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January 24, 2025

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

The Honorable Nadine K. Nakamura
Speaker and Members of
the House of Representatives
Thirty-Third Hawaii State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

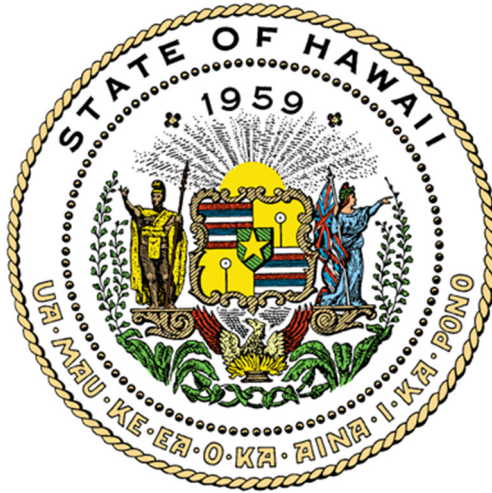
For your information and consideration, I am transmitting a copy of the **Public Utilities Commission Annual Report for Fiscal Year 2024 as required by section 269-5 and section 269-33(c), Hawaii Revised Statutes (HRS)**.

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

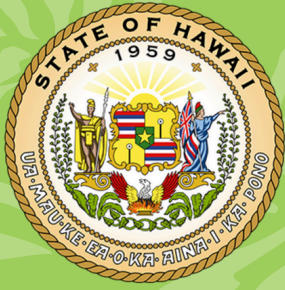
ANNUAL REPORT

FOR

FISCAL YEAR 2024

(July 1, 2023 – June 30, 2024)

JANUARY 2025



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

ANNUAL REPORT

FOR FISCAL YEAR 2024
(July 1, 2023 – June 30, 2024)

20
24

Message from the Chair

...we continue to heal and recover from the tragedy and devastation caused by the August 8, 2023 Maui Wildfires, the Commission, the regulated public utilities, and stakeholders remain steadfast...



As we continue to heal and recover from the tragedy and devastation caused by the August 8, 2023 Maui Wildfires, the Commission, the regulated public utilities, and stakeholders remain steadfast while navigating through these very challenging times. The Commission is encouraged that the regulated utilities have been proactive in taking the necessary steps in strengthening critical infrastructure, mitigating risks, and protecting customers from the growing threat of hurricanes, floods, wildfires, and other natural hazards. However, this is just the beginning of a long journey moving forward.

During Fiscal Year 2024, the Commission was able to make important decisions on policies to help the State move closer to achieving its goal of 100% renewable portfolio standard by 2045. This remains as one of the top priorities for the Commission as related programs such as the State's energy efficiency portfolio standard is gaining momentum and trending in a positive direction.

The Commission also finalized its new comprehensive Strategic Plan for 2024-2027 that is driven by its new vision, mission, goals, and core values of transparency, leadership, collaboration, and service. Importantly, the Strategic Plan prioritizes a holistic approach in fostering public engagement and participation as a critical component for the Commission's decision-making process.

These are just a few examples of the Commission's continued success that are outlined in this year's annual report. I am enthusiastic and inspired by the achievements that the Commission, its staff, and all stakeholders have completed in Fiscal Year 2024 and look forward to the many opportunities we will face in the near future.

Sincerely,

A handwritten signature in black ink, appearing to read "Leodoloff R. Asuncion, Jr.", written in a cursive style.

Leodoloff R. Asuncion, Jr.
Chair
Public Utilities Commission

Executive Summary

Administrative

The Commission's administrative focus in Fiscal Year 2024 ("FY 2024") was to finalize its Strategic Plan for years 2024-2027. The Commission in its 2024-2027 Strategic Plan renews its vision and mission, while building on its core values of: transparency, leadership, collaboration, and service; and strengthening public engagement.

Special Fund

The Commission is special funded largely from fees collected from regulated entities. In FY 2024, the Commission collected \$22.4 million in revenue, expended and transferred to other state agencies \$15.1 million, and transferred \$5.4 million to the general fund. See page 43 for more details.

Enforcement

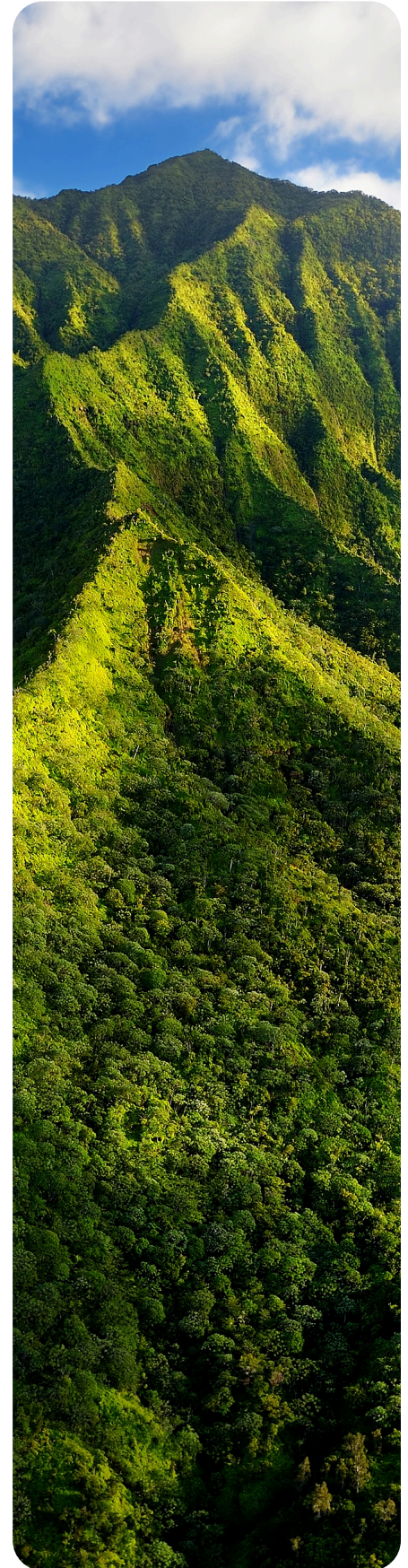
In FY 2024, there was an increase in citations issued to motor carriers, as well as investigations of One Call violations, informal complaints against regulated entities, and other compliance related reporting. There was also an increase in issued civil penalties. See page 36 for more details.

Docket Proceedings

In FY 2024, 349 new dockets were opened with 241 dockets carried over from previous years. A total of 590 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 6,784 docketed documents were filed. The Commission issued 588 decisions and orders. See page 5 for more details.

Progress Toward a 100% Renewable Future

In FY 2024, the Commission made progress in investigating and pursuing policies that accelerate Hawaii's progress towards a 100% renewable future while urging regulated utilities to prioritize reliability and resilience. Due to the tragic events of the Maui Wildfires and increase in climate impacts on the State, the Commission has required utilities to begin implementing their required natural hazard mitigation plans.



PUC BY THE NUMBERS

Fiscal Year 2024

ABOUT THE COMMISSION



3
Commissioners



67
Employees



22.4M
Revenue



20.5M
Expenditures
& Transfers

REGULATED UTILITIES



1
Gas



2
Water
Carriers



4
Electric



36
Water &
Wastewater



206
Wireline &
Wireless



1614
Motor
Carriers

CONTRACTED PROGRAMS



Relay Hawaii



Hawaii Energy



One Call Center

FILINGS



349
New Dockets
Opened



6,784
Documents Filed



588
Decisions Issued

Performance-Based Regulation (PBR)



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.

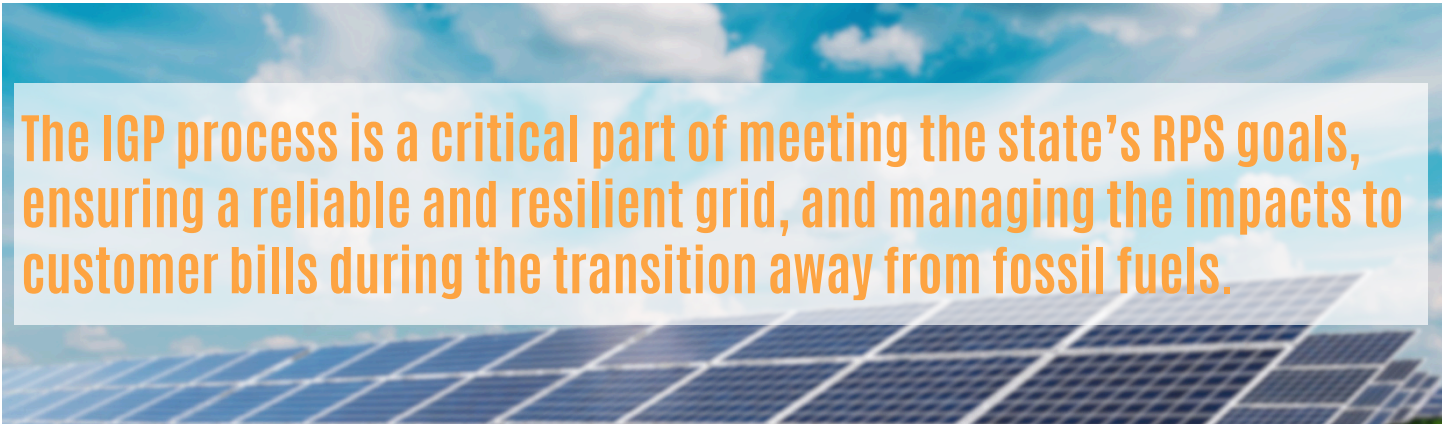
In FY 2024, the Commission focused on addressing a number of Performance Incentive Mechanisms (“PIMs”) scheduled for review during this period, as well as taking steps to address potential impacts from the devastating wildfires on Maui in August. Specifically, following the Maui wildfires, the Commission temporarily suspended the Earnings Sharing Mechanism (“ESM”) to ensure that impacts to Hawaiian Electric’s finances would not inadvertently trigger this mechanism. The ESM remains suspended pending further information regarding Hawaiian Electric’s response to the wildfires and related cost recovery efforts. The Commission also granted Hawaiian Electric’s request to temporarily suspend the Transmission and Distribution PIM and the heat rate provisions of the Energy Cost Recovery Clause relating to performance on Maui to mitigate impacts from the wildfires on these mechanisms.

Separately, the Commission addressed three PIMs that were scheduled for review in 2023. The Commission reviewed the Interconnection Approval PIM and determined that it would continue for another year, but clarified that it would be reviewed again towards the end of 2024.

Conversely, the Commission allowed the Interim Grid Services PIM to sunset at the end of 2023, as planned, but clarified that it remained open to considering a long-term DER Utilization PIM as part of its comprehensive review of the PBR Framework (discussed below). The Commission allowed the Advanced Metering Infrastructure PIM to sunset as scheduled at the end of 2023, but clarified that parties could propose a modified version in the future. The Commission also reviewed a proposal to modify certain PIMs and approved modifications to the Interconnection Requirement Study PIM, expanding its application to non-Renewable Dispatchable Generation projects, and the Call Center PIM, adopting a consolidated service target for all islands but setting a modified target of 85.6% for calls answered within 30 seconds.

Finally, towards the end of FY 2024, the Commission began preparations for its comprehensive review of the PBR Framework, that will take place over several phases throughout 2024 and 2025. The Commission may consider potential modifications to the Framework to be addressed in 2026, ahead of the second multi-year period, which will begin in 2027.

Integrated Grid Planning (IGP)



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 during the transition away from fossil fuels.

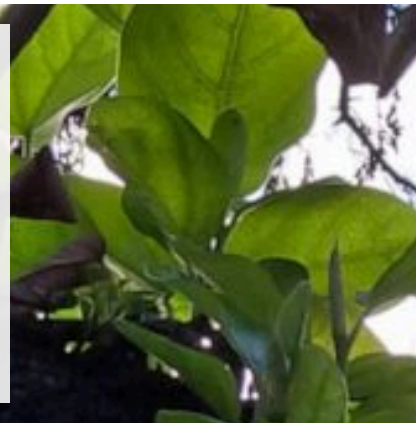
In FY 2024, the Commission continued its oversight of Hawaiian Electric's Integrated Grid Planning ("IGP") process, a comprehensive, long-term planning effort that includes forecasting future loads, grid needs, and the associated costs. The IGP process is a critical part of meeting the state's Renewable Portfolio Standard ("RPS") goals, ensuring a reliable and resilient grid, and managing the impacts to customer bills during the transition away from fossil fuels. The IGP integrates previously siloed planning efforts to efficiently find economic solutions for customer electricity needs, while engaging stakeholders throughout the planning process.

The first round of the IGP concluded in March 2024 with the issuance of Decision & Order No. 40651. The order accepted Hawaiian Electric's Final IGP Report, outlined the IGP Report's strengths and weaknesses, and encouraged three-year planning cycles. Hawaiian Electric is to submit the next IGP draft by the end of 2026 and file annual updates on the Action Plan from the first round. In September 2024, the Commission issued Order No. 41022, providing guidance on ten specific issues for future IGP iterations.

In August 2024, the Commission opened Docket No. 2024-0258 to oversee matters related to Hawaiian Electric's competitive bidding process for new grid-scale resources, non-wires alternatives, and grid services on Oahu and Hawaii Island. The Commission will appoint an Independent Observer to monitor and report on the competitive bidding process and appoint an Independent Engineer to oversee interconnection requirements.

Wildfire/Resilience

Like the Lahaina Banyan Tree, sprouting new leaves from the ashes, our commitment to rebuilding resilient infrastructure and protecting our communities stands firm, rooted in strength and guided by shared purpose.



Responses to Wildfires

The Commission is devastated by the catastrophic wildfires that struck West Maui, on August 8, 2023. The Commission is focused on supporting safe and efficient restoration of affected areas in the near-term. In the long-term, the Commission will promote rebuilding in a way that reflects community priorities and improves infrastructure resilience.

The Commission's activities in response to the August wildfires center around continuing to push forward major regulatory objectives for Hawaiian Electric. 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. To achieve this goal, 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 regulated utilities to prioritize actions to meet this objective, such as identifying and implementing 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. Currently, the Commission is evaluating whether additional changes to utility operations, infrastructure, or equipment are necessary to prevent future occurrences.



Utility Natural Hazard Mitigation Reports and Electric Utility Wildfire Mitigation Plans

On November 21, 2023, the Commission issued Order No. 40396 directing all Commission-regulated electric, gas, telecom, and water and/or wastewater utilities to file a report detailing their emergency preparedness and natural hazard mitigation plans as they relate to their provision of utility service, capital expenditures, operations, and/or finances. Order No. 40669, filed on March 19, 2024, clarified the inclusion of water carriers and extended the deadline for all public utilities to file their mitigation reports to August 21, 2024. See Case No. 2023-04661 (Open).

PUC Investigation of Hawaiian Electric's Role in the 2023 Maui Wildfires

On January 23, 2024, the PUC opened Case No. 2024-01872, a non-docketed compliance investigation initiated by the PUC regarding Hawaiian Electric's ("HECO") role in the Lahaina and Upcountry Maui Wildfires (8/8/23), the Mililani Mauka Fire (10/30/2023) and the Waianae Fire (11/14/2023) focused on the utility's operations and equipment. Thus far the compliance investigation has focused on information gathering issuing over 190 Information Requests ("IRs") to HECO, and evaluating their responses thereto. See Case No. 2024-01872 (Open).

Hawaiian Electric Application for Approval to Commit Funds in Excess of \$2.5M for Climate Adaptation Transmission and Distribution Resilience Program

On January 31, 2024, the Commission issued Decision and Order No. 40566, which, among other things, granted Hawaiian Electric's request to: (1) commit \$189,727,000 worth of funds to the Climate Adaptation Transmission and Distribution Resilience Program over a period of 5 years,


which includes funds provided through a federal grant under the Infrastructure Investment and Jobs Act ("IIJA") (2) recover Project costs subject to a cap of \$95 million; and (3) establish an inflation adjustment mechanism, subject to certain stated conditions. Hawaiian Electric stated that this Project is intended to improve resiliency of the electric grid in the face of increasingly severe climate change-related events.

