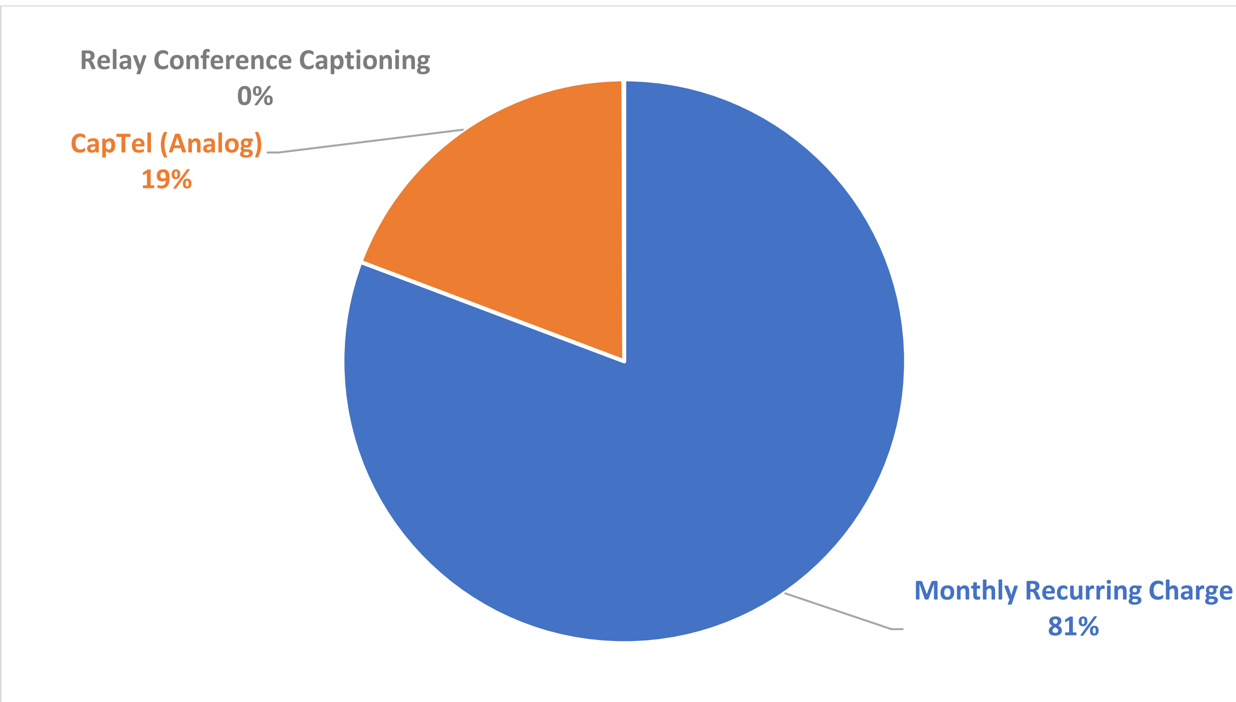
The Commission is billed a Monthly Recurring Charge ("MRC") which covers goods and services such as traditional TRS, the Equipment Distribution Program, and administrative costs. As of January 2022, the MRC is $31,500 per month, under the current contract.

The Commission is also billed a flat monthly rate of $7,500 for CapTel services. Under the current contract, T-Mobile only provides analog CapTel services to customers as they have done since the inception of the TRS program. In January 2022, T-Mobile discussed ongoing issues with analog CapTel service and noted that they were having issues coming to an agreement with their CapTel contractor and therefore would not be providing analog CapTel once their current contracts end on June 30, 2024. T-Mobile notes that they are transitioning to Internet-Protocol Captioned Telephone Services ("IPCTS") as it provides better quality at a lower cost.

In addition to the FCC mandated TRS and CapTel services, the TRS program also provides RCC service to Hawaii residents who are deaf or hard of hearing that enables them to actively participate in multiparty teleconference calls or web conferences. RCC is not required by the FCC and is a relatively new service first offered in 2017. The Commission is billed at a rate of $3.28 per RCC minute.

The contract with the current TRS provider expires on June 30, 2024. The Commission intends to put out an RFP and execute a contract prior to the end date to ensure the continuity of services.

Figure 18 – Telecommunications Relay Services Disbursements for FY 2023



	FY 2023
Disbursements	
Monthly Recurring Charge (MRC)	$378,000
Captioned Telephone (CapTel) - Analog	$90,000
Relay Conference Captioning (RCC)	$197
Total TRS Disbursements	**$468,197**

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

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

5) Waivers

In FY 2023, the Commission waived regulatory requirements relating to internal financing/restructuring for five telecommunications carriers. See Table 19.

Table 19 – Telecommunications Carriers Granted Financing/Restructuring Waivers in FY 2023

Carrier	Carrier Type	Docket No.	Date Approved
Fusion Connect, Inc.	Wireless	2022-0072	08/11/22
American Broadband and Telecommunications Company	Wireless	2022-0151	08/29/22
Lingo Communications, LLC	Wireless	2022-0146	09/16/22
Flash Wireless, LLC	Wireless	2022-0238	02/23/23

6) Miscellaneous

Fitness, Willingness, and Ability of Sandwich Isles Communications, Inc. to Provide Telecommunications Services to Consumers on Hawaiian Home Lands
Docket No. 2022-0037; *Open*

On March 11, 2022, following a default by Sandwich Isles Communications, Inc. ("SIC") on loans from the Rural Utilities Service and an investigation ending in a forfeiture penalty against SIC by the Federal Communications Commission, the Commission opened this docket to determine whether SIC remains fit, willing, and able to provide telecommunications services to customers on lands administered by the Department of Hawaiian Home Lands. Some information requests have been issued and some have been responded to, and this matter is currently pending before the Commission.

E. Water Carriers

HRS Chapter 271G, the Hawaii Water Carrier Act, governs the regulation of water carriers in Hawaii. The Commission regulates two water carriers: 1) Young Brothers, LLC ("YB"), a provider of inter-island cargo service between all major islands; and 2) Hone Heke Corporation, a passenger and cargo carrier providing water transportation services between the islands of Maui and Lanai.

Young Brothers' and Hone Heke Corporation's proceedings are summarized below.

Notice of Intent to File General Rate Increase and Certain Tariff Changes
Docket No. 2019-0066, Status: Closed

On March 29, 2019, Young Brothers, LLC filed a Notice of Intent to file an application for approval of a general rate increase based on a 2019 calendar test year period. However, on June 4, 2019, Young Brothers withdrew its Notice of Intent.

General Rate Increase and Certain Tariff Changes
Docket No. 2019-0117, Status: Open

On September 25, 2019, Young Brothers filed its application seeking an increase of $26,997,928, or 34.27%, over intrastate revenues at present rates, based on a revenue requirement of $78,783,326 for the 2020 test year. Due to exceptional circumstances created by COVID-19, Young Brothers requested emergency temporary rate relief on July 7, 2020. After conducting a hearing, the Commission authorized a temporary rate increase to intrastate revenues by $26,997,928, representing a 46% increase over intrastate freight revenues at present rates, and an increase of YB' approved intrastate freight revenue requirements to $87,743,947.

