



NEWS RELEASE

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PUC approves first Hawaiian Electric rate increase in 6 years *Interim amount less than company negotiated with Consumer Advocate*

HONOLULU, Dec. 18, 2017 – The Hawai'i Public Utilities Commission (PUC) has issued an interim decision approving Hawaiian Electric Company's first base-rate increase in more than six years.

The approved interim rate will increase the typical O'ahu monthly residential bill for 500 kilowatt hours by about \$2.82. The approximate 2.5 percent increase will help pay for initiatives that increase reliability and resilience, improve customer service and help integrate more renewable energy.

The effective date of the new rate will be determined by the commission. An interim decision is one step in the ratemaking process. The PUC will continue to review the request and will later issue a final decision on the rates.

The approved interim rate reflects a significant reduction in what was requested by the company and that was agreed to in a settlement last month with the state Division of Consumer Advocacy. Contrary to the settlement, the PUC disallowed the recovery of a portion of pension expenses that the company had paid and was seeking to be recovered through previously approved mechanisms.

"After going six years without a base rate increase, while investing in work to move Hawai'i to reach 100 percent renewable energy in full support of our state's recently adopted policy, we're extremely disappointed with this outcome," said Alan Oshima, president and CEO of Hawaiian Electric. "It's especially disappointing because we worked for months to achieve what we believed was a fair negotiated settlement with the Consumer Advocate that was in the best interest of customers."

The main point of disagreement that led to the reduced interim rate amount was the commission's treatment of Hawaiian Electric's 2014 rate review filing. The company filed more than 1,600 pages of information at the time but did not seek to raise electric rates. It asked the commission to notify the company if it needed more information or had questions about the filing. The commission did not comment on the 2014 filing until late 2016, after more than two and a half years had passed.

In its latest decision, the commission said it was interpreting the company's decision to forgo a rate increase in 2014 to mean that the company gave up its chance to fully recover pension expenses from 2015 through 2017. The company was clear in its 2014 filing that it intended to seek recovery of the full pension expense at a later time.

Hawaiian Electric employees' pensions have been funded and are not affected by the decision. The company expects to file a motion for reconsideration with the PUC this week.

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