On August 7, 2024, the U.S. Department of Energy ("DOE") officially notified and awarded the IIJA grant to the Hawaiian Electric Companies. The final, executed agreement between Hawaiian Electric and DOE includes information about program objectives, budget, terms and conditions, and other DOE contractual obligations. See Docket No. 2022-0135 (Closed).

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

Hawaiian Electric, with oversight from the Commission, has an 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."¹ 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 Maui wildfires fire, the Commission has encouraged all utilities in the State to seek funds that can support



recovery without placing additional strain on customers. The Commission is also carefully monitoring the evolving landscape and considering what measures are necessary to keep the lights on for Hawaii customers affordably and safely.

Utility Service Disconnection Moratorium

On August 31, 2023, the PUC issued Order No. 40218, “Directing Maui Utilities to Suspend Termination or Disconnection of Regulated Utility Services due to Non-Payment and/or Assessment of Other Charges through October 17, 2023, and Directing affected Maui Utilities to Pursue all Available Aid” in Case No. 2023-04643. In addition to directing all PUC-regulated electric, gas, telecommunications, water, and wastewater public utilities located on Maui or providing utility service on Maui to suspend disconnections and file informational reports through October 17, 2023, Order No. 40218 also directed the Maui Utilities to pursue all available aid beyond the October 17, 2023 time frame. On October 13, 2023, the PUC issued Order No. 40313, “Continuing Suspension of Termination or Disconnection of Maui Utilities’ Regulated Utility Services Due to Customer Non-Payment and/or Assessment of Certain Other Charges”, extending the original Order No. 40218’s suspension of disconnections and reporting requirements from October 17, 2023 to the duration of the Governor’s emergency proclamations relating to wildfires. On March 5, 2024, HECO filed a “Notice of Intent to File Applications for Approvals to Transfer Property Pursuant to Paragraph 13 of the Conditions for the Merger and Corporate Restructuring of HECO Company, Inc. and HRS § 269-19 by HECO Company, Inc.”


Maui Electric Company (“MECO”) also files monthly wildfire-related litigation reports in this non-docketed case. See Case No. 2023-04643 (Open).

Hawaiian Electric – Directing HECO to Provide Status Updates in All Open and Suspended Dockets

On October 17, 2023, the PUC issued Order No. 40317 directing HECO to update the PUC on any effects arising out of the Maui Wildfires on each application, matter, or project pending before the PUC, including any updates related to HECO’s current priorities and financial circumstances. The PUC sought this information, filed in each individual HECO docket, to ensure Parties to each docket would receive information relevant to that proceeding. On March 18, 2024, the PUC issued Order No. 40666 directing HECO to concurrently file quarterly status updates in the non-docketed Case regarding any changes to the priority, timing, and ability to commit funds for all open, suspended, and closed dockets where the projects have been approved but are not yet operational, that are directly or indirectly affected by the Wildfires or HECO’s financial circumstances. See Case No. 2024-01930 (Open).

Hawaiian Electric - Emergency Expedited Action to Transfer Certain Utility Property Related to Maui Wildfire Response Efforts

On August 11, 2023, the PUC issued Interim Order No. 40167 authorizing HECO to transfer certain property from its operating companies on Oahu and Hawaii Island to its operating company on Maui Island to support on-going efforts to restore utility service following the Maui Wildfires. See Docket No. 2023-0343 (Open).



Hawaiian Electric - Application for Approval to Defer Maui Windstorm and Wildfires Response and Restoration Costs

On August 21, 2023, HECO filed an application (subsequently amended on October 13, 2023) to defer costs related to the Companies' response and restoration efforts and other expenses arising from the Maui Wildfires. On December 27, 2023, the PUC issued Decision and Order No. 40467 granting, subject to conditions, HECO's request to defer certain costs related to its response and relief efforts associated with the August 2023 wildfires on Maui. The PUC clarifies that any future requests for cost recovery will be addressed separately in response to future application(s) submitted by HECO. See Docket No. 2023-0349 (Closed).

Hone Heke – Application for a General Rate Increase


On September 16, 2024, the PUC, issued an order allowing Hone Heke's Restated Tariff No. 2 to go into immediate effect without further investigation, noting the serious business losses that Hone Heke had sustained due to the 2023 Maui wildfires, and noting that Hone Heke's operations will remain in flux as Maui recovers from this disaster. The Commission further noted Hone Heke's provision of critical transportation service between Lanai and Maui during this difficult time. The Commission stated that once Hone Heke's operations stabilize, the Commission plans to initiate an investigation into the reasonableness of Hone Heke's rates, currently anticipated to occur upon either the expiration of the state of emergency related to the Maui wildfires declared by the Governor, or by the end of March 2028, whichever is first. See Docket No. 2023-0204 (Closed).

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

The Commission continues to review the reports that have recently been issued addressing the Maui wildfires, including the Attorney General's Lahaina Fire Comprehensive Phase One Report and the Phase Two Incident Analysis Report, as well as Maui Fire Department's Origin and Cause Report. The Commission also recently issued orders directing Hawaiian Electric and Kauai Island Utility Cooperative, the State's two electric utilities, to file wildfire mitigation plans by January 2025 and provided guidance on the topics to be addressed in those plans.

Efforts to Address Resilience

At the end of June 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.



In August 2023, the Commission received notice from Hawaiian Electric that the U.S. Department of Energy (“DOE”) had awarded Hawaiian Electric a grant of \$95 million for this project pursuant to the Infrastructure Investment and Jobs Act (“IIJA”). In November 2023, Hawaiian Electric proposed modifications to the project to shift more resources to wildfire mitigation. In January 2024, the Commission issued a decision approving Hawaiian Electric’s application with conditions. A few months later, Hawaiian Electric filed their proposed plan for soliciting external input on refining specific sub-projects and developing metrics to evaluate the project. In August 2024, Hawaiian Electric notified the Commission that a formal agreement with the DOE for approximately \$94 million in IIJA funding had been fully executed.

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I. Introduction

The Public Utilities Commission of the State of Hawaii (the “Commission” or “PUC”) 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 2024, which runs from July 1, 2023 to June 30, 2024. Regulated utilities reported financial and budget information reflect information from the 2024 fiscal year. Where possible, this report reflects the most current information.

The Commission regulates 1,863 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. See Figure 1.

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
		Hone Heke
	Motor Carriers	1,073 Passenger Carriers
		541 Property Carriers
Telecom	Hawaiian Telcom	
	205 Wireless and Wireline Companies	
Water/Wastewater		36 Private Water and Sewer Companies

II. Administrative Update

Vision

The PUC will be an innovative, equitable, and engaged regulatory leader for the betterment of Hawaii.



Mission

Ensuring Hawaii's public utility consumers have access to essential utilities and services that are delivered in safe, reliable, and resilient ways.

How the PUC Fulfills Its Mission

Our mission is achieved by being engaged and well-informed on emerging issues in the utility industry; fostering utilities' economic viability; making decisions with integrity and attention to cultural, environmental, and economical concerns; and maintaining an outstanding team who are well-prepared and supported to deliver strong regulatory oversight on behalf of Hawaii's residents.

Core Values:

TRANSPARENCY

LEADERSHIP

COLLABORATION

SERVICE

Employee engagement is essential for a thriving workplace. Core Values are our guiding principles that fuel our employees' effectiveness and productivity. The Commission investing time and effort to ensure that PUC's Core Values are integrated into our daily work lives. A Values Team composed of employees from each section is responsible for planning ways to promote and keep our Core Values top-of-mind, which includes employee activities and programs that reinforce and recognize employees' exemplary behaviors that reflect our Values.

Strategic Plan:

On Dec. 14 and 15, 2023, the Commission held an all-staff strategic planning retreat to update its 2020-2023 PUC Strategic Plan. In May 2024, the PUC finalized its updated Vision, Mission, and 2024-2027 Strategic Plan and is shared publicly on the PUC website (<https://puc.hawaii.gov/about/goals-objectives/>). In September 2024, PUC staff finalized and adopted its updated Core Values. Working groups, composed of a cross-section of PUC staff, met to work on developing and refining the Action Plans, which also include indicators of success to track progress.

The Commission's 2024-2027 Strategic Plan includes an updated version of its two 2020-2023 Strategic Plan goals and the new addition of a third goal. Through the strategic planning process, PUC staff collectively determined that while significant progress was made over the three years of the first strategic plan, additional improvements were needed to enhance the two priority goals – Systems and Human Resources. During the session, a third goal – Public Engagement – emerged as a critical strategic issue. With updated policies and efficient procedures, enhancements to the new Case and Document Management System (“CDMS”), efforts to foster a thriving work environment, and a new focus on ensuring high public awareness and engagement of the PUC, the agency will be in a better position to support our communities through effective regulation of utilities and to help the State achieve its clean energy goals.

Goals and Objectives

Goal 1: By 2027, the PUC will have established well-documented and accessible, modernized systems, including policies and procedures, and a mechanism to track issues and improvements.

- Objective 1: Identify all PUC policies and procedures and create high-level process documents and maps.
- Objective 2: Improve usability of CDMS for internal and external users.

Goal 2: The PUC will continue to increase its employees' productivity and satisfaction by enhancing their access to and understanding of Human Resource protocols (guidelines, policies, procedures, etc.) for professional engagement, growth, and development.

- Objective 1: Continue to develop and implement comprehensive onboarding.
- Objective 2: Continue to refine PUC's professional and leadership protocols guidelines, policies, procedures, etc.) to ensure clear and consistent information on employment, compensation, and advancement is available to all staff.

Goal 3: By 2027, the PUC will have guidelines and activities for increased public engagement that inform PUC's decision-making.

- Objective 1: Develop a Public Engagement Plan including recommendations and steps the PUC may take to make improvements.
- Objective 2: Secure resources and funding to implement the Public Engagement Plan.
- Objective 3: Implement the Public Engagement Plan.
- Objective 4: Evaluate the Commission's public engagement performance for continuous improvement.





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. Use of Universal Service Fund to continue services of 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, as authorized by HRS § 269-16.6, the PUC has administered through a third-party administrator, the Telecommunications Relay Service ("TRS") providing persons who are both deaf and blind access to devices and service that help these individuals with communication. The program enabled by Act 247 complements the Ho'opono 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 procured a contractor in April 2024 to begin offering services and the terms of service will expire May 2026. Because Act 247 only provides the spending authority for the 2024-2025 fiscal biennium, the PUC is submitting suggested amendments, such as the Universal Service Fund, to secure a permanent funding source for this critical program.

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 2023 are under docket number “2023-XXXXX” and those from calendar year 2024 are under docket number “2024-XXXXX”). In this section, docket summaries and regulatory issues are reported by industry.

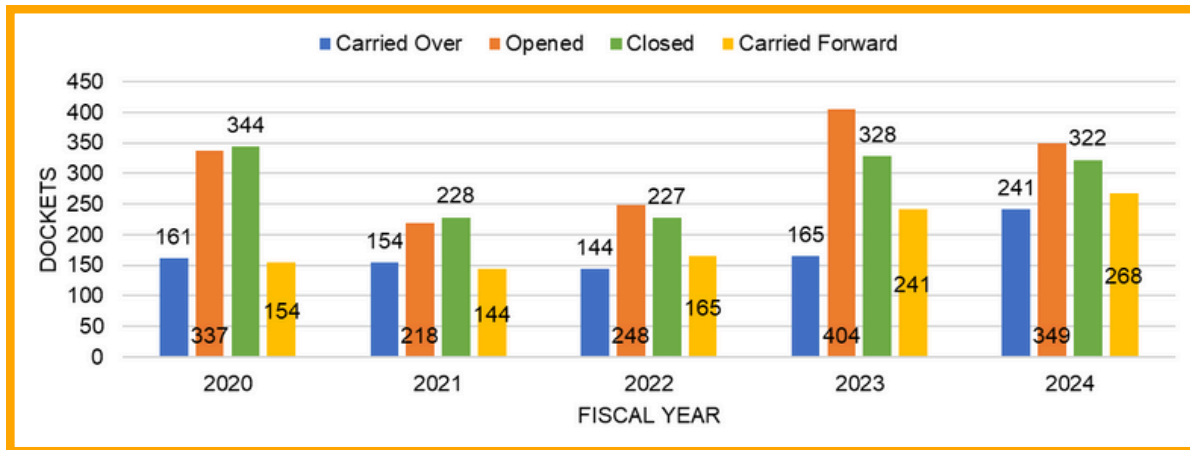
Docket Statistics

The Commission issued a total of 589 decisions and orders in FY 2024. At the beginning of FY 2024, there were 241 pending dockets that had been opened and carried over from previous fiscal years. During the past fiscal year, an additional 349 new dockets were opened. Thus, during FY 2023, a total of 590 dockets were before the Commission for review and consideration. Of the 590 dockets, 322 were closed by the end of FY 2024. As of June 30, 2024, a total of 268 open dockets remains pending and carried over to FY 2025. 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 2.

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

Sector	Carried over from FY 2023	Opened in FY 2024	Total of FY23 Carried Over + FY24 Opened	Closed in FY 2024	To Carry Forward to FY 2025
Electric	64	32	96	34	62
Gas	9	3	12	2	10
Telecommunication	16	41	57	46	11
Water/Sewer	13	10	23	9	14
Motor Carrier- Passenger	76	183	259	164	95
Motor Carrier- Property	37	73	110	63	47
Water Carrier	9	1	10	2	8
One Call Center	16	6	22	2	20
Other	1	0	1	0	1
TOTAL	241	349	590	322	268

Figure 2 - Dockets Carried Over, Opened, Closed, Fiscal Years 2020-2024



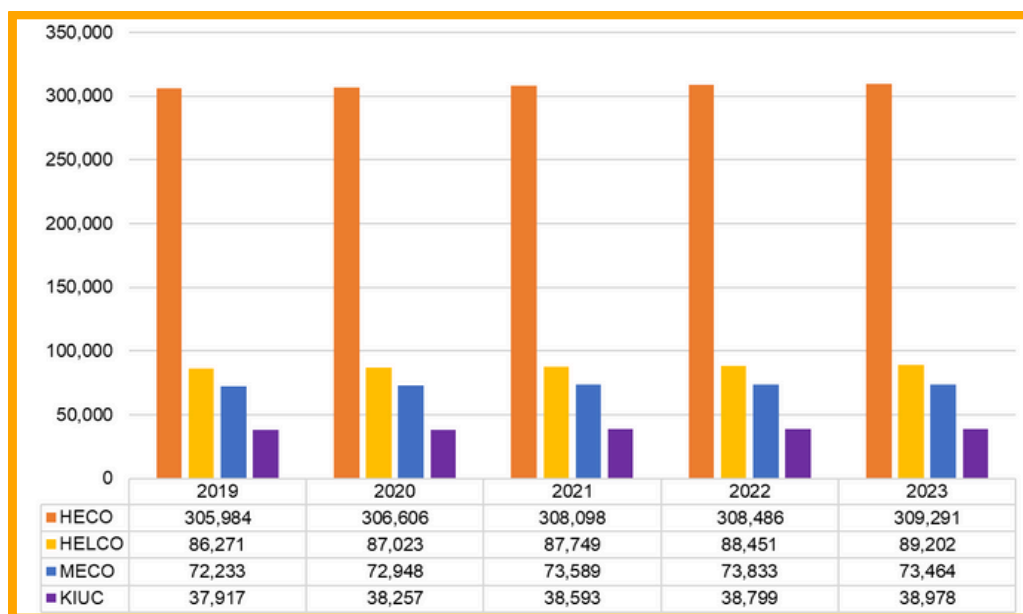
A. Electricity

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.

1) Operations¹

The number of customers served by electric utilities has shown modest yearly growth since 2020. See Figure 3.