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

With the aid of an independent observer, the parties to the docket have been refining data collection methodology and reviewing the progress made by Young Brothers. On November 7, 2022, the parties submitted a settlement on most of the outstanding issues. On September 6-7, 2023, the Commission held an evidentiary hearing on the remaining issues. Post-hearing briefing was submitted on October 18, 2023.

New Cost of Service Model
Docket No. 2020-0135, Status: Closed

On September 14, 2020, Young Brothers, LLC filed an application requesting Commission approval of a new cost-of-service model. YB's request was originally made in Docket No. 2019-0117, but due to YB's requested emergency relief request in Docket No. 2019-0117, the Commission did not have sufficient time to review YB's proposed cost-of-service model in that docket. This matter was later consolidated with Docket No. 2019-0117, where the Commission is considering these matters as part of YB's general rate case.

Approval of Long Term Financing
Docket No. 2022-0155; Status: Open

On August 4, 2022, Young Brothers, LLC ("YB") filed an application seeking approval of a proposed $60 unsecured revolving credit facility with a term of five years. On December 27, 2022, the Commission approved YB's request in Decision and Order No. 38789. As a condition to approval, the Commission required YB to seek Commission approval prior to drawing down on this credit facility. The Commission approved YB's first request for a credit draw request on March 28, 2023, in Order No. 39105, and second credit draw request on May 8, 2023, in Order No. 39244. On December 26, 2023, the Commission denied YB's third draw request, noting concerns about the speed with which YB had drawn down on the credit facility, the uncertain timing of when YB planned to expend the funds, and the risk that fully drawing down on the facility may leave YB over-leveraged. This docket remains open to accommodate any future draw requests during the remaining terms of the revolving credit facility.

Current Rates or Practices Related to Livestock Shipping
Docket No. 2021-0027, Status: Open

The Commission suspended Young Brothers Transmittal No. 20-0002 for investigation on February 23, 2021, to gather information related to YB's request for temporary rate relief, and the ongoing discussions between YB and the Livestock Shipping Working Group, which the Commission had been tracking and which it understood had resulted in an agreement on new, proposed livestock shipping-related tariff changes. The Commission is still awaiting YB's filing regarding these livestock shipping-related tariff changes.

Hone Heke - Application for a Temporary Fuel Surcharge and General Rate Increase in Tariff No. 2
Docket No. 2022-0159, Status: Closed

On August 17, 2022, Hone Heke Corporation filed an application to amend Tariff No. 2 to create a temporary fuel surcharge, and to give notice of its future intent to pursue a general rate increase. On September 27, 2022, the Commission issued Order No. 38629, rejecting the application without prejudice and providing guidance to Hone Heke to remedy procedural requirements. On November 11, 2022, the Commission closed the docket after receiving communication from Hone Heke that they would file the application in a new docket once ready.

F. Motor Carriers

The Commission regulates passenger and property motor carriers transporting passengers or property for compensation or hire on public highways.[18] By law, certain transportation services, including taxis, school and city buses, ambulance services, refuse haulers, farming vehicles, and persons transporting their own personal property, are exempt from Commission regulation.[19]

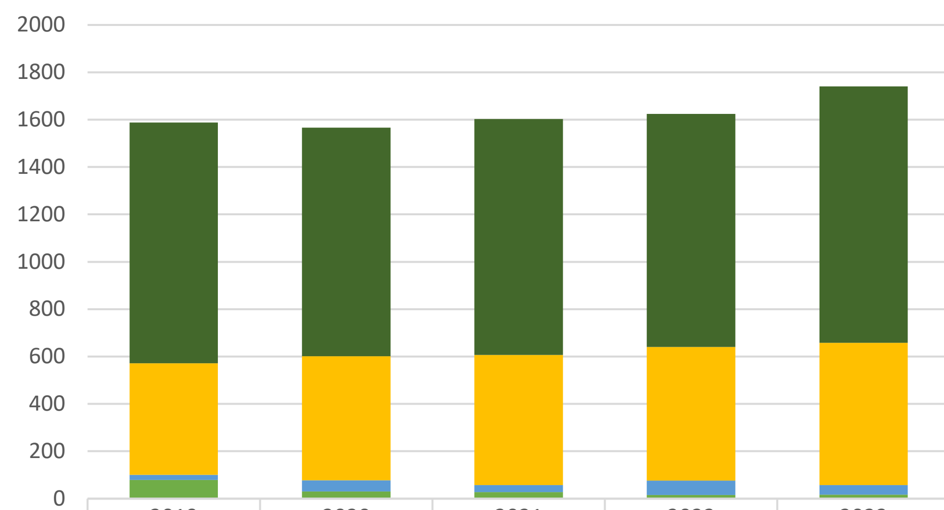
Passenger carriers are classified by authorized vehicle seating capacity. They include tour companies, limousine services, and other transportation providers. Property carriers are classified by the types of commodities transported and the nature of services performed, namely: general commodities, household goods, commodities in dump trucks, and specific commodities.

The following sections summarize: 1) New Motor Carrier Certifications and Licensing, and 2) Ratemaking and Tariffs during FY 2023.

1) New Motor Carrier Certifications and Licensing

In FY 2023, the Commission regulated 1,741 motor carriers, which included 1,123 passenger carriers and 618 property carriers. During FY 2023, 40 new certificates or permits were issued to passenger carriers and 17 property carriers. Figure 19 shows the total number of active motor carriers over the past five fiscal years.

Figure 19 – Active Motor Carriers FY 2019-2023



	2019	2020	2021	2022	2023
Existing Passenger Carriers	1016	965	996	984	1083
Existing Property Carriers	471	523	549	564	601
New Passenger Carriers	22	47	30	60	40
New Property Carriers	79	31	28	16	17

2) Ratemaking and Tariffs

Many of the State's motor carriers are members of either the Western Motor Tariff Bureau, Inc. ("WMTB") or the Hawaii State Certified Common Carriers Association ("HSCCCA"). WMTB and HSCCCA represent their members in ratemaking proceedings. On behalf of their members, they

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

develop and publish motor carrier tariffs. During FY 2023, WMTB filed requests for rate changes for their members. The Commission also reviewed and approved rate requests from 65 independent motor carriers.

Rates that are increased or decreased by a certain percentage within a calendar year are presumed to be just and reasonable pursuant to the Zone of Reasonableness Program ("ZRP"). Motor carriers who request rate increases or decreases that do not fall within percentage are required to show that their rate requests are just and reasonable. In reviewing a request, the Commission requires the carrier to submit financial statements containing the carrier's revenues, expenditures, and operating ratio. During FY 2022, the Commission initiated a docket to investigate whether ZRP should be modified.

PUC Investigation on Whether to Modify the Zone of Reasonableness for Motor Carriers
Docket No. 2022-0063; Status: Open

On April 20, 2022, the Commission opened this docket in response to increases to fuel prices and questions from motor carriers about the treatment of discounts and commissions. Additionally, this docket examines whether the Zone of Reasonableness ("Zone") should be modified to keep the market competitive and efficient during current economic conditions. The Commission received comments, and recommendations from the Western Motor Tariff Bureau, Inc., the Hawaii Transportation Association, Inc., the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy, and individual motor carriers. On June 30, 2022, the Commission issued Order No. 38480 authorizing the temporary modification of the Zone to +/-15% through December 31, 2022 with any fuel surcharges rolled into the Zone. This is an increase of +/- 5% over the previously approved Zone, which was set at +/-10%.

The Commission continues to investigate the treatment of motor carrier discounts and commissions; what should happen to a motor carrier's tariff if it leaves a tariff bureau; and whether the zone of reasonableness in the range of +/- 15% should be extended for an additional year and will hold a hearing in January 2023 to address these issues.

G. One Call Center

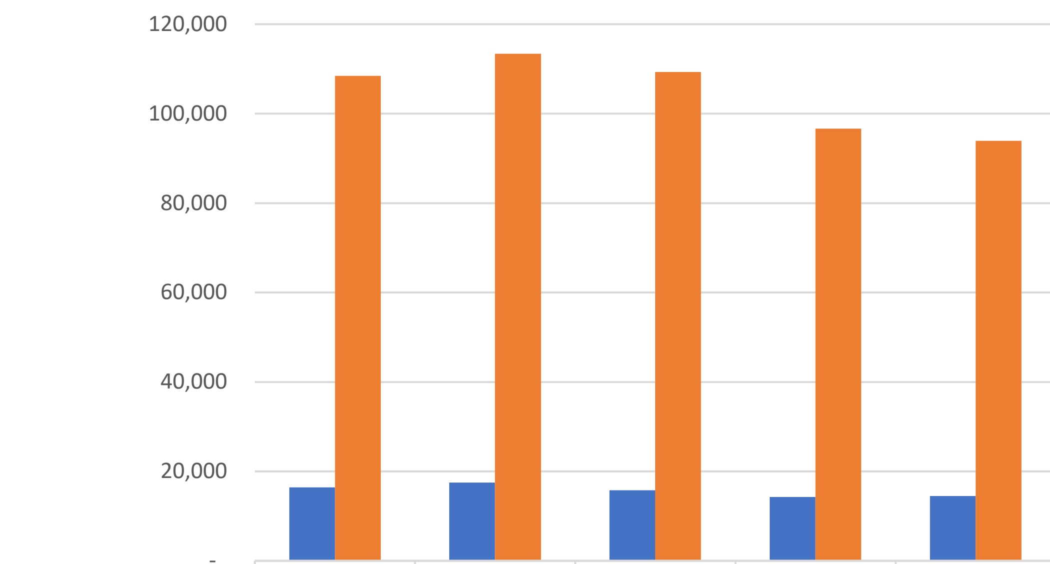
Determination of Appropriate Fees and Assessments to Finance the Administration and Operation of the One Call Center

Docket No. 05-0195; Status: Open

Hawaii's One Call Center was established by State law[20] to coordinate the location of subsurface installations, including underground utilities. Under a contract that runs through June 30, 2023, the Center is operated by One Call Concepts, Inc. In addition, an 18-member Advisory Committee, 11 of whom are appointed by the Commission, advises on the operation of the One Call Center.

The One Call law requires excavators provide notice 5-28 days before planned excavation.[21] Hawaii One Call Center provides a means for excavators to obtain information about the location of underground facilities by calling only one number: 8-1-1. The Hawaii One Call Center receives requests for locating underground facilities from excavators and relays these requests to facility operators eliminating the need for duplicate calls to request the same information from each facility operator. Figure 20 displays the number of requests made and transmitted for FY 2019-2023.

Figure 20 – One Call Center Requests Received and Transmitted, FY 2019-2023



	2019	2020	2021	2022	2023
Requests Received	16,410	17,525	15,784	14,307	14,516
Requests Transmitted	108,466	113,357	109,269	96,629	93,930

During FY 2023, One Call Concepts held two outreach workshops to educate excavators, contractors and the general public about their obligation to call before digging. To reach a larger audience, for the first time, the Commission also conducted four online training sessions for the public at no cost. These workshops improve public safety by preventing the accidental damage of critical underground utility lines.

In November 2022, the Commission resumed in-person workshops and held one session on Kauai, Oahu and Maui, and two sessions on Hawaii with one in Hilo and one in Kona.

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

[21] See HRS 269E-7

The following section summarizes the Commission's docketed order to show cause proceedings enforcing the One Call Law.

Alleged Violator	Alleged Violation	Docket Number	Status
Pacific Isles Equipment Rental, Inc.	HRS 269E-7(a) Failure to provide advanced excavation notice related to a project in Kailua	2021-0203	Settlement reached in a prehearing conference 8/1/2022. The written settlement agreement was filed 9/6/2022 and is pending Commission approval.
Peterson Bros. Construction, Inc.	HRS 269E-7(a) Failure to provide advanced excavation notice related to a project in Honolulu	2021-0204	Settlement reached in a prehearing. The written settlement agreement was filed 9/6/2022 and is pending Commission approval.
	HRS 269E-7(a) Failure to provide advanced excavation notice related to a project in Ewa Beach	2021-0205	Settlement reached in a prehearing conference 7/19/2022 to resolve. The written settlement agreement was filed 9/6/2022 and is pending Commission approval.
Mega Construction, Inc.	HRS 269E-7(a) Failure to provide advanced excavation notice related to a project in Honolulu	2022-0266	The Prehearing Conference was held on 8/8/2023. Settlement was reached on 11/14/2023. The written settlement agreement was filed on 12/5/2023 and is pending Commission approval.
Mega Construction, Inc.	HRS 269E-7(a) Failure to provide advanced excavation notice related to a project in Honolulu	2022-0265	The Prehearing Conference was held on 8/8/2023. Settlement was reached on 11/14/2023. The written settlement agreement was filed on 12/5/2023 and is pending Commission approval.
Nan, Inc.	HRS 269E-7(a) Failure to provide advanced excavation notice related to a project in Honolulu	2022-0264	Settlement agreement was reached on 7/25/2023 at the Prehearing Conference. The terms of the agreement have been satisfied. On 8/29/2023, CACS filed a request to withdraw the Order to Show Cause and is pending Commission approval.

V. Enforcement Activities

The Commission enforces its rules, regulations, standards, and tariffs filed by monitoring the operational practices and financial transactions of regulated utilities and transportation carriers. Enforcement activities involve customer complaint resolution, compliance with financial reporting and other requirements, investigations, and issuance of citations.

Effect of COVID-19 on Commission Enforcement Activities

In FY 2023, enforcement activities returned to conditions near to pre-pandemic levels and included field surveillance and increased numbers of citations issued to motor carriers as well as investigations of One Call violations, informal complaints against regulated entities, and other compliance related reporting.

The Commission continued to utilize its "Report a Motor Carrier Violation" webform, allowing the public to assist in the reporting of alleged motor carrier violations and worked with businesses and other agencies to ensure regulated motor carriers operate within the law. Order to Show Cause ("OSC") hearings resumed in FY 2023 and The Commission continues to work to bring all motor carriers in compliance with financial reporting requirements and revoke certificates for those failing to do so.

Complaints

The Commission's role in protecting the public is carried out in part through its investigation and resolution of complaints. The Commission accepts written complaints against any public utility, water carrier, motor carrier, or other entities subject to the Commission's jurisdiction. There are two kinds of written complaints – formal and informal. The Commission's rules of practice and procedure, Hawaii Administrative Rules Chapter 16-601, provide the requirements for formal and informal written complaints.

The following table summarizes dockets relating to formal complaints during the fiscal year.