Figure 3 – Number of Electric Utility Customers, Calendar Years 2019-2023

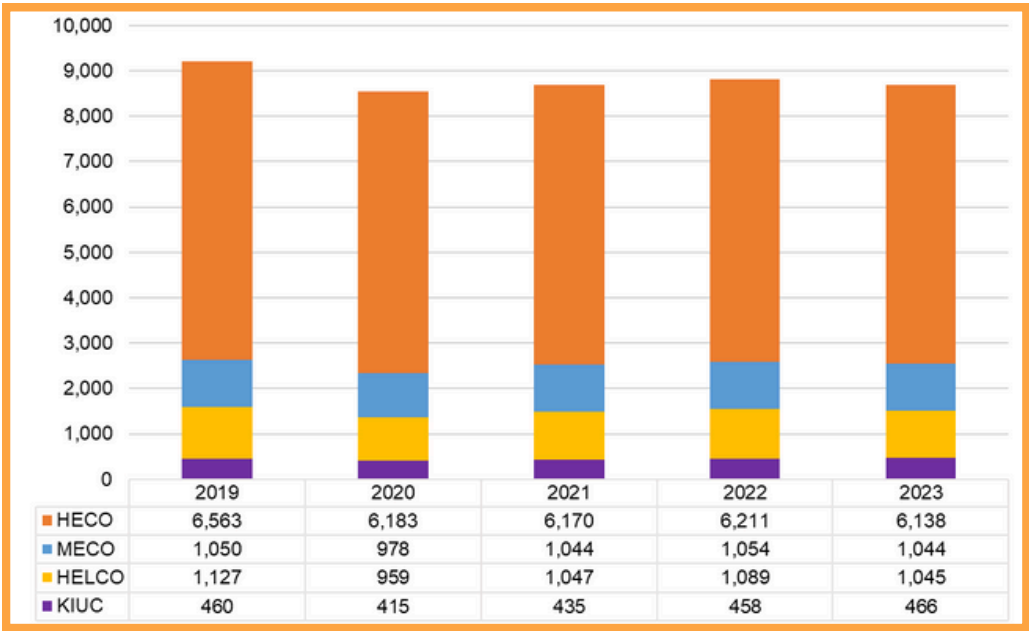


¹ Data obtained from the electric utilities' Annual Financial Reports filed with the Commission. See <https://puc.hawaii.gov/reports/energy-reports/annual-financial-reports-electric-utilities/> for links to the electric utilities' Annual Financial Reports.



The State has seen a slight downtick in annual electricity sales recently, with an average 1% decrease across the islands between the years 2022 and 2023. See Figure 4.

Figure 4 – Annual Electricity Sales in Gigawatt hours, 2019-2023

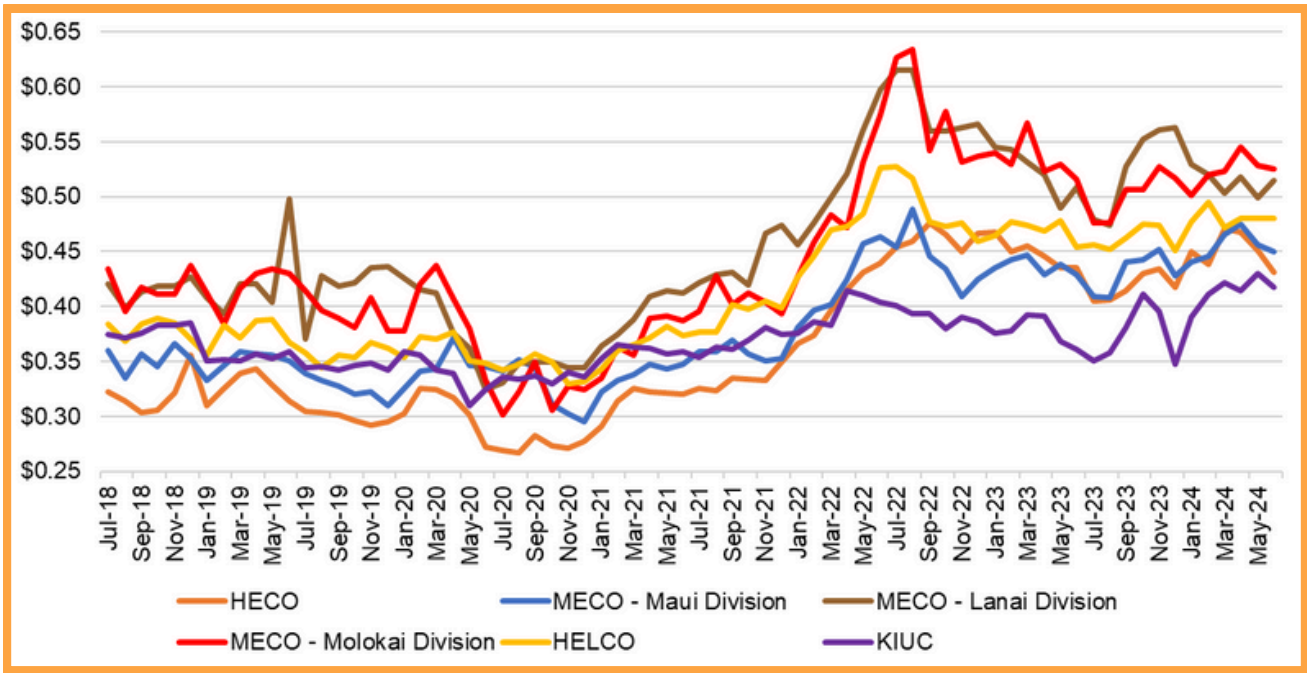


2) Rates

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

Figure 5 – Five-Year Comparison of Effective Residential Electricity Rates per kWh²



2 Data obtained from DBEDT Monthly Energy Trends <https://dbedt.hawaii.gov/economic/energy-trends-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-20		Jun-21		Jun-22		Jun-23		Jun-24	
	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill
HECO	\$0.27	\$157.63	\$0.32	\$160.04	\$0.44	\$204.62	\$0.44	\$184.26	0.43	198.65
HELCO	\$0.35	\$145.72	\$0.37	\$177.79	\$0.53	\$237.25	\$0.45	\$197.05	0.47	233.75
MECO (Maui)	\$0.34	\$161.58	\$0.35	\$191.51	\$0.46	\$243.46	\$0.46	\$210.23	0.44	231.34
MECO (Lanai)	\$0.32	\$150.55	\$0.41	\$196.83	\$0.60	\$285.65	\$0.51	\$221.17	0.52	204.45
MECO (Molokai)	\$0.33	\$108.18	\$0.39	\$137.47	\$0.57	\$187.18	\$0.52	\$167.14	0.51	175.23
KIUC	\$0.34	\$171.23	\$0.36	\$199.14	\$0.40	\$218.15	\$0.36	\$210.93	0.39	211.51

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 2024

OAHU Facility Name	Export Capacity (MW)	Facility Type	Average FY24 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	\$0.2318	Any	Solar	2008-0273	20 years
IES Downstream LLC	9.6	As Available	\$0	On Peak ^b	Refinery Gas / Naphtha	6717	Year to year
			\$0	Off Peak ^b		8/2/1990	
Kahuku Wind Power	30	As Available	\$0.2246	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	\$0.2602	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	11/20/2041
						11/20/2019	
Kawailoa Wind	69	As Available	\$0.2396	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	\$0.1428	Any	Wind	2013-0423	12/11/2040
						12/11/2020	
Par Hawaii Refining LLC ^c	18.5	As Available	\$0.1993	On Peak	Refinery Gas / Naphtha	5025	Year to year
			\$0.2049	Off Peak		12/28/1983	
Waianae Solar	27.6	As Available	\$0.1450	Any	Solar	2014-0354	1/31/2039
						1/14/2017	
Waipio PV	45.9	As Available	\$0.1218	Any	Solar	2017-0108	9/19/2041
						9/19/2019	
H-POWER	68.5	Firm	\$0.2069	On Peak	Waste	2012-0129	4/2/2033
			\$0.1607	Off Peak			
^d Kalaeloa Partners	208	Firm	\$0.1950	Any	LSFO	6378	12/31/2032
						2021-0188	
						5/23/1991	

AES West Oahu Solar, LLC ^e	12.5 MW + 50 MWh storage	Renewable Dispatchable Generation	\$0.115318548	Any	PV & BESS	3/28/2024	3/31/2049
Kupono Solar ^e	42 MWh+ 168 MWh storage	Renewable Dispatchable Generation	\$0.123799404	Any	PV & BESS	6/7/2024	6/30/2024
Mililani I Solar ^e	39 MW + 156 MWh storage	Renewable Dispatchable Generation	\$0.090962931	Any	PV & BESS	7/31/2022	7/31/2042
Waiawa Solar ^e	36 MW + 144 MWh storage	Renewable Dispatchable Generation	\$0.099810719	Any	PV & BESS	1/11/2023	1/31/2043
Kapolei Energy Storage ^f	185 MW	Energy Storage	\$1,998,987.42 ^f	Any	BESS	12/19/2023	12/31/2043
Avoided Energy Cost Rate			\$0.1982	On Peak	Docket No. 7310, Decision and Order No. 24086; 2008-0069		
			\$0.2046	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 Kalaheo Partners Energy Cost which includes Fuel and Variable O&M components
- e Unit Price is based on annual Net Energy Potential. Calculation is now based on Unit Price that is noted in the PPA instead of Energy Price since any test energy payments were offset on future invoices.
- f Unit Price is based on Annual Lump Sum Payment divided by 12 months or total Monthly Lump Sum Payment.

Table 4 - Summary of Power Purchase Agreements in Effect on Hawaii, FY 2024

HAWAII Facility Name	Export Capacity (MW)	Facility Type	Average FY24 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	\$0.2343	Any	Solar	2008-0273	20 years
Hawi Renewable Development	10.56	As Available	\$0.1887 ^b	On Peak	Wind	2004-0016	7/12/2023 ^b
			\$0.1910 ^b	Off Peak			
Hawi Renewable Development	10.56	As Available	\$0.1550 ^c	Any	Wind	2021-0200	11/12/2026 ^c
Tawhiri Power (Pakini Nui)	20.5	As Available	\$0.1685	On Peak	Wind	2004-0346	4/2/2027
			\$0.1727	Off Peak			
Wailuku River Hydro	12.1	As Available	\$0.2068	On Peak	Hydro	6956	5/12/2023
			\$0.2112	Off Peak			
Hamakua Energy ^d	60	Firm	\$0.2239	Any	Naphtha/Biodiesel	1998-0013	12/31/2030
Puna Geothermal Venture (PGV)	25	Firm	\$0.2046	On Peak	Geo-thermal	2011-0040	12/31/2027
			\$0.2079	Off Peak			
	5	Firm	\$0.1396	Any			
			8	Cycling			
\$0.0710	Off Peak						
Schedule Q ^e	Varies	As Available	\$0.1989	Any	Docket No. 7310 Decision and Order No. 24086; 2008-0069		
AES Waikoloa Solar ^f	30 MW + 120 MWh storage	Renewable Dispatchabl e Generation	\$0.088852580	Any	PV & BESS	4/21/23	4/30/2048
Avoided Energy Cost Rate			\$0.2026	On Peak	Docket No. 7310 Decision and Order No. 24086		
			\$0.2063	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 Kalaeloa Partners Energy Cost which includes Fuel and Variable O&M components

e Unit Price is based on annual Net Energy Potential. Calculation is now based on Unit Price that is noted in the PPA instead of Energy

Price since any test energy payments were offset on future invoices.

f Unit Price is based on Annual Lump Sum Payment divided by 12 months or total Monthly Lump Sum Payment.

Table 5 - Summary of Power Purchase Agreements in Effect on Maui Island, FY 2024

MAUI Facility Name	Export Capacity (MW)	Facility Type	Average FY24 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	\$0.2359	Any	Wind	2011-0060	12/27/2032
						12/28/2012	
Feed-in Tariff	Varies	As Available	\$0.2228	Any	Solar	2008-0273	20 years
Kaheawa Wind Power	30	As Available	\$0.1400	On Peak	Wind	2004-0365	6/9/2026
			\$0.1313	Off Peak		6/9/2006	
Kaheawa Wind Power II	21	As Available	\$0.2653	Any	Wind	2010-0279	7/2/2032+/ until terminated
						7/2/2012	
SSA Solar of HI 2 (Kuia Solar)	2.87	As Available	\$0	Any	Solar	2015-0224	10/4/2040
						10/4/2018	
SSA Solar of HI 3 (SMRR)	2.87	As Available	\$0.1106	Any	Solar	2015-0225	5/5/2040
						5/5/2018	
AES Kuihelani ^b	60 MW + 240 MWh storage	RDG	\$0.080505895	Any	PV + BESS	2018-0436	5/31/2049
						5/31/2024	
Avoided Energy Cost Rate			\$0.2084	On Peak	Docket No. 7310 Decision and Order No. 24086		
			\$0.1920	Off Peak			
a. Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).							
b. Unit Price is based on annual Net Energy Potential.							

Table 6 – Power Purchase Agreements in Effect on Lanai Island, FY 2024

LANAI Facility Name	Facility Capacity (MW)	Facility Type	Average FY24 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	Any	Solar	2008-0167 12/19/2008	12/19/2033
a. There are no FIT projects on Lanai.							

Table 7 – Power Purchase Agreements in Effect on Molokai Island, FY 2024

MOLOKAI Facility Name	Facility Capacity (MW)	Facility Type	Average FY24 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 – Power Purchase Agreements in Effect on Kauai Island, FY 2024

KAUAI Facility Name	Facility Capacity MW	Facility Type	Average FY24 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	\$0.1274	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
BBCP Kauai LLC	4.8	As Available	\$0.2078	Any	Hydro	2012-0150	1/31/2033
Mahipapa	6.7	Baseload	\$0.3242	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	\$0.1764	Any	Hydro	2014-0203	1/1/2044
AES Lawai	20	As Available	\$0.1108	Any	Solar & Storage	2017-0018	6/1/2044
AES Kekaha	14	As Available	\$ 0.1085	Any	Solar & Storage	2017-0443	4/1/2046
Avoided Energy Cost Rate			\$0.1702	Docket No. 7310 Decision and Order No. 24086			

4) Reliability and Quality of Service

The Commission oversees the intrastate cellular, paging, mobile telephone and other services of 233 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.

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 2018 - 2023 reported in each of the HECO Companies' respective Annual Service Reliability Report for 2023 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.³

and recommends that:

indices should be calculated for two conditions:

- 1) All events included
- 2) MEDs removed⁴

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.⁵

The HECO Companies' respective, reported SAIDI and SAIFI reliability indices for 2018 through 2023 are provided in the tables below.

³ IEEE 1366, page 10.

⁴ IEEE 1366, page 13.

⁵ IEEE 1366, "5.3 Major Event Days and catastrophic days," pages 19-20.