Formal Complaints

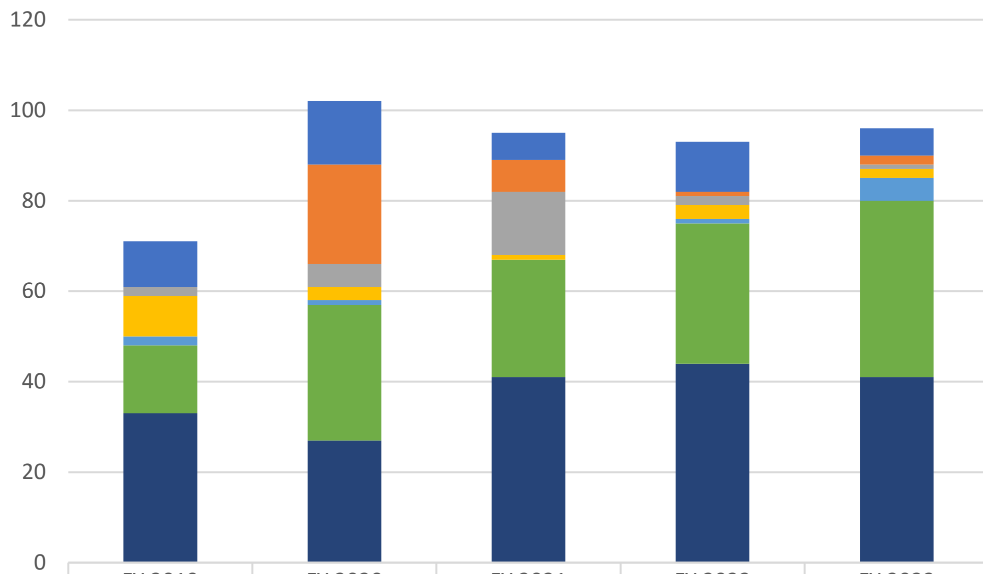
Complaint	Docket No. Status	Summary
Peter Bosted and Ann Bosted, Complainants vs. HECO and HELCO, Respondents	2016-0224 Open	The Complainant primarily asserts that 27 Feed-in-Tariff ("FIT") solar projects slated for construction in the Ocean View subdivision on the island of Hawaii constituted a single project and had circumvented the Commission's Competitive Bidding Framework. The Commission issued Order No. 37898, which partially granted a motion to dismiss filed by the FIT project developers and dismissed five of the 6 causes of action in the complaint. The Commission will conduct a formal hearing to resolve the remaining count.
Life of the Land, Complainant vs. HECO Companies and Hawaii Gas	2018-0406 Open	The Complainant requested the HECO Companies and Hawaii Gas each submit a plan to reduce their system-wide life cycle greenhouse gas emissions by 50% within ten years.

Billy Joe Felder, Complainant vs. Hawaiian Electric Company, Inc., Respondent	2020-0129 Closed	On September 21, 2022, the Commission held a hearing on the complaint. At the hearing the Complainant voluntarily withdrew his complaint. On February 1, 2023, the Commission issued Decision and Order No. 38841, and thereby: adopted the Findings of Fact, Conclusion of Law, and Recommended Decision of the Commission's Hearings Officer which was filed on September 26, 2022; dismissed the Complainant's complaint (i.e., his formal complaint) without prejudice; and closed the docket.
Daniel B. Graner, Complainant vs. Hawaiian Electric Company, Inc.	2021-0168 Closed	The Complainant alleged that, subsequent to HECO's replacement of a transformer in Complainant's service area, a power surge occurred that resulted in damage to electrical wiring within the Complainant's residence. The Commission returned the complaint pursuant to HAR § 16-607-67(f) for failure to substantially comply with HAR § 16-601-67. The Complainant failed to file an amended complaint to comply with HAR § 16-601-67 within 30 days of the Complainant's return; therefore, the complaint was dismissed.
Scot E. Nakamura vs. Hawaiian Telcom, Inc.	2022-0191 Open	The Complainant alleged that Respondent, Hawaiian Telcom, Inc., among other things, repeatedly failed to restore Complainant's telephone service and as such, did not provide safe, adequate, and reliable telecommunications service. According to the Complainant, Respondent violated, among other things, HAR §§ 6-80-67(2), (3), and (4); and 6-80-113(1), (6), and (7). This docket is open and in progress.
Hawaiian Telecom, Inc. vs. Sandwich Isles Communications, Inc.	2022-0218 Open (consolidated from 2022-0139 & 2022-0187)	The Complainant alleges that SIC improperly refused or ignored valid requests to gain access to SIC's conduit infrastructure and valid porting requests. An evidentiary hearing was held on July 12, 2023. This docket is open and in progress.

Written Informal Complaints and Declaration Submissions

As shown in Figure 21, the Commission received a total of 96 written informal complaints in FY 2023 against utility and transportation companies.

Figure 21 – Informal Complaints Received by the Commission, FY 2019-2023



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Motor Carrier	10	14	6	11	6
Water Carrier	0	22	7	1	2
Other	2	5	14	2	1
Water/Sewer	9	3	1	3	2
Gas	2	1	0	1	5
Electricity	15	30	26	31	39
Telecommunication	33	27	41	44	41
Total Complaints	71	102	95	93	96

Civil Citations

The Commission enforces provisions of HRS Chapters 269, 269E, 271 and 271G, as well as applicable rules, orders, and regulations, and may assess civil penalties, subject to providing the alleged violators with notice and opportunity to be heard in accordance with HRS Chapter 91.

For violations of the Motor Carrier Law, HRS Chapter 271, the Commission may impose civil penalties up to $1,000 per offense and penalties of up to $500 per day in the case of a continuing violation. The PUC may also fine repeat offenders up to $5,000 for each fourth and subsequent violation within one calendar year.

For violations of the Water Carrier Law, HRS Chapter 271G or the One Call Law, HRS Chapter 269E, the Commission may impose various civil penalties for up to $5,000 per offense and penalties up to $5,000 day in the case of a continuing violation.

For any other public utility violating HRS Chapter 269, and/or the Commission's applicable rules, order and regulations, the Commission may impose various civil penalties not to exceed $25,000 each day so long as such violation continues.