Table 9 - HECO SAIDI and SAIFI Reliability Index, 2018 - 2023

HECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		SAIFI (interruptions), Generation, Transmission, and Distribution events	
Year	All Interruptions	Normalized	All Interruptions	Normalized
2018	123.41	111.94	1.326	1.253
2019	174.9	104.13	1.47	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	0.9
2023	190.55	132.38	1.451	1.175

Table 10 - HELCO SAIDI and SAIFI Reliability Index, 2018 - 2023

HELCO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		SAIFI (interruptions), Generation, Transmission, and Distribution events	
Year	All Interruptions	Normalized	All Interruptions	Normalized
2018	230.71	230.71	2.539	2.539
2019	252.52	164.86	3.06	1.864
2020	128.76	128.76	1.819	1.819
2021	478.03	161.56	3.171	2.299
2022	299.29	193.6	3.58	3.197
2023	245.9	209.55	2.614	2.412

Table 11 - MECO SAIDI and SAIFI Reliability Index, 2018 - 2023

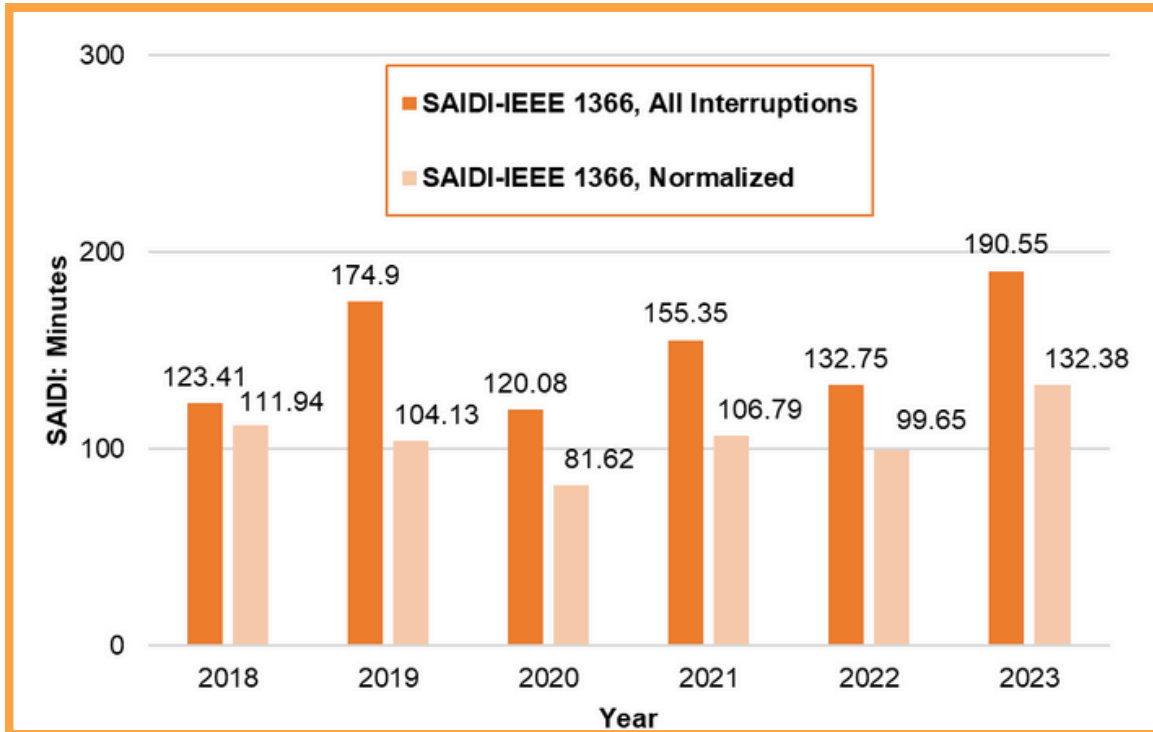
MECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		SAIFI (interruptions), Generation, Transmission, and Distribution events	
Year	All Interruptions	Normalized	All Interruptions	Normalized
2018	476.53	228.04	3.366	2.526
2019	289.08	158.42	2.706	2.051
2020	236.57 ⁶	166.43	1.901	1.725
2021	495.94	156.71	1.994	1.346
2022	490.26	134.85	2.796	1.293
2023	2344.21	213.44	2.563	1.885

6 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.

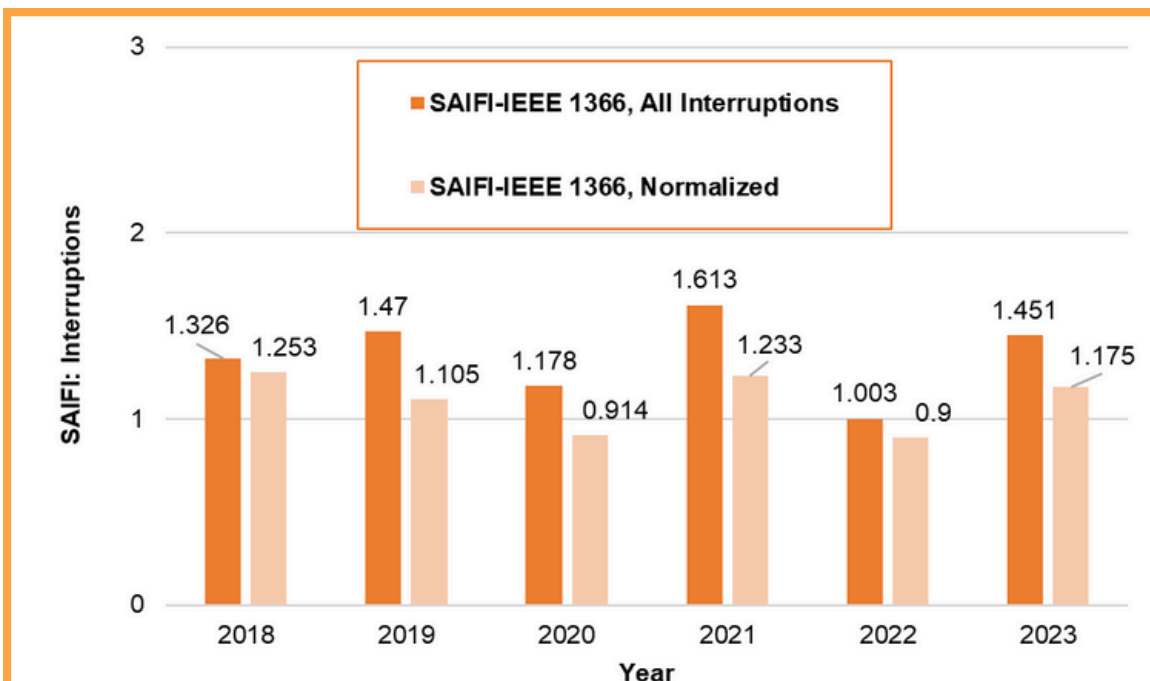
HECO Service Quality

HECO's reported SAIDI and SAIFI reliability indices for 2022 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 6 and Figure 7, respectively⁷.

**Figure 6 – HECO System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)**



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



⁷ 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 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; and 10/30/19 due to vegetation and company personnel error.

HELCO Service Quality

HELCO's reported SAIDI and SAIFI reliability indices for 2023 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 8 and Figure 9, respectively.

Figure 8 – HELCO System Average Interruption Duration Index (Generation, Transmission, and Distribution events)

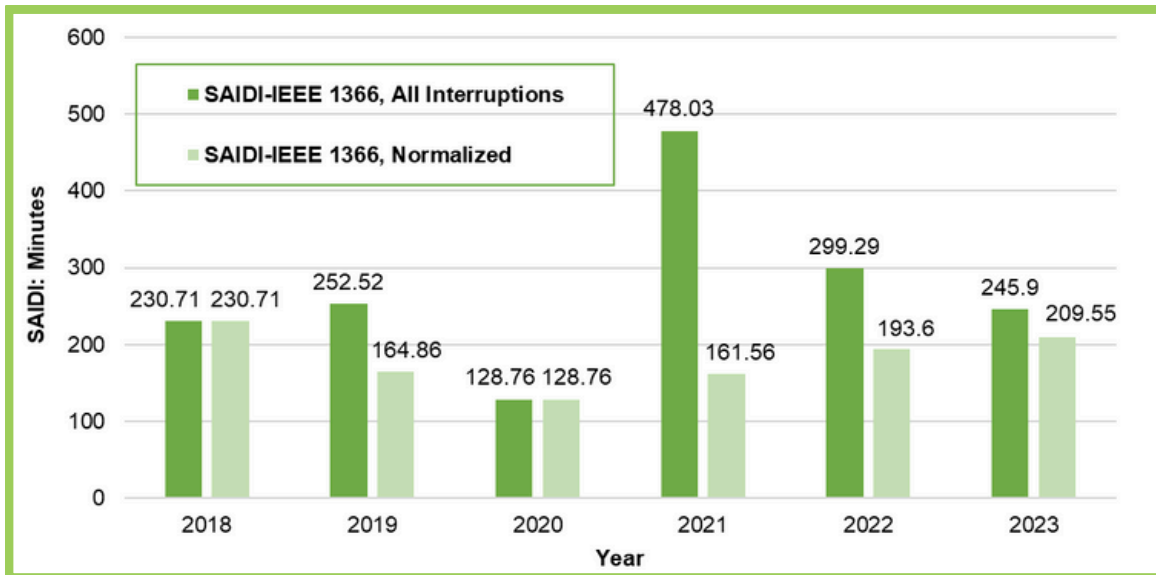
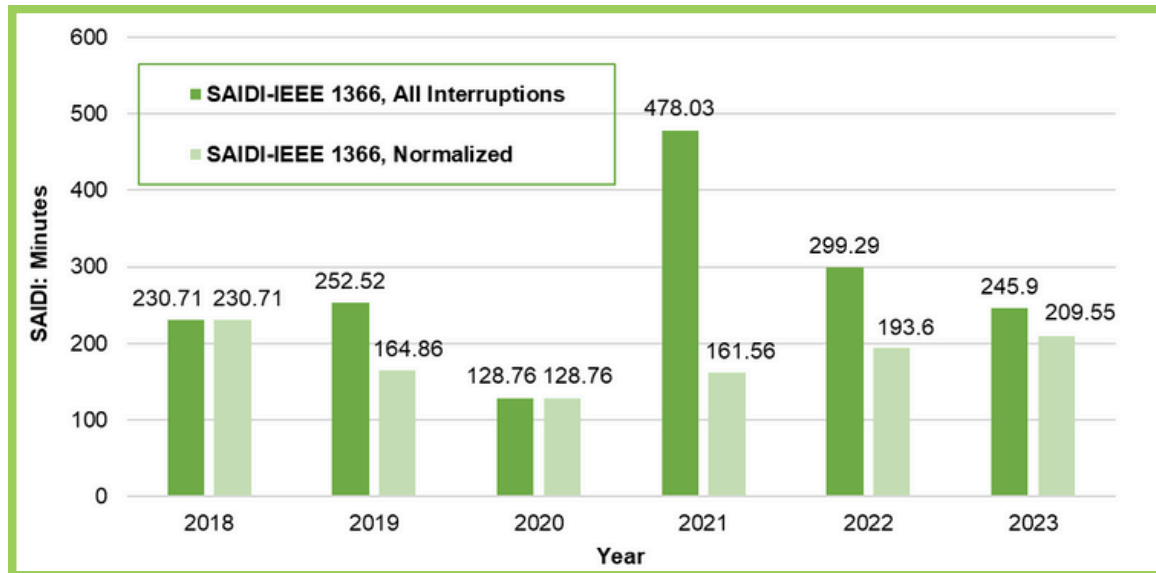


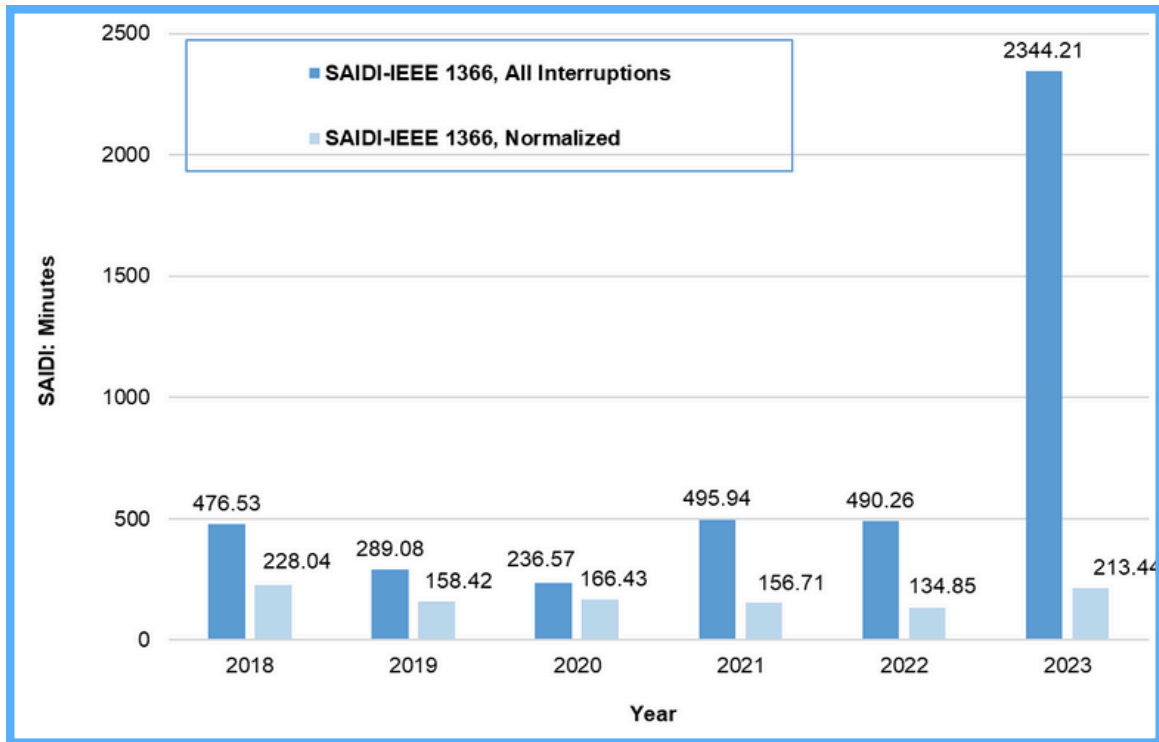
Figure 9 – HELCO System Average Interruption Frequency Index (Generation, Transmission, and Distribution events)



MECO Service Quality

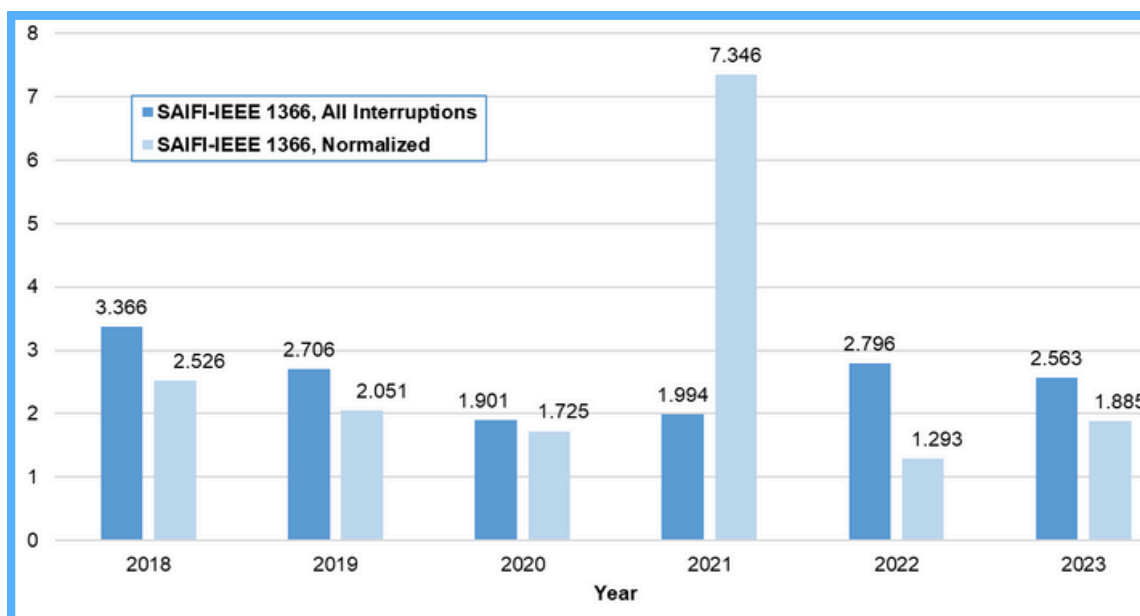
MECO's reported SAIDI and SAIFI reliability indices for 2023 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 10 and Figure 11, respectively.

**Figure 10 – MECO System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)**



8 Exclusions for the normalized indices include: 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 shed 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; 11/22/19 due to high winds on Maui; 12/26/20 due to weather and vegetation-related interruptions during high winds and rain on Maui; 4/24/21 due to mylar balloon in conductors on Lānaʻi; 5/29/21 due to under frequency load shed when a generator tripped offline on Lānaʻi; 11/29/21 and 12/7/21 due to transmission and distribution equipment failure on Maui; 12/5/21 due to various weather-related interruptions affecting various parts of Maui; 1/17/22 due to transmission and distribution equipment failure on Lānaʻi; 3/15/22 due to underfrequency load shed when a generator tripped offline on Lānaʻi; 4/21/22 due to unknown cause that affected the transmission and distribution system on Lānaʻi; 8/23/22 due to substation equipment failures and underfrequency load shed on Maui; 12/19/2022 due to various vegetation and weather related interruptions on Maui; 2/3/23 due to underfrequency load shed when generators tripped offline on Lānaʻi; 3/2/23 due to a large tree that fell during heavy rain and wind on Lānaʻi; 8/1/23 due to a large tree that fell during high winds on Maui; 8/7/23 due to various vegetation-related interruptions during high winds on Maui; 8/8/23 due to various weather and vegetation-related interruptions during very high winds on Maui; 8/11/23 due to forced interruption as a result of fire under conductors on Maui; 11/28/23 due to underfrequency load shed when a generator tripped offline on Lānaʻi; and 12/14/23 due to various vegetation-related interruptions during high winds on Lānaʻi.

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

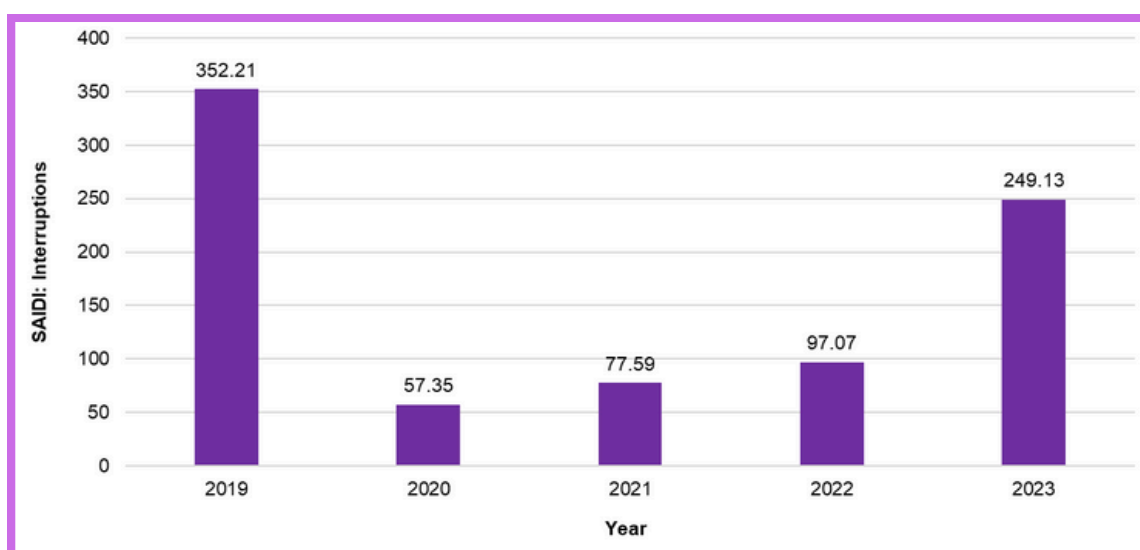


KIUC Service Quality

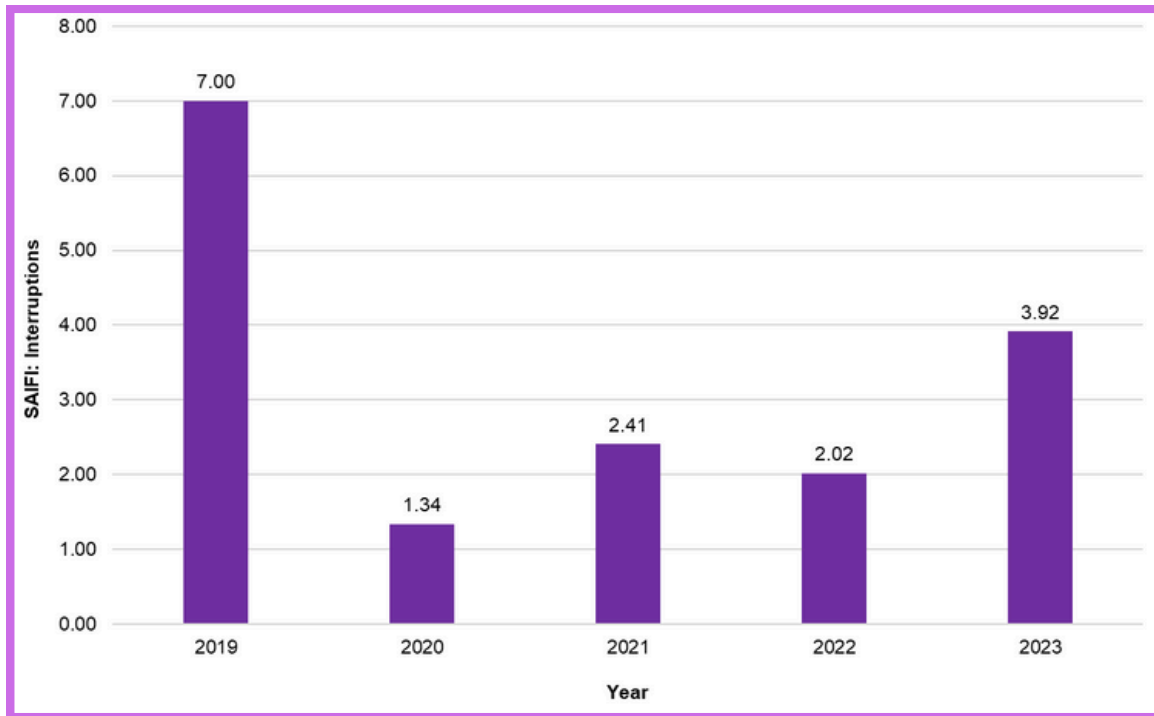
Methodology used by KIUC

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 2023 and the prior four years are shown in Figure 9 and Figure 10, respectively.

**Figure 12 – KIUC System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)**



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



B. Gas

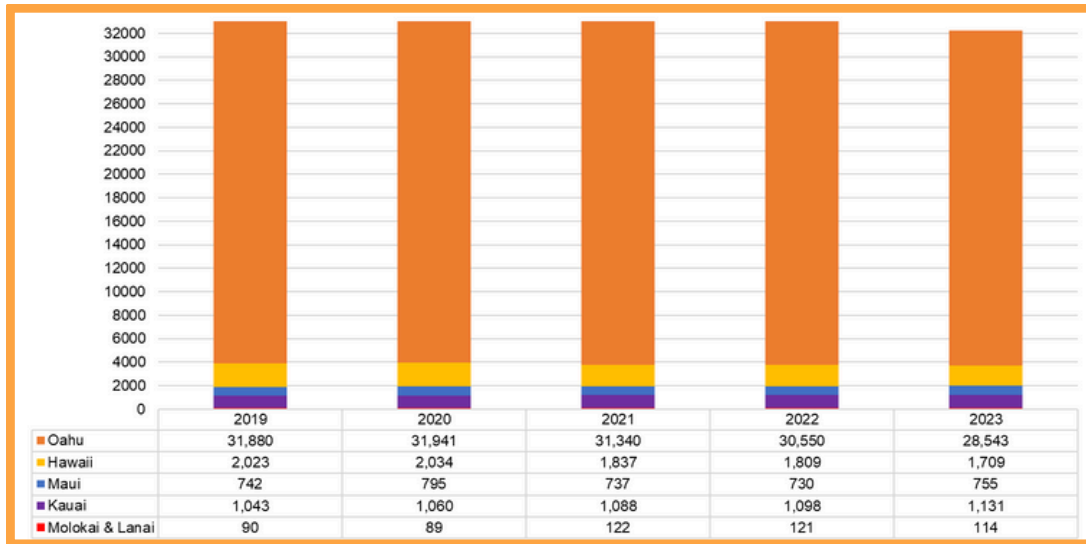
The Gas Company, LLC dba Hawaii Gas (“Hawaii Gas”), is the only duly franchised public utility providing gas service for residential, commercial, and industrial uses throughout the State. The following sections summarize: 1) Utility Operations, 2) Rates, 3) Sales and 4) Capital Expenditures.

1) Hawaii Gas Operations

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.

Hawaii Gas serves over 32,000 utility gas customers in its six gas districts: Oahu, Hawaii Island, Maui, Molokai, Lanai, and Kauai. Between 2019 and 2023, the number of customers has declined from approximately 35,900 to 32,400 – a decrease of nearly 10%. In 2023, nearly 90% (28,543) of Hawaii Gas’ utility customers are on Oahu. The remaining customers are spread out on Hawaii Island (1,709), Kauai (1,131), Maui (755) and Molokai and Lanai (114). See Figure 14.

Figure 14 – Average Gas Customers per Calendar Year, 2019 – 2023



For Calendar Year 2023 (“CY 2023”), average residential utility gas bills ranged from \$58.98 on Molokai to \$136.05 on Lanai, and the price per therm ranged from approximately \$4.50 on Lanai to \$6.71 on Oahu. See Figure 15 and Figure 16.

Figure 15 – Average Monthly Residential Utility Gas Bills CY 2023

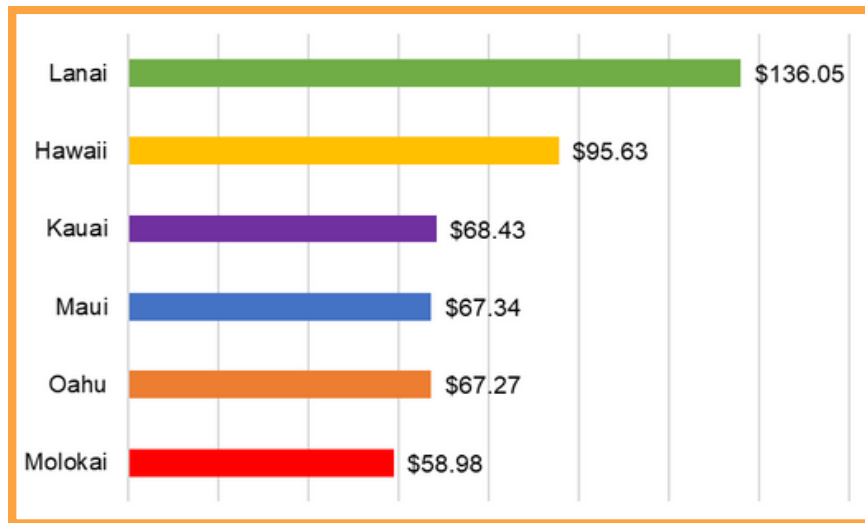
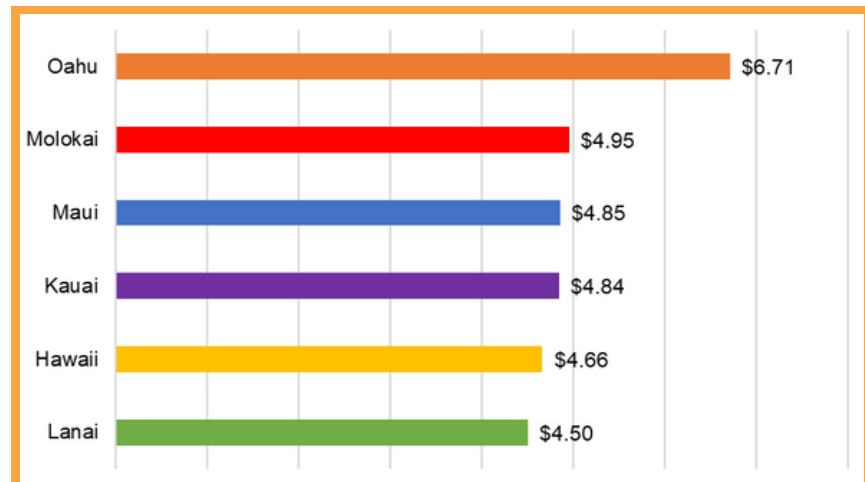


Figure 16 – Average Monthly Costs Per Therm, CY 2023



2) Hawaii Gas Sales

In CY 2023, Hawaii Gas sold nearly 34 million therms of gas, mostly (88%) on Oahu. This generated \$151 million in gross sales revenues in 2023. Residential customers make up the majority of Hawaii Gas' customer base, making up nearly 90% of its customers, with the remainder mostly commercial customers. Commercial customers consume most of the volume of gas sold (88%) and therefore provide most of Hawaii Gas' revenues (82%). See Figure 17 and Figure 18.

Figure 17 – Gas Sold (1000s therms) by Island, 2019 - 2023

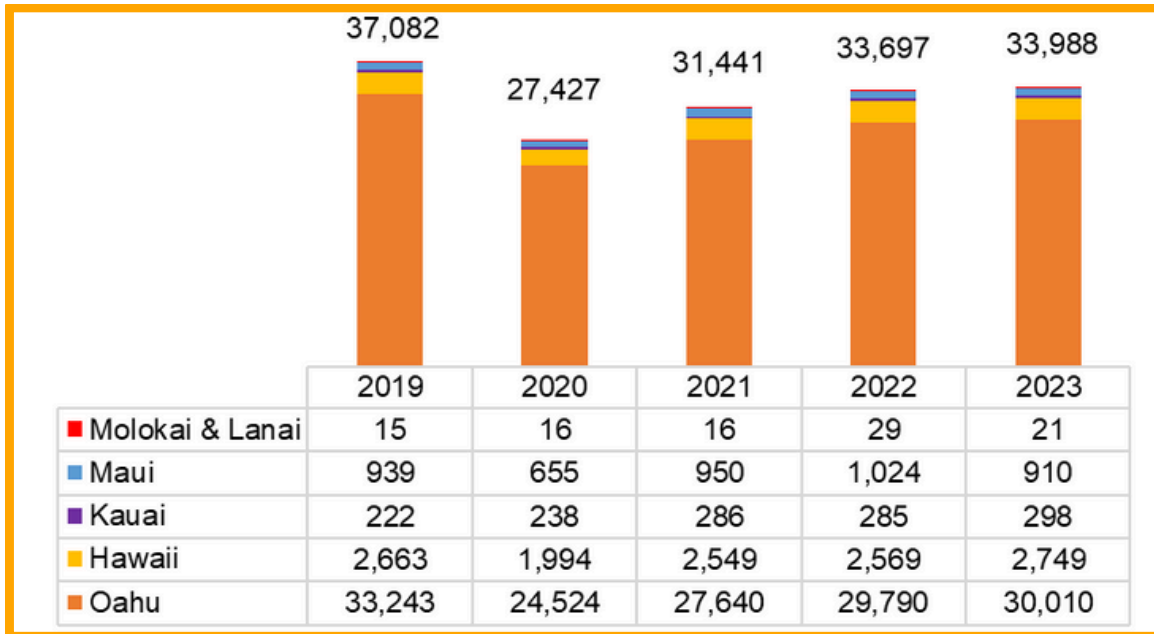
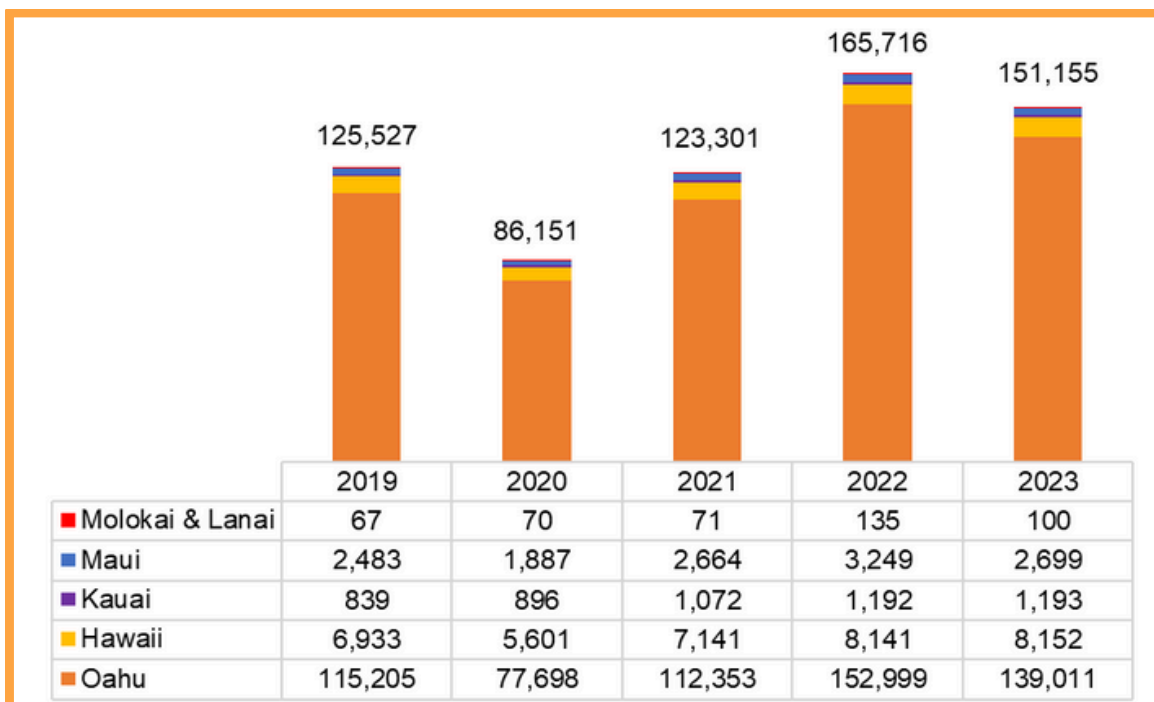


Figure 18 – Gas Sales Revenues (\$1000s) by Island, 2019 – 2023



Application for Approval of Rate Increases and Revised Rate Schedules and Rules

Docket No. 2024-0158, Status: Open

On July 26, 2024, 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 \$24,346,000 over revenues at current effective rates, which it stated was a 17.67% increase over revenues at present rates. The Commission held statewide public hearings in October 2024. The Commission anticipates issuing a decision on Hawaii Gas’ requested rate increase by late May 2025.