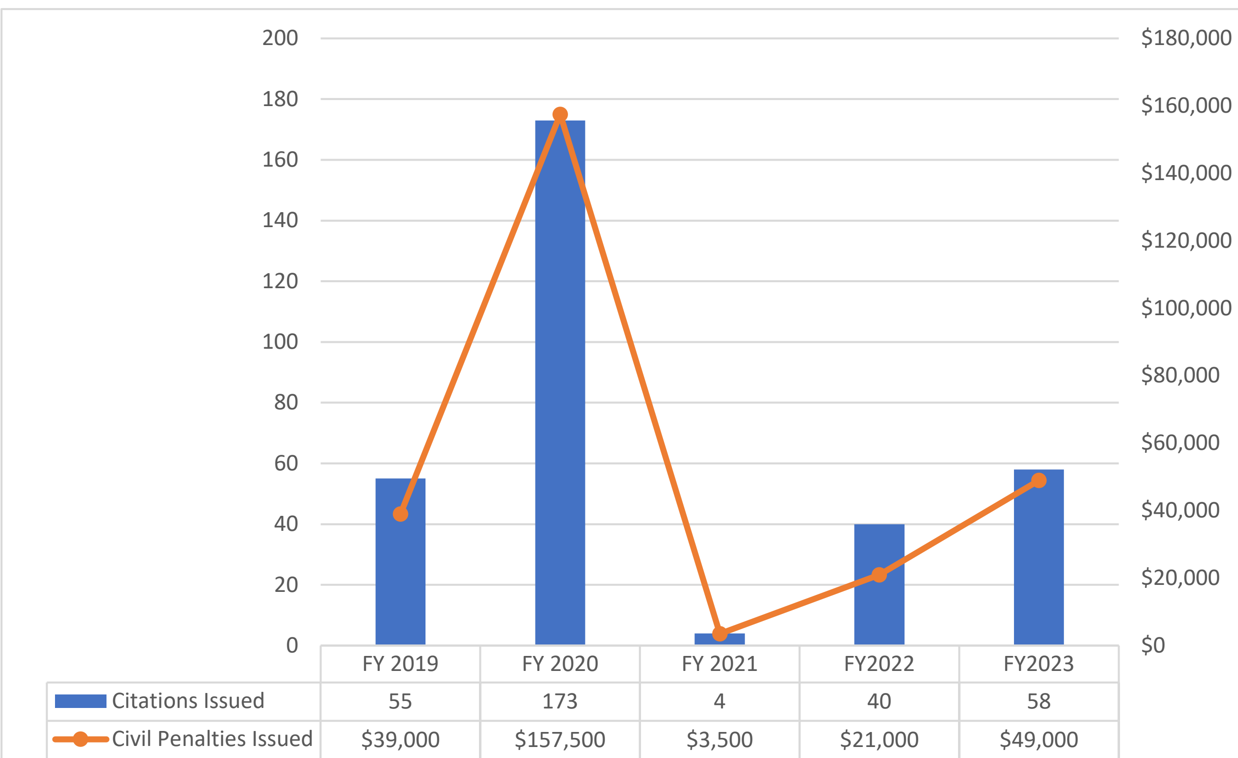
Some of the common types of citations include: operating without a certificate or permit issued by the Commission, failure to publish a tariff, failure to maintain the required liability insurance, improper vehicle marking, and stop-in-transit violations (i.e., shipping intrastate cargo described as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

Table lists by category, the number of citations issued, and the civil penalties issued for FY 2019-2023. Figure 22 shows the total number of citations and civil penalties for FY 2019-2023. A sharp peak in FY 2020 was due to the numerous citations issued to a repeat offender. The sharp decline in FY 2021 was due to COVID-19 effects on the Commission and economy.

Table 20 – Citations and Civil Penalties Issued, FY 2019 - 2023

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Citations					
Motor Carrier	50	169	1	39	54
Stop in Transit	5	4	3	1	4
One Call Center	0	0	0	0	0
Total # of Citations Issued	**55**	**173**	**4**	**40**	**58**
Civil Penalties					
Motor Carrier	$11,500	$152,500	$1,000	$14,000	$36,000
Stop in Transit	$4,000	$5,000	$2,500	$500	$3,000
One Call Center	$23,500	$0	$0	$6,500	$10,000
Total Civil Penalties Issued	**$39,000**	**$157,500**	**$3,500**	**$21,000**	**$49,000**

Figure 22 – Civil Citations and Civil Penalties Issued, FY 2019-2023



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

This section provides an overview of important federal environmental actions that may affect Hawaii's public utilities.

The Inflation Reduction Act

On August 16, 2022, President Biden signed H.R. 5376, the Inflation Reduction Act of 2022 ("IRA"), into law.[22] The IRA has several major implications for the electricity industry that will significantly impact the economics of efficiency, solar, wind, and other renewable energy projects through the extension, modification and creation of various tax incentives. The IRA will also have notable impact on other industries regulated by the Commission such as gas, water utilities, telecommunications, and motor and water carriers.

Tax Incentives for Individuals and Businesses

The IRA modifies and extends through 2024 the production tax credit ("PTC") and the income tax credit ("ITC") for:

1) producing electricity from renewable resources, specifically for wind, biomass, geothermal and solar, landfill gas, trash, qualified hydropower, and marine and hydrokinetic resources;
2) investment in certain energy properties (e.g., solar, fuel cells, waste energy recovery, combined heat and power, small wind property, and microturbine property); and
3) alternative fuels and fuel mixtures, and biodiesel and renewable diesel.

Also, the list of qualifying technologies for the ITC is expanded to include energy storage and microgrid controllers.

To spur domestic production of renewable energy technologies, the IRA allows for bonus credits if products meet certain domestic content standards. Bonus tax credits are also available to projects are developed in "energy communities," which is defined as either a brownfield site, or a location previously used for fossil energy. The IRA also encourages utility scale renewable project development to pay laborers and mechanics prevailing wages for installing systems by providing additional tax credits and issuing fines for violations.

The IRA modifies and extends through 2032 tax credits for:

1) nonbusiness energy property and increases its rate to 30%, with certain limitations; and
2) the energy efficient home credit; and
3) alternate fuel refueling property expenditures.

The requirements for the energy efficient commercial buildings tax deduction are also modified by the IRA.

There are also new tax incentives for the purchase of both used and new electric vehicles for people with incomes less than certain identified thresholds. The IRA also extends financial incentives for alternative fuels such as renewable biodiesel and biofuels and creates new tax credits for clean hydrogen production.

[22] https://www.congress.gov/bill/117th-congress/house-bill/5376/text

Financial Assistance for Electric Co-ops

For rural electric cooperatives, there will be financial assistance from the USDA for projects that improve long-term resiliency, reliability, and affordability of rural electric systems.

Funding for the Native Hawaiian Community

Funding has also been made available to the Office of Native Hawaiian Relations (ONHR), for climate resilience and adaptation activities that serve the Native Hawaiian Community.

Funding for State Energy Offices to Carry Out Energy Efficiency Programs

The IRA provides funding to the Department of Energy (DOE) for a variety of programs concerning energy rebates, energy efficiency in buildings, electric transmissions, advanced industrial facilities, and other energy matters. For example, the IRA provides funding to DOE for a HOMES rebate program that awards grants to state energy offices. Under the program, states must provide rebates to homeowners and aggregators for certain whole-house energy saving retrofits made for low- and moderate-income households. The IRA also provides funding to DOE for grants to states and local governments to adopt and implement building codes for (1) residential buildings that meet or exceed the 2021 International Energy Conservation Code, or (2) commercial buildings that meet or exceed the ANSI/ASHRAE/IES Standard 90.1--2019.

Lease of Federal Land for Offshore Wind Development

The IRA provides for the lease of federal land in the Outer Continental Shelf (OCS) for offshore wind development. Specifically, the Dept of Interior may issue leases, easements, and rights-of-way in the OCS to produce, transport, store, or transmit energy from sources other than oil and gas (e.g., offshore wind energy sources) in land areas previously withdrawn from leasing. The IRA (1) expands the definition of the OCS to include land that is within the U.S. exclusive economic zone and adjacent to any territory of the United States, and (2) allows Interior to conduct wind lease sales that are in such areas if the leases meet specified criteria.