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’s utility business is depicted in the table below. From 2024-2028, the expenditure forecast amounts to approximately \$61 million. Capital expenditure changes over this timeframe are largely due to new expenditures for Renewable Natural Gas that range from \$4.5 million to \$8 million annually from 2026 to 2028.

Table 12 – Gas Utility-Only Expenditure Forecast, 2024-2028

	2024	2025	2026	2027	2028
Hawaii Gas	\$13,646,122	\$14,188,928	\$10,123,861	\$10,859,478	\$12,125,861

4) Quality of Service and Reliability

Hawaii Gas files monthly reports with the Commission pursuant to HRS § 269-9. These reports provide the date, time, and location of all gas line breaks and service interruptions caused by or occurring in connection with Hawaii Gas's operations and service; a description of each incident; the probable cause of each incident; the length of interruption in customer-hours for each incident; and the number of customers affected by each incident. Between July 1, 2023 and June 30, 2024, there were 98 line breaks that affected 108 customers and resulted in 107 customer-hours of interruption. See Table 13.

Table 13 - Gas Line Breaks and Service Interruptions

Month/Year	Number of Breaks	Number of Customers Affected	Customer-Hours of Interruption
July 2023	7	9	5
August 2023	19	24	14.5
September 2023	6	6	4
October 2023	12	10	6.5
November 2023	4	1	1.5
December 2023	8	9	9
January 2024	12	14	19.5
February 2024	5	8	8
March 2024	10	4	23.5
April 2024	4	6	7
May 2024	5	14	5
June 2024(1)	<u>6</u>	<u>3</u>	<u>3.5</u>
Total Fiscal Year 2024	98	108	107

Meter Performance Control Program Annual Reports are filed by Hawaii Gas each calendar year. The objectives of the program are to provide accurate measurement of gas delivery to consumers and extend the service life of the meters to achieve economics beneficial to consumer as well as the company, consistent with the public interest and sound business practices. Separate reports are compiled for meters with flow rates of 0 to 250 cubic feet per hour ("CFH") and for meters with flow rates of 251 to 1500 CFH. In 2023, Hawaii Gas had 26,068 meters in service and, by the end of 2023, had removed 492 meters from service. See Table 14.

Table 14 - Hawaii Gas Meter Performance

Flow Rates	Meters in Service in 2023	Meters Removed from Service by Year-End 2023
0-250 CFH	22,927	414
251-1500 CFH	3,141	78
Total	26,068	492

C. Telecommunications

The Commission oversees the intrastate cellular, paging, mobile telephone and other services of 233 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 2024, the Commission certificated 26 new telecommunications companies. See Table 15.

Table 15 – New Telecommunications Companies Certificated in FY 2024

Certificate of Authority/Registration	Carrier Type	Docket No.	Date Approved
Nova Labs, Inc.	Wireless	2023-0236	07/11/2023
Volt Mobile Inc.	Wireless	2023-0247	07/11/2023
Terracom Inc.	Wireless	2023-0259	07/11/2023
Daywalker Mobile Inc.	Wireless	2023-0261	07/11/2023
Zefcom, LLC	Wireless	2023-0262	07/12/2023
Liberty Mobile Wireless, LLC	Wireless	2023-0263	07/19/2023
NatWireless, LLC	Wireless	2023-0334	08/03/2023
MVNO Connect LLC	Wireless	2023-0357	10/03/2023
Square Mobile, Inc.	Wireless	2023-0355	10/03/2023
Presto Wireless Corp.	Wireless	2023-0386	11/16/2023
Atlantic Mobile US LLC	Wireless	2023-0391	11/16/2023
Cliq Communications LLC	Wireless	2023-0445	12/26/2023
Weincentivize LLC	Wireless	2023-0429	01/2/2024
Peering Hub Inc.	Wireless	2023-0441	01/22/2024
Rocket Mobile LLC	Wireless	2023-0451	01/22/2024
Lux Mobile USA, Inc.	Wireless	2023-0450	01/31/2024
TruConnect Communications, Inc.	Wireless	2024-0005	02/07/2024
Call Centers India Incorporated	Wireless	2024-0042	03/20/2024
Power Mobile LLC	Wireless	2024-0043	03/20/2024
American Dark Fiber, LLC	Wireline	2023-0374	04/26/2024
Mobile 13, Inc.	Wireless	2024-0095	05/14/2024
RSCU Mobile, LLC	Wireless	2024-0096	05/16/2024
Getfuture, Inc.	Wireless	2024-0107	05/23/2024
Panda Mobile LLC	Wireless	2024-0109	05/23/2024
Airespring, Inc.	Wireless	2024-0123	05/28/2024
Whoop Mobile Inc.	Wireless	2024-0124	06/19/2024

The Commission resolved four requests for the voluntary surrender of telecommunication companies' certificates. See Table 16.

Table 16 – Telecommunications Companies Who Surrendered Certificates in FY 2024

Certificate of Authority/Registration	Carrier Type	Docket No.	Date Approved
NetZero Wireless, Inc.	Wireless	2022-0249	08/02/2023
Easton Telecom Services, LLC	Wireless	2023-0180	08/02/2023
Starlink Services, LLC	Wireless	2024-0048	03/19/2024
Newphone Wireless, L.L.C.	Wireless	2023-0387	05/28/2024

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.

No dockets relating to approval of amendments to interconnection agreements were closed during FY 2024.

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.” 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.¹⁰

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 § 214,¹¹ the Commission’s own certification requirements,¹² 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.¹³

⁹ <https://www.fcc.gov/general/universal-service>

¹⁰ <https://www.fcc.gov/general/universal-service>

¹¹ See 47 U.S.C.A. § 254(e); See also 47 U.S.C.A. §§ 214(e)(2) and (6).

¹² See Order No. 30932, filed on December 28, 2012, in Docket no. 2011-0052

¹³ 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.

4) Waivers

In FY 2024, the Commission waived regulatory requirements relating to the corporate reorganization for one telecommunications carrier.

D. 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.

1) Operations

The number of passengers and revenue tonnage served by water carrier utilities has shown moderate volatility since 2019. See Figure 19 and Figure 20.

Figure 19 – YB's Revenue Tonnage and Piece Count, Calendar Years 2019-2023

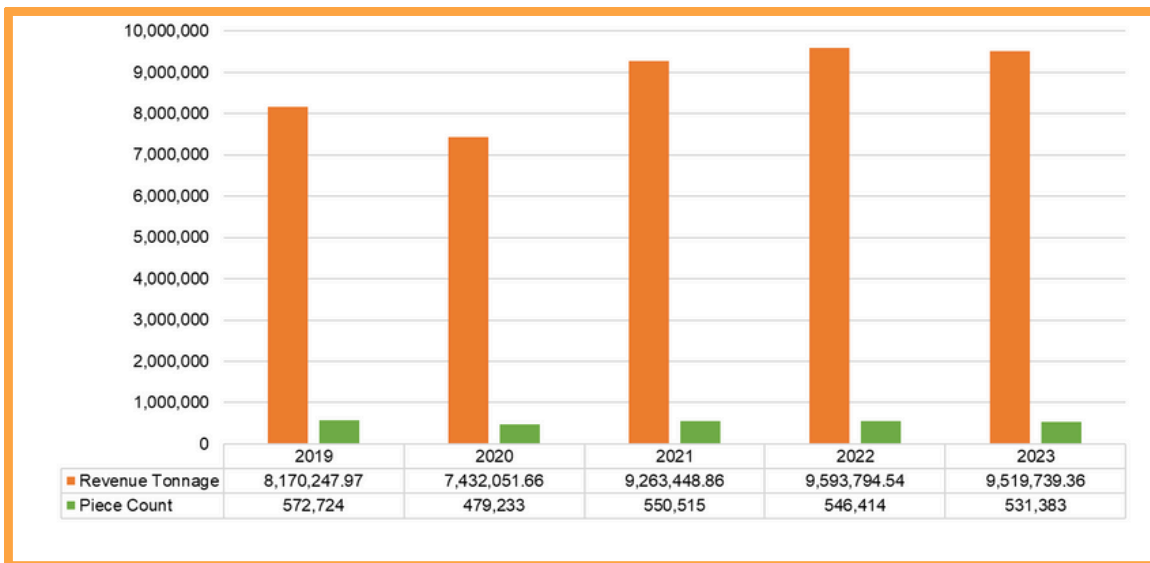
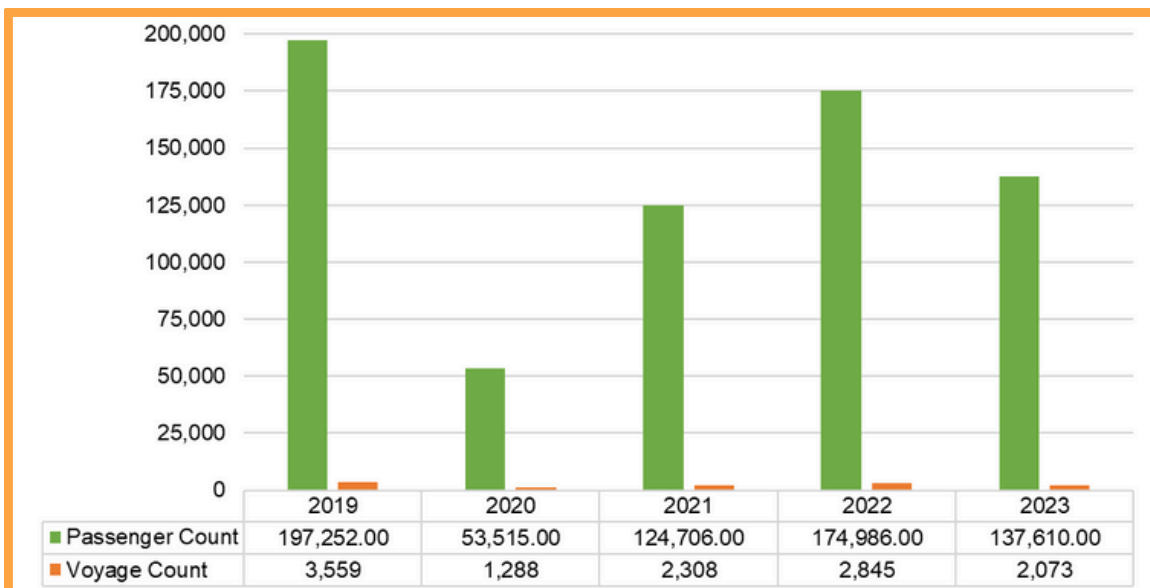
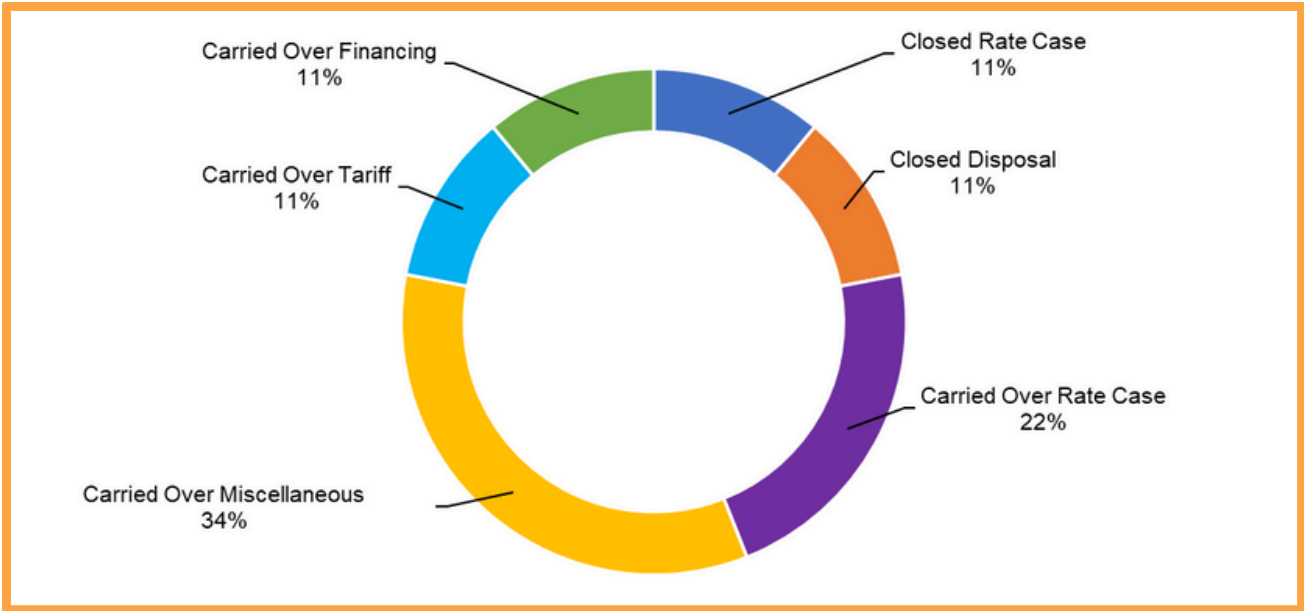


Figure 20 – Hone Heke's Voyage and Passenger Counts, Calendar Years 2019-2023



In FY 2024, the Commission closed two dockets for water carrier utilities: one rate case and one disposal request. Seven dockets and investigations remained open at the end of FY 2024. These included two rate cases, three miscellaneous dockets, one tariff docket, and one financing docket. See Figure 21.

Figure 21 – Water Carrier Dockets in FY 2024



Total Closed in FY 2023		2
Closed Rate Case		1
Closed Disposal		1
Total Carried Over from FY 2023		13
Carried Over Miscellaneous		3
Carried Over Rate Case		2
Carried Over Tariff		1
Carried Over Financing		1
Total Water Carrier Dockets		9



2) Rates

Water carrier utility rates are based on the commodity or ticket price, analyzed and approved by the Commission. Both Young Brothers, Limited (“YB”) and Hone Heke Corporation (“HHC”) have open rate cases that may result in different future rates.

E. Water and Wastewater

The Commission regulates 36 privately owned utilities that provide water and wastewater services in Hawaii. See Table 17 for a summary of active water and wastewater companies the Commission regulates.

During FY 2024, the Commission’s key proceedings involving water and wastewater utilities included reviewing financing requests, a formal complaint, rate cases, requests to transfer, extend, and applications for Certificates of Public Convenience and Necessity (“CPCN”). For a complete list of dockets involving water and wastewater companies that the Commission has worked on in FY 2024, see Table 18.

Table 17 – Overview of Active Water and Wastewater Companies

Company Name	Service Type	Island	Number of Customers
Hawaii - American Water Company Mauna Lani District	Wastewater	Hawaii	31
Hawaii - American Water Company Waimea District	Wastewater	Hawaii	228
Hawaii Water Service Company, Inc. Keauhou Wastewater District	Wastewater	Hawaii	1500
Kaupulehu Waste Water Company	Wastewater	Hawaii	285
Waikoloa Sanitary Sewer Company, Inc., dba West Hawaii Sewer Company (wholly owned by Hawaii Water Service Company, Inc.)	Wastewater	Hawaii	1562
Hawaii Water Service Company, Inc. Poipu Wastewater District	Wastewater	Kauai	1800
Kukui'Ula South Shore Community Services – Acquisition pending with HWSC	Wastewater	Kauai	100
Manele Water Resources, LLC	Wastewater	Lanai	74
ATC Makena WWTP Services Corp.	Wastewater	Maui	28
Hawaii Water Service Company, Inc. Pukalani Wastewater District	Wastewater	Maui	881
MOSCO, Inc.	Wastewater	Molokai	351
Hawaii - American Water Company Hawaii Kai District	Wastewater	Oahu	9947
Turtle Bay Wastewater Treatment, LLC	Wastewater	Oahu	860
Hawaiian Beaches Water Company, Inc.	Water	Hawaii	1122
Kaupulehu Water Company	Water	Hawaii	275
KRWC Corporation, dba Kohala Ranch Water Company	Water	Hawaii	400
Waikoloa Resort Utilities, Inc., dba West Hawaii Utility Company (wholly owned by Hawaii Water Service Company, Inc.)	Water	Hawaii	194
Waikoloa Water Company, Inc., dba West Hawaii Water Company (wholly owned by Hawaii Water Service Company, Inc.)	Water	Hawaii	2065
Lanai Water Company, Inc.	Water	Lanai	1600
Hana Water Services, Inc.	Water	Maui	97
Hawaii Water Service Company, Inc. Ka'anapali District	Water	Maui	734
Hawaii Water Service Company, Inc. Kapalua District	Water	Maui	1000
Kealia Water Company Holdings LLC	Water	Maui	58
Launiupoko Irrigation Co., LLC	Water	Maui	408
Launiupoko Water Co., LLC	Water	Maui	375
Olowalu Water Company, LLC	Water	Maui	42
Molokai Public Utilities, Inc.	Water	Molokai	2582
Wai'ola O Moloka'i, Inc.	Water	Molokai	550
Laie Water Company, Inc.	Water	Oahu	730
North Shore Water Company, LLC	Water	Oahu	100
Kona Water Service Company, Inc. (owned by Hawaii Water Service Company, Inc.)	Water and Wastewater	Hawaii	225
South Kohala Water Corporation, fka South Kohala Wastewater Corp.	Water and Wastewater	Hawaii	187
Aqua Puhi, LLC, dba Puhi Sewer & Water Company	Water and Wastewater	Kauai	1431
Princeville Utilities Company, Inc.	Water and Wastewater	Kauai	1157
Kalaeloa Water Co., LLC (wholly owned by Hawaii Water Service Company, Inc.)	Water and Wastewater	Oahu	814
Punalu'u Water & Sanitation Corp.	Water and Wastewater	Oahu	33

Table 18 – Status of Dockets Involving Water and Wastewater Companies

Docket No.	Applicant	Topic	Status
2021-0147	HOH Utilities LLC and Hawaii Water Service Company, Inc.	CPCN Transfer / Merge	Approved
2022-0114	ATC Makena WWTP Services Corp.	CPCN Extension / Modification	Approved
2022-0186	Hawaii Water Service Company, Inc.	General Rate Increase for Pukalani Wastewater Division and Certain Tariff Changes	Approved
2022-0226	Kaupulehu Waste Water Company and Kaupulehu Water Company	Indirect Sale and Transfer of Ownership Interests in Kaupulehu Water Company and Kaupulehu Waste Water Company	Approved
2022-0233	Lanai Water Company, Inc.	Rate Increase, Revised Rate Schedules, and Changes to its Tariff	Approved
2023-0224	Kaupulehu Irrigation Company LP	New CPCN Non Motor Carrier	Dismissed
2023-0331	Waikoloa Sanitary Sewer Company, Inc.	General Rate Increase and Certain Tariff Changes	Withdrawn
2023-0332	Waikoloa Water Company, Inc.	General Rate Increase and Certain Tariff Changes	Withdrawn
2023-0333	Waikoloa Resort Utilities, Inc.	General Rate Increase and Certain Tariff Changes	Withdrawn
2023-0377	Kaupulehu Irrigation Company LP	Declaratory Order Regarding the Applicability of Chapter 269, Hawaii Revised States, to Kaupulehu Irrigation Company, LP's Proposed Irrigation Services to the Hualalai Resort and Etc.	Suspended
2023-0388	Daniel Brown	Formal Complaint	Dismissed
2023-0172	Wailuku Water Company, LLC	Sale of Assets	In Progress
2023-04657	Valzey Freitas	Informal Complaint	In Progress
2023-0449	Hawaii Water Service Company, Inc., Waikoloa Resort Utilities, Inc. dba West Hawaii Utility Company, Waikoloa Sanitary Sewer Co., Inc. dba West Hawaii Sewer Company, Waikoloa Water Co., Inc. dba West Hawaii Water Company, & Kona Water Service Company, Inc	Approval of Financing	In Progress
2023-0456	Kaupulehu Waste Water Company	Increase in Rates, Charges, and Changes in its Rules and Regulations	In Progress
2023-0465	Launiupoko Water Company, Inc.	Rate Increase, Revised Rate Schedules, and Changes to its Tariff	In Progress
2024-0038	Hawaii-American Water Company	General Rate Increase and Certain Tariff Changes for its Hawaii Kai, Mauna Lani, and Waimea Districts	In Progress
2024-0198	Punalu'u Water and Sanitation LLC	General Rate Increase, Revised Rules, Regulations, and Rates	In Progress

F. Motor Carriers

The Commission regulates passenger and property motor carriers transporting passengers or property for compensation or hire on public highways. 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.

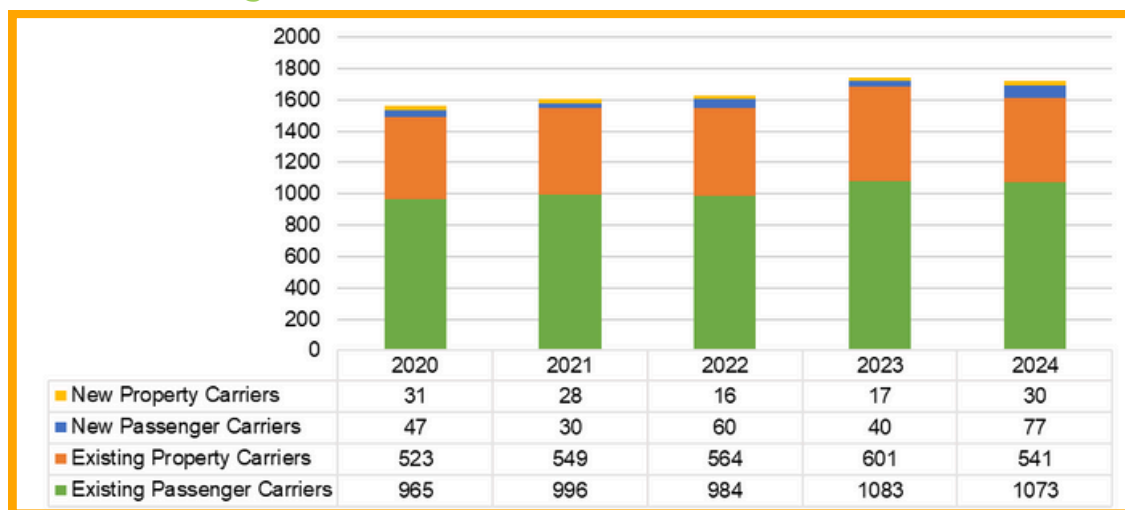
Passenger carriers are classified by authorized vehicle seating capacity. They include tour companies, limousine services, and other transportation providers. Property carriers are classified by the types of commodities transported and the nature of services performed, namely: general commodities, household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

The following sections summarize: 1) New Motor Carrier Certifications and Licensing, and 2) Tariff and Rate Notices FY 2024.

1) New Motor Carrier Certifications and Licensing

In FY 2024, the Commission regulated 1,614 motor carriers, which included 1,073 passenger carriers and 541 property carriers. During FY 2024, 77 new certificates or permits were issued to passenger carriers and 30 property carriers. Figure 22 shows the total number of active motor carriers over the past five fiscal years.

Figure 22 – Active Motor Carriers FY 2020-2024



2) 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 develop and publish motor carrier tariffs. During FY 2024, WMTB filed 38 rate notices for their members. The Commission also reviewed and approved rate requests from 57 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 ("ZOR"). 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.

G. One Call Center

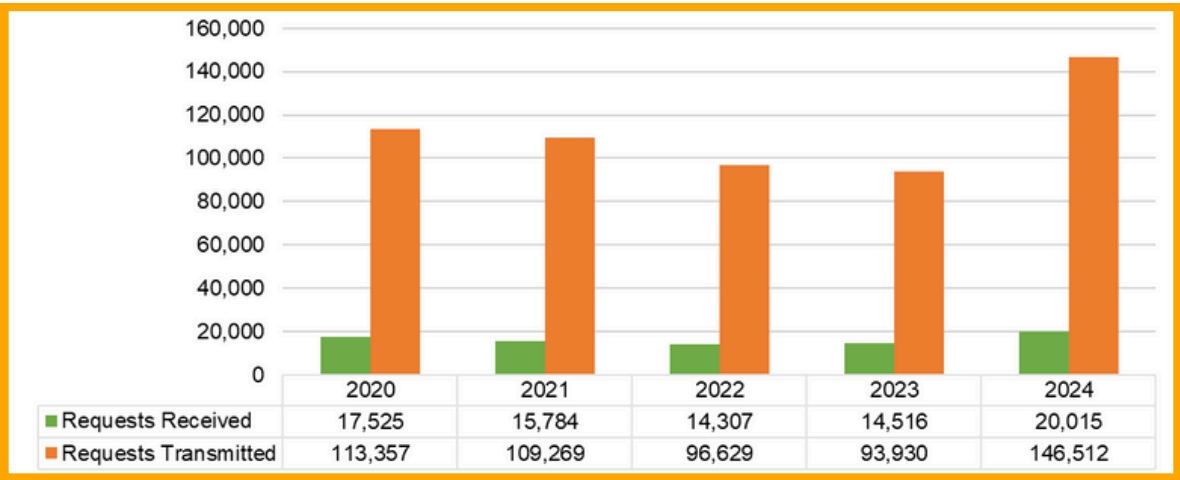
Determination of Appropriate Fees and Assessments to Finance the Administration and Operation of the One Call Center

Docket No. 05-0195; Status: Open

Hawaii's One Call Center was established by State law¹⁴ 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.¹⁵ 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 23 displays the number of requests made and transmitted for FY 2020-2024.

Figure 23 - One Call Center Requests Received and Transmitted, FY 2020-2024



During FY 2024, 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.

H. Financing Orders Issued

The PUC ensures utilities that are in good financial standing to operate, invest, and deliver services. In FY 2024, the Commission worked on over 20 finance-related dockets, covering rates, tariffs, the public benefits fee, energy credits, asset retirement and depreciation, loans, and inflation, among others. Below is a list of the financing dockets Commission staff issued key orders in during FY 2024. See below for a list of notable dockets.

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

15 See HRS 269E-7

Table 19 – Finance Related Dockets for FY 2024

Docket No.	Docket Title	Applicant	Industry	Docket Status
2007-0323	PBF (Hawaii Energy)	HECO Cos.	Electricity	In Progress
2014-0135	GEMS	HGIA	Electricity	In Progress
2017-0105	Hawaii Gas - Rate Case	Hawaii Gas	Gas	Closed
2018-0088	Investigate Performance Based Regulation	Hawaiian Electric	Electricity	In Progress
2019-0117	YB - General Rate Increase	Young Brothers	Water Carrier	In Progress
2019-0323	DER - ARD Track	HECO Cos.	Electricity	In Progress
2020-0135	YB - New BIP COS Model	Young Brothers	Water Carrier	Suspended
2022-0118	HE - Recovery of deferred costs associated with COVID-19 emergency	Hawaiian Electric	Electricity	Closed
2022-0140	HWSC - Ka'anapali Division - Rate Case	HWSC	Water	In Progress
2022-0155	YB - Approval for Proposed Financing - A/R Credit Facility	Young Brothers	Water Carrier	In Progress
2022-0208	KIUC Rate Case	KIUC	Electricity	In Progress
2023-0349	Approval to Defer Maui Windstorm and Wildfires Response and Restoration Costs	Hawaiian Electric	Electricity	Closed
2023-0343	Transfer of Utility Assets - Emergency Response	HECO Cos.	Electricity	In Progress
2023-0443	KIUC - Waiver - RUS Loan - HRS section 269-31(b)	KIUC	Electricity	Closed
2024-0040	Approval to Sell Accounts Receivable and Establish Long-Term Credit Facility	Hawaiian Electric	Electricity	In Progress
2024-0057	Approval to Modify Target Heat Rates in ECRC Clause Tariff	Hawaiian Electric	Electricity	In Progress
2024-0092	YB WICI ARAM	YB	Water Carrier	In Progress



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.

Enforcement activities for motor carriers included field surveillance and issuance of citations 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, 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.

Beginning January 1, 2025, most motor carrier enforcement duties will transfer to the Department of Transportation, Highways Division, Motor Vehicle Safety Office pursuant to Act 117, Session Laws of Hawaii 2024. The Commission will continue to process citations pursuant to its administrative rules. This partnership is envisioned to address the increased need for more effective motor carrier enforcement.

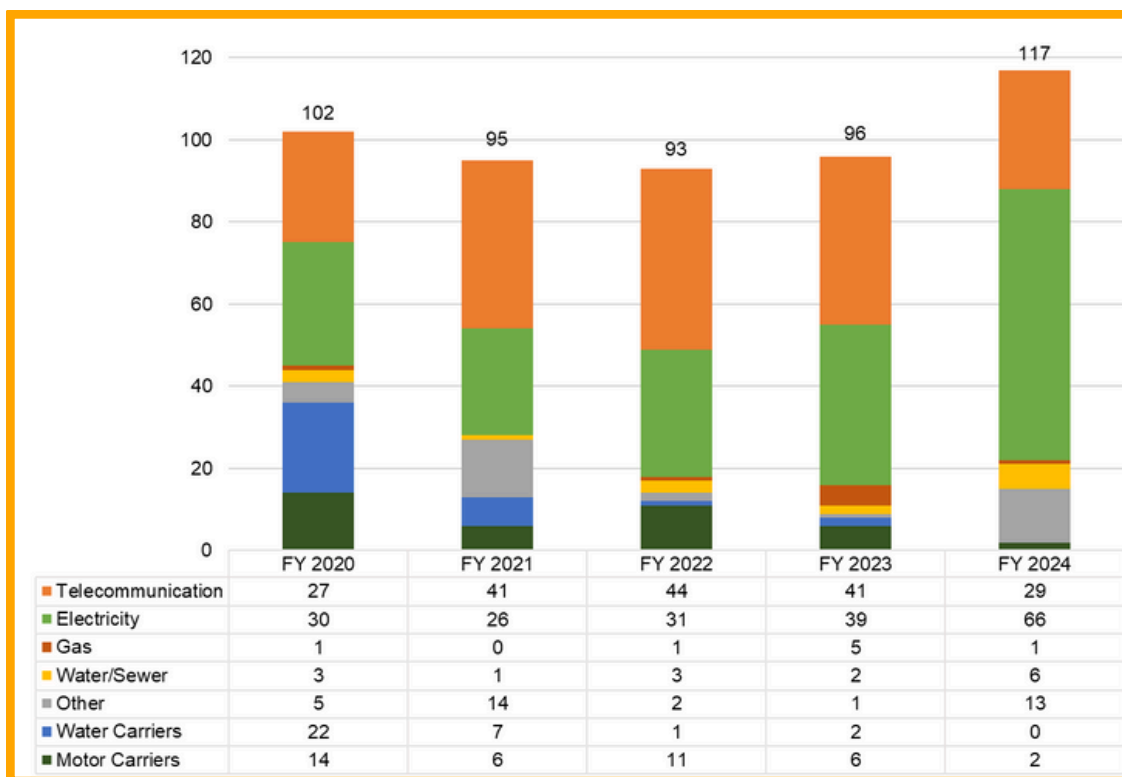
Complaints

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 are outlined in Chapter 16-601, Hawaii Administrative Rules, that provide specific requirements for formal and informal written complaints.