Air Pollution Reduction Initiatives

The IRA provides funding to the Environmental Protection Agency (EPA) to establish a greenhouse gas reduction fund and to support several programs that provide financial incentives to reduce greenhouse gas emissions and other air pollution emissions. For example, the IRA provides incentives to

- replace eligible medium-duty vehicles (e.g., school buses) and heavy-duty vehicles (e.g., garbage trucks) with zero-emission vehicles,
- purchase or install equipment and technology to reduce pollution at ports,
- identify and reduce emissions from diesel engines,
- monitor air pollution and greenhouse gases,
- encourage states to adopt and implement greenhouse gas and zero-emission standards for mobile sources, and
- reduce methane emissions from petroleum and natural gas systems.

Infrastructure Investment and Jobs Act (aka, Bipartisan Infrastructure Bill)

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act into law, which establishes a variety of requirements and incentives to support the advancement of several industries regulated by the PUC, including the energy sector, water utilities, gas utilities, telecommunications, and motor/water carriers.

Initiatives related to energy include, but are not limited to:

- New requirements and incentives to support energy infrastructure and cybersecurity
- The establishment of a demonstration project for second-life applications of electric vehicle batteries as aggregated energy storage installations that provide services to the electric grid
- Initiatives to address the supply chain for lithium-ion batteries that are used in items such as electric cars, including efforts to recycle and reuse batteries
- Programs to address the supply chain for lithium-ion batteries that are used in electric cars, including efforts to recycle and reuse batteries
- Programs to support infrastructure or technology for capturing, utilizing, storing, transporting, or removing carbon dioxide
- Efforts to research, develop, or recycle hydrogen from clean energy sources
- Expansion of DOE data collection requirements and directing the DOE to collect information on the bulk power system, energy consumption, demand for minerals, and other issues.
- New requirements and incentives related to increasing energy efficiency in homes, commercial buildings, manufacturing facilities, public schools, nonprofit buildings, and federal buildings
- The authorization of a variety of projects and programs established under the Energy Act of 2020 concerning energy storage, advanced reactors, mineral security, carbon capture, water power, and renewable energy.
- Requirements for projects that receive funding under the act pay all laborers and mechanics locally prevailing wages.

The PUC's Actions

The PUC has provided letters of support on behalf of Hawaiian Electric, the Hawaii State Energy Office, and the Hawaii Green Infrastructure Authority in connection with their funding applications under the IIJA and IRA programs. For example, on April 3, 2023, the PUC provided a letter of support for Hawaiian Electric's IIJA funding application for a Climate Adaptation Transmission and Distribution Resilience Program, observing alignment towards State and Commission policy objectives and stating that it would make every reasonable effort to complete its review and issue a decision on Hawaiian Electric's application within 90 days of receipt of notification of IIJA funding approval. On August 30, 2023, the Commission received notice from Hawaiian Electric that the U.S. Department of Energy had awarded Hawaiian Electric a grant of $95 million for this project pursuant to the IIJA. In light of the recent IIJA funding notice, the Commission is currently undertaking an expedited review of Hawaiian Electric's application, as discussed above.

Electric Vehicle Charging Station (EVCS) Rebate Program

The 2019 Hawaii State Legislature established an Electric Vehicle Charging Station (EVCS) Rebate Program via Act 142 and authorized the Public Utilities Commission oversight of the program with support from a third-party administrator. This initial legislation allowed for $400,000 in rebates in total for FY2020 ($150,000) and FY2021 ($250,000), respectively. Hawaii Energy, the state's third-party energy efficiency administrator, has served as the Commission's program implementer for the EVCS Rebate Program since the 2019 inception. Associated Hawaii Revised Statutes are HRS § 269-72 and 269-73.

The 2021 Legislature then passed Act 75 which allocated 3 cents of the state's environmental response energy, and food security tax (plus an initial $100,000 appropriation from the energy security special fund) to be deposited into the Commission's EVCS subaccount, pursuant to section 269-33.

The 2022 Legislature then passed Act 202 which appropriated spending authority of up to $500,000 for 2021-2022 rebates, up to $1,000,000 for 2022-2023 and also allowed for expenditures of up to fifteen (15%) of the program for administrative costs (provided no more than 10% of the amounts appropriated be expended on no-marketing and outreach programs or administration of the program). Appropriated funds through FY23 do not lapse until end of FY24.

The 2023 Legislature then provided the Commission $750,000 of authority to spend in FY24 the continuous revenue received through the 3 cents barrel tax collection, via Act 164, Session Laws of Hawaii 2023.

Eligibility requirements for this EVCS rebate program include publicly available stations serving multiple tenants, employees, customers, or fleets. Further considerations include workplace charging, supporting clean transportation in the visitor industry, and accessibility for low-moderate income working residents and families.

Rebate distribution levels are as follows (in order of incentive amount):

CHARGING STATION TYPE	REBATE AMOUNTS
Upgraded Level 2 Station with one port	up to $1,300
Newly-installed Level 2 Station with one port	up to $2,000
Upgraded Level 2 Station with two or more ports	up to $3,000
Newly-installed Level 2 Station with two or more ports	up to $4,500
Upgraded DC Fast Charging Station	up to $28,000
Newly-installed DC Fast Charging Station	up to $35,000

The rebate program has continued to be successful over the four years since inception, with 251 charging stations installed or retrofitted across all four counties as of June 30, 2023. Additional data for the program, as end of FY2023, are highlighted below:

EV Charging Station Rebate Distribution

	Oahu	Maui County	Hawai'i Island	Kaua'i	TOTAL
Level 2	155	60	17	11	243
DC Fast Chargers	7	1	0	0	8
TOTAL	163	61	17	11	251

Fiscal Allocation through June 30, 2023

Funding Years	Appropriation	Rebate Expenditure	Admin Expenditure	Appropriated Funds Remaining*
FY2020 & FY2021	$400,000	$397,697	-0-	$2,303
FY2022 & FY2023	$1,500,000	$757,047	$75,494	$667,459
TOTAL	$1,900,000	$1,154,744	$75,494	$669,762

**note: this data reflects appropriation, not contracted amount; per Act 202 (SLH 2022) FY2023 funds do not lapse until end of FY2024*

More information can be found on Hawaii Energy's webpage: https://hawaiienergy.com/for-business/rebates-for-business/electric-vehicle-charging-stations/

VII. Maui Wildfires

The members and staff of the Hawaii Public Utilities Commission ("Commission" or "PUC") are devastated by the catastrophic wildfires that struck our State, and particularly West Maui, on August 8, 2023. Our hearts go out to all of the victims and their loved ones who have been irreversibly impacted this tragedy. We are focused on supporting safe and efficient restoration of affected areas in the near-term, and in the long-term, we will promote rebuilding in a way that reflects community priorities and state of the art resilient infrastructure. We intend to maintain our focus on supporting our communities as the months and years go by.

When the wildfires hit, we took immediate action to bolster the State's and utilities' emergency response, including: (1) participating in the State's energy sector "Emergency Support Functions" to help solve immediate logistical and resource issues; (2) suspending tariff provisions to allow the transfer of goods and materials via ship between islands; and (3) communicating frequently with the affected utilities we regulate (Hawaiian Electric and many others) to understand their needs and promote the safe restoration and/or continued provision of services during the emergency. The Commission also suspended customer disconnections across all Maui utilities on August 31, 2023 to ensure that customers do not lose access to critical services during this uncertain time.

Beyond emergency actions, our activities in response to the August wildfires center around continuing to push forward major regulatory objectives for Hawaiian Electric, which have been vetted through a robust stakeholder process. The guiding principles that govern the Commission's regulation of Hawaiian Electric include: 1) A Customer-centric Approach; 2) Administrative Efficiency; and 3) Utility Financial Integrity. Those principles have informed the Commission's major priorities beyond addressing immediate needs in responding to the wildfires, which include:

A. **Preventing future catastrophic events.**

The devastation of the August wildfires should never happen again. In thinking about this priority, the Commission aims to ensure to the greatest extent possible that electric utility operations, infrastructure, and equipment in Hawaii are safe, reliable, and resilient to natural disasters such as wildfires, hurricanes, and flooding. We are working with the utilities to take immediate actions to meet this objective, such as by identifying and implementing any necessary changes to operational protocols on Red Flag Warning days, and reviewing the utilities' approach to determining whether powerlines should be built above or below ground. Preventing future events will also require thoughtful research, thorough investigations, strategic planning, and engagement with key stakeholders. For example, as we gain a better understanding of why the fires ignited, we will evaluate whether changes to utility operations, infrastructure, or equipment could have prevented such ignition.

B. **Ensuring reliable, safe, clean, and affordable energy services.**

Hawaiian Electric, with oversight from the Commission, has a basic obligation to ensure that Hawaii's residents have access to safe and reliable electric service. When the Commission established guiding regulatory principles for Hawaiian Electric, it stated that, "the financial integrity of the utility is essential to its basic obligation to provide safe and reliable electric service for its customers."[23] In other words, there is a direct relationship between the utility's financial integrity and its ability to provide the ongoing maintenance and upgrades that are critical to a safe and resilient electrical grid. A financially stable utility also supports lower rates for customers by allowing the utility to attract low-cost capital. Following the catastrophic fires, we have encouraged all utilities in the State to seek funds that can support recovery without placing

[23] See: Docket No. 2018-0088, Decision and Order No. 36326, filed May 23, 2019.

additional strain on customers. We are also carefully monitoring the evolving landscape and considering what measures are necessary to keep the lights on for Hawaii customers affordably and safely.

C. **Protecting ratepayers by utilizing investigative findings to guide potential restorative actions.**

In addition to an unimaginable human and emotional toll, customers are already bearing an immense financial impact from these events. We are committed to utilizing the Commission's tools to minimize such impacts. Consistent with our regulatory principle of administrative efficiency, the most appropriate and effective action in furtherance of this objective is to dedicate Commission staff to engage in and support external investigations of the events surrounding the August wildfires. Commission staff with expertise on grid engineering, planning, and system operations are providing ongoing assistance to the lead investigators. This allows the agencies and entities with the most expertise in investigating the root cause of this event to take the lead without duplication of efforts. As the situation evolves, the Commission will continue to assess the best approach to meeting this objective and will adjust its approach, if necessary, as it gains more information.

The Commission has consistently emphasized the importance of the electric system's resilience and has proactively developed and used the tools at its disposal to ensure performance. We will continue to do so, and are committed to ensuring that the state's utilities operate safely and effectively as we all look to support recovery from the summer's devastating events.

VIII. Special Fund Update for Fiscal Year 2023

Act 226, Session Laws of Hawaii 1994, established the PUC Special Fund to be administered by the Commission and to be used by the Commission and the Consumer Advocate for all expenses incurred in the administration of HRS Chapters 269, 269E, 271, and 271G. At the beginning of each fiscal year, the Special Fund starts with a $1 million balance carried over from the prior fiscal year. Pursuant to HRS § 26933(d), moneys in excess of $1 million remaining in the Special Fund at the end of each fiscal year are required to lapse to the General Fund.

All fees and other revenues collected by the Commission are deposited into the PUC Special Fund. Public utilities are required to pay an annual fee of one-half of one percent (0.50%) of the gross income of each respective public utility's previous year's business, paid in two installments, in July and December. Motor carriers pay fees of one-fourth of one percent (0.25%) of their gross revenues of the previous year's business paid annually. Other Special Fund revenues include filing fees, duplication fees, interest and penalties, and One Call Center fees.

This update on the Special Fund is provided to the Legislature as required by HRS § 26933(c), as amended by Act 24, Session Laws of Hawaii 2013.

Revenue

Total FY 2023 Special Fund revenue of $18.1 million reflects a 10.1% increase compared to FY 2022 revenues. The Commission collected almost $16 million in public utility fees for FY 2023, 7.1% more than public utility fees for FY 2022. The revenue derived from each source of income for FY 2023 are shown in Figure 23 and Table 21.

Figure 23 – Public Utilities Commission Special Fund FY 2023

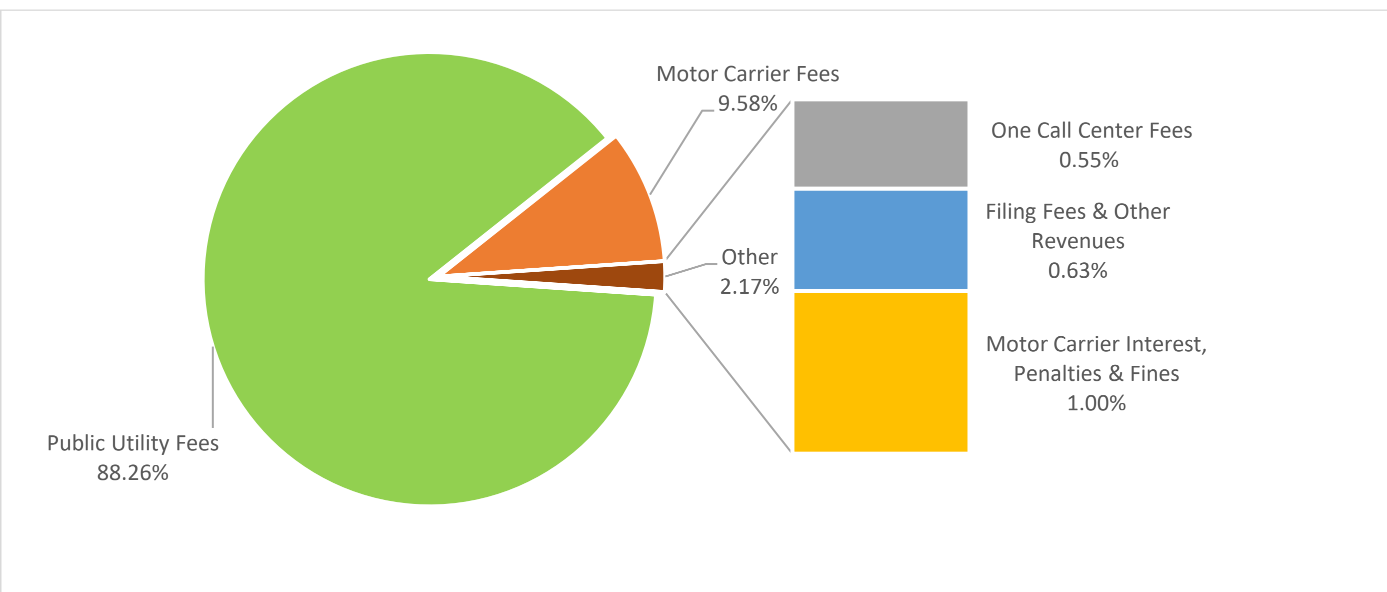


Table 21 – Public Utilities Commission Special Fund Revenue, FY 2022 and 2023

Description of Revenues	FY 2022	FY 2023
Public Utility Fees	$14,922,426	$15,978,624
Motor Carrier Fees	$1,387,922	$1,734,002
Hawaii One Call Center Fees	$93,816	$98,849
Excavator or Operator Citations	$0	$0
Filing Fees and Other Revenues	$26,752	$113,349
Hawaii Motor Carrier Interest, Penalties, and Fines	$9,499	$180,233
Transfers from Other State Departments	$0	$0
Total Revenues	**$16,440,414**	**$18,105,057**

Expenditures and Transfers

In FY 2023, the Commission expended, encumbered or transferred $18 million out of its special fund. The Commission's direct expenditures in FY 2023, including encumbrances and contract claims, totaled $14.3 million and accounted for 57.6% of total expenditures and transfers from the Commission's Special Fund.

During the fiscal year, the remaining 42.4% of expenditures consisted of transfers to other State agencies or the General Fund, including 25.5% transferred to the Consumer Advocate pursuant to HRS § 269-33, 5.0% transferred to the Department of Accounting and General Services for Central Services pursuant to HRS § 36-27, and 2.5% transferred to Department of Commerce and Consumer Affairs for Administrative Support Services pursuant to HRS § 36-30.

Pursuant to HRS § 269-33(d), moneys in excess of $1 million remaining in the fund at the end of each fiscal year are transferred to the General Fund. In FY 2023, this amount was $1,696,389 and accounted for 9.4% of total Commission expenditures and transfers.

The breakdown of total FY 2023 the PUC Special Fund Expenditures and Transfers are detailed in Figure 24 and Table 22.

Figure 24 – Public Utilities Commission Special Fund Expenditures and Transfers FY 2023

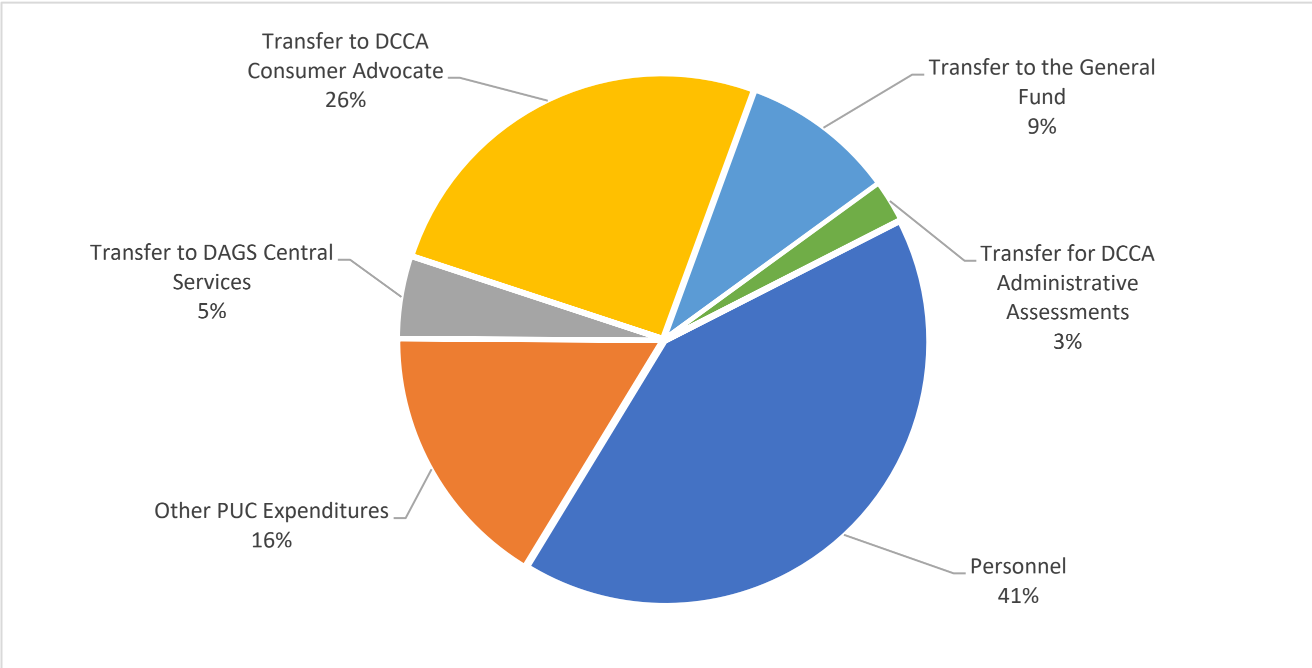


Table 22 –Public Utilities Commission Special Fund Expenditures and Transfers FY 2022 and 2023

	FY 2022	FY 2023
Expenditures		
Personnel	$7,069,904	$7,433,977
Encumbrances, Contracts, Claims & Other PUC Expenditures	$1,975,615	$2,956,430
PUC Expenditures Subtotal	**$9,045,519**	**$10,390,407**
Transfers		
Transfer to DAGS Central Services	$816,862	$894,402
Transfer to DCCA Consumer Advocate	$2,302,156	$4,604,311
Transfer to the General Fund	$3,824,707	$1,696,389
Transfer to DCCA for Administrative Assessments	$452,508	$452,508
PUC Transfers Subtotal	**$7,396,234**	**$7,647,610**
Total Expenditures and Transfers	**$16,441,752**	**$18,038,017**

Glossary of Terms

Acronym/Short Form	Full Form
AFR	Annual Financial Report
BESS	Battery Energy Storage System
CBRE	Community Based Renewable Energy
D&O	Decision and Order
DCA	Division of Consumer Advocacy
DCCA	Department of Commerce and Consumer
DER	Distributed Energy Resources
DMS	Document Management System
DR	Demand Response
ECRC	Energy Cost Recovery Clause
EEPS	Energy Efficiency Portfolio Standard
EPRM	Exceptional Project Recovery Mechanism
ETC	Eligible Telecommunication Carrier
FCC	Federal Communications Commission
FY	Fiscal Year
G.O.	General Order
GPSA	Grid Service Purchase Agreement
HECO	Hawaiian Electric Company, Inc.
HECO Companies	The Hawaiian Electric Companies, comprised of HECO, HELCO and MECO. Also collectively known as "Hawaiian Electric" or "the Companies"
HELCO	Hawaii Electric Light Company, Inc.
HGIA	Hawaii Green Infrastructure Authority
HRS	Hawaii Revised Statutes
IEEE 1366	IEEE Guide for Electric Power Distribution Reliability Indices
IGP	Integrated Grid Planning
IRP	Integrated Resource Plan
KIUC	Kauai Island Utility Cooperative
kV	Kilovolt
LIHEAP	Low-Income Home Energy Assistance Program
MECO	Maui Electric Company, Limited
PBF	Public Benefits Fee
PBR	Performance-Based Regulation
PPA	Power Purchase Agreement
PUC	Public Utilities Commission
REIP	Renewable Energy Infrastructure Program surcharge
RFP	Request for Proposal
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
USF	Universal Service Fund
YB	Young Brothers
ZRP	Zone of Reasonableness Program (Motor Carriers)