Written Informal Complaints and Declaration Submissions

As shown in Figure 24, the Commission received a total of 117 written informal complaints in FY 2024 against utility and transportation companies.

Figure 24 – Informal Complaints Received by the Commission, FY 2020-2024



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.

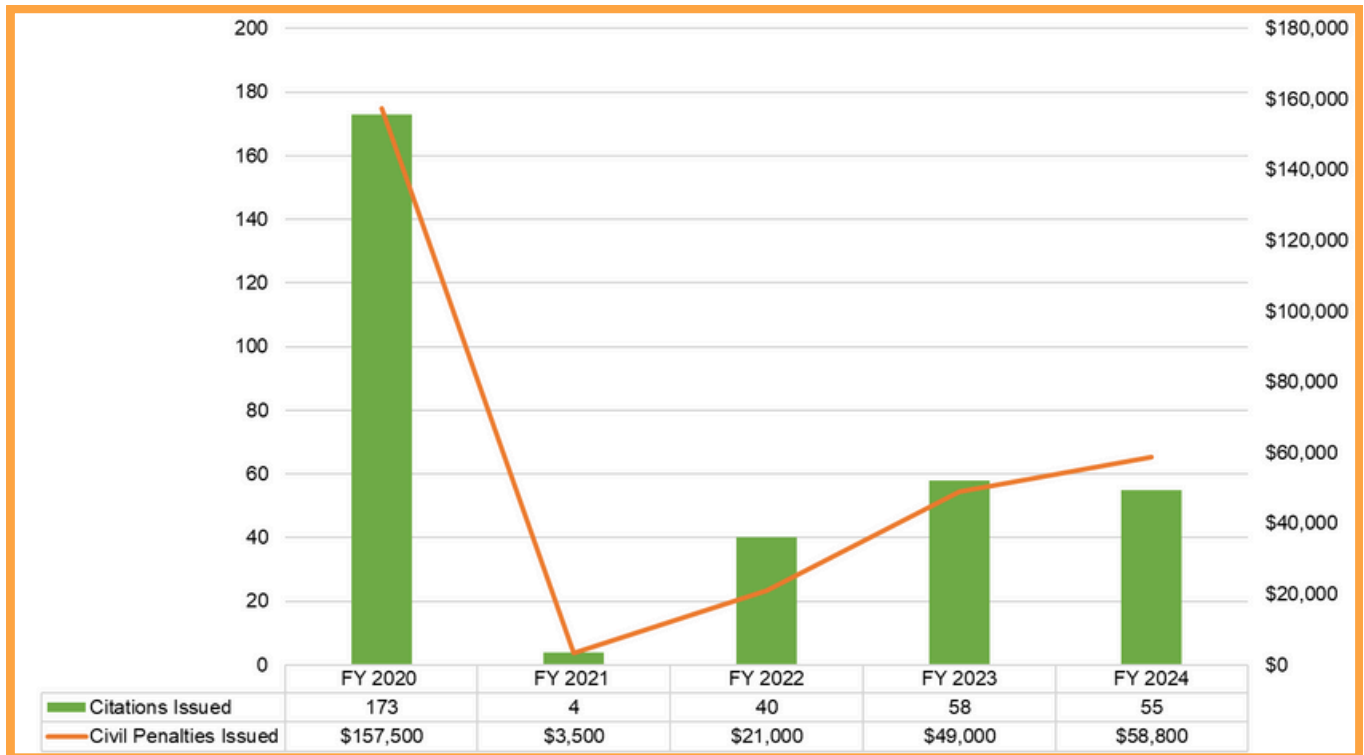
Some of the common types of citations include operating without a certificate or permit issued by the Commission, failure to publish a tariff, failure to maintain the required liability insurance, improper vehicle marking, and stop-in-transit violations (i.e., shipping intrastate cargo described as interstate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

Table 20 lists by category, the number of citations issued, and the civil penalties issued for FY 2020-2024. Table 21 shows the total number of citations and civil penalties for FY 2020-2024. 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 2020 - 2024

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Motor Carrier	169	1	39	54	54
Stop in Transit	4	3	1	4	1
One Call Center	0	0	0	0	0
Total # of Citations Issued	173	4	40	58	55
Motor Carrier	\$152,500	\$1,000	\$14,000	\$36,000	\$45,300
Stop in Transit	\$5,000	\$2,500	\$500	\$3,000	\$1,000
One Call Center	\$0	\$0	\$6,500	\$10,000	\$12,500
Total Civil Penalties Issued	\$157,500	\$3,500	\$21,000	\$49,000	\$58,800

Table 21 – Civil Citations and Civil Penalties Issued, FY 2020 - 2024





VI. Programs Administered by the Commission

This section provides an overview of the programs that the Commission oversees, including those programs instituted through statute and through third party management contract.

I. Public Benefits Fee

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 and subsequently opened Docket No. 2007-0323 to administer the PBF program. 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 December 2023, the Commission approved a program performance payment of \$508,073 to Hawaii Energy for Program Year 2021 (including cumulative performance for the triennial period of PYs 2019-2021).

On June 21, 2024, in Order No. 40858, the Commission set the PBF surcharge at 1.75%. 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.

PUC Fiscal Year 2024 is Hawaii Energy’s Program Year 2023 and is the second year of a three-year Triennial Plan cycle, covering program years 2022-2024. Program Years run July 1 of the current program year, through June 30 of the following calendar year.

More information and annual reports about Hawaii Energy’s programs are available on their website: www.HawaiiEnergy.com. Information about the Hawaii Energy Efficiency Portfolio Standard (“EEPS”) goals and associated meetings and activities are available online at <https://www.hawaiieeps.org/>.

J. 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. Act142 SLH2019 was codified into law as HRS § 269-72 and 269-73. 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.

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 on 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 five years since inception, with 336 charging stations installed or retrofitted across all four counties as of June 30, 2024. Additional data for the program, as end of FY 2024, are highlighted below:

EV Charging Station Rebate Distribution

	Oahu	Maui County	Hawai'i Island	Kaua'i	TOTAL
Level 2	212	73	23	16	324
DC Fast Chargers	9	3	0	0	12
TOTAL	221	76	23	16	336

Fiscal Allocation through June 30, 2024

Funding Years	Appropriation	Rebate Expenditure	Admin Expenditure	Appropriated Funds Remaining*
FY 2020 & FY 2021	\$400,000	\$397,697	-0-	\$2,303
FY 2022 & FY 2023	\$1,500,000	\$757,047	\$75,494	\$667,459
FY 2024	\$750,000	\$374,722	\$169,973	\$205,305
TOTAL	\$2,650,000	\$1,529,466	\$245,467	\$875,067

*Note: this data reflects appropriation, not contracted amount; per Act 202 (SLH 2022)

FY2023 funds do not lapse until end of FY 2024

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

K. Print Disability Assistance

Act 247, Session Laws of Hawaii 2023, required the Commission to allocate \$150,000 for each fiscal years 2023-2024 and 2024-2025 to provide free telecommunications access for people with print disabilities. After Governor Green signed HB933 on July 7, 2023, the Commission issued several requests for proposals, finally selecting the National Federation of the Blind of Hawaii (“NFBH”) for \$119,900. The remaining \$30,000 was used to hire BerryDunn for contract management. The contract was awarded on April 4, 2024, and started on May 1, 2024. NFBH’s system was ready to process applications from day one. A kick-off meeting was held on May 2, 2024, and bi-monthly check-ins have been conducted since then. Annual training was held on August 15, 2024.

L. Telecommunications Relay Service

Pursuant to HRS 269-16.6, the Commission oversees the Telecommunications Relay Services (“TRS”) fund to provide intrastate TRS for the deaf, persons with hearing disabilities, and hard of hearing. The Commission requires that all regulated telecommunications carriers (except payphone providers) contribute to the TRS fund a fraction of a percent of their gross operating revenues from providing retail intrastate telecommunications services during the preceding calendar year. The contribution rate, as of July 2017, is 0.23% and currently remains the same. The funds are then disbursed to a third-party administrator under contract with T-Mobile USA, Inc., the TRS Provider selected by the Commission to provide intrastate TRS to persons with hearing disabilities.

During FY 2024, the TRS fund collected \$503,763 in revenues from regulated telecom companies and dispersed \$430,795 to T-Mobile for TRS provided to customers, which includes traditional TRS, Captioned Telephone (“CapTel”), and Relay Conference Captioning (“RCC”) services. TRS revenues increased during this period with the removal of analog CapTel services, effective January 1, 2024. Removal of analog CapTel services was a result of decreasing usage over time and contracting issues between T-Mobile and their CapTel contractor.

Figure 25 displays the revenues and disbursements, and Figure 26 shows the amount minutes elapsed by type (TRS, CapTel, and RCC minutes) over the past five fiscal years.

Figure 25 - Telecommunications Relay Services Cash Flow, FY 2020 - 2024

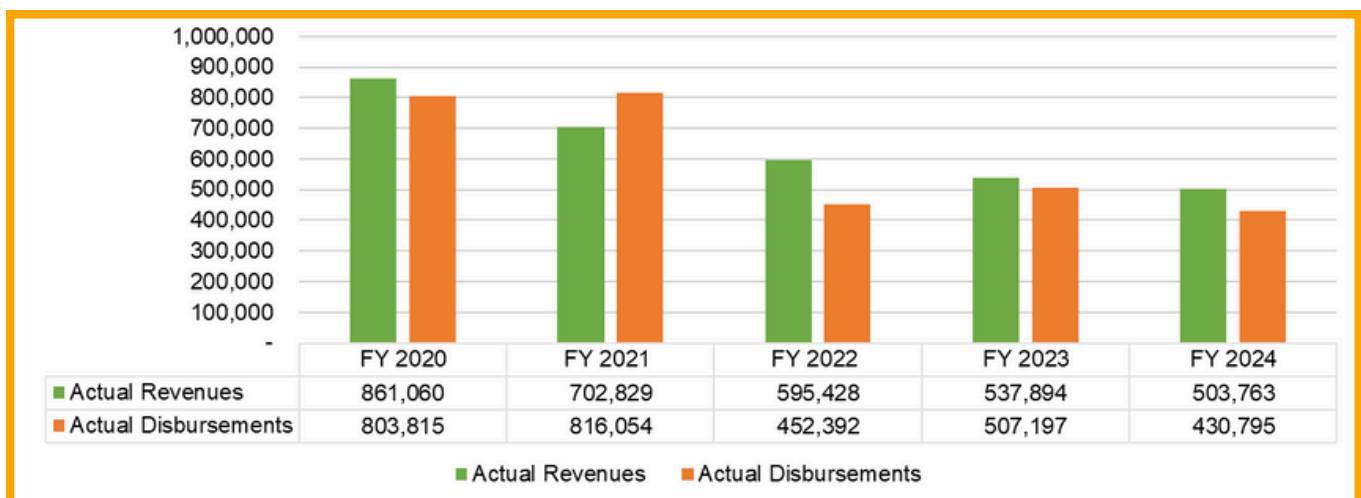
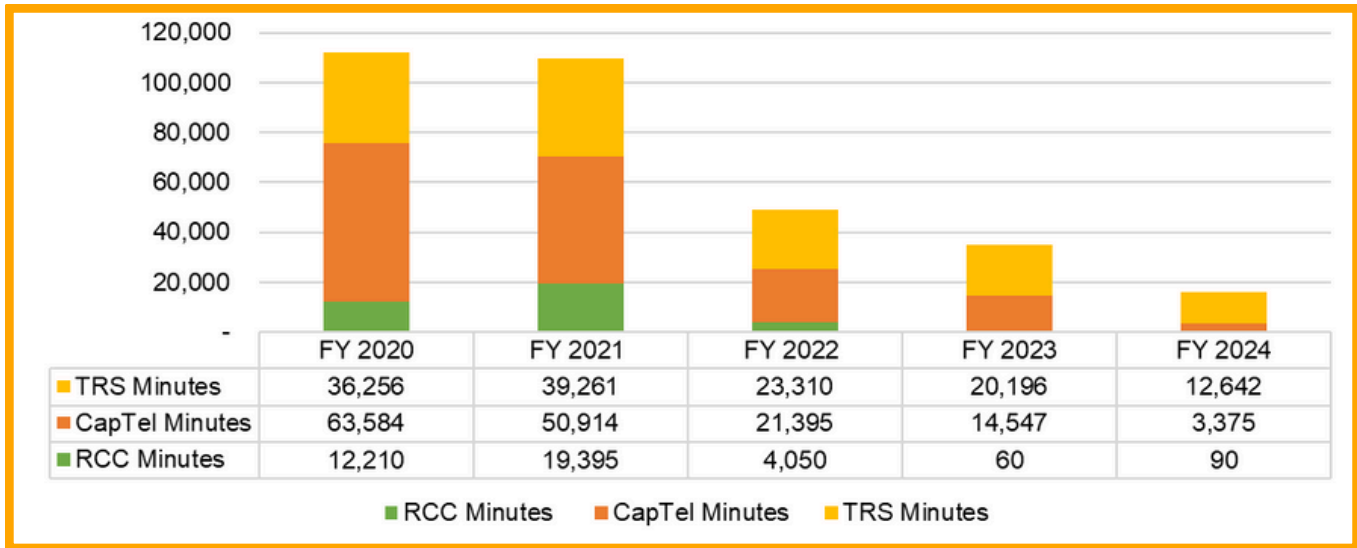


Figure 26 - Telecommunications Relay Services Minutes, FY 2020 - 2024



M. 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 Commission believes it is in the public interest for all utilities to assess their eligibility for federal funding under the Infrastructure Investment and Jobs Act and Inflation Reduction Act. While the bulk of funding opportunities relate to energy, there is a significant water-energy nexus, and encourages water, wastewater, and irrigation utilities to explore investment in on-site renewable energy projects that take advantage of Investment Tax Credits and Production Tax Credits in addition to any eligible tax bonuses, depending on the location and domestic content use of the energy project. One of the largest expenses for many water, wastewater, and irrigation utilities is for electricity for pumping, which is directly passed through to ratepayers. The Commission also urges these utilities to seek funding opportunities for energy efficiency to reduce electricity costs. The Commission further notes the similar nexus between wastewater utilities and renewable natural gas and encourages wastewater utilities to work with natural gas producers to coordinate on the exploration of new renewable biogas projects.

The Inflation Reduction Act

The Inflation Reduction Act of 2022 (“IRA”)¹⁶ continued to be implemented in FY 2024 and has several major implications for regulated utilities.

The IRA will significantly impact the economics of the electric industry through the extension, modification, and creation of various tax incentives for efficiency, solar, wind, and other renewable energy projects. The IRA may also offer notable impact on other industries regulated by the Commission, such as gas, water utilities, telecommunications, and motor and water carriers. The IRA provides approximately \$370 billion in energy investments, \$1 billion for heavy-duty commercial vehicles, \$550 million for water supply projects in disadvantaged communities, and \$3.6 billion for ports and goods movement facilities.

¹⁶ <https://www.congress.gov/bills/117th-congress/house-bill/5376/text>



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

The Infrastructure Investment and Jobs Act (IIJA) continues to support the advancement of several industries regulated by the PUC, including the energy sector, water utilities, gas utilities, telecommunications, and motor/water carriers. The Commission encourages regulated utilities to seek funding from IIJA for projects. According to the White House, the IIJA includes approximately \$550 billion in new federal funding for infrastructure, representing “the largest ever investments in broadband, rail and transit, clean energy, and water, just to name a few.”¹⁷¹⁸

¹⁷ Fact Sheet: Historic Bipartisan Infrastructure Deal, July 28, 2021, available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/28/fact-sheet-historic-bipartisan-infrastructure-deal/>. See also, Statements and Releases: Biden Administration Releases Bipartisan Infrastructure Law Guidebook for State, Local, Tribal and Territorial Governments, January 31, 2022, available at <https://www.whitehouse.gov/briefing-room/statements-releases/2022/01/31/biden-administration-releases-bipartisan-infrastructure-law-guidebook-for-state-local-tribal-and-territorial-governments/>.

¹⁸ Building a Better America: A Guidebook to the Bipartisan Infrastructure Law for State, Local, Tribal, and Territorial Governments, and Other Partners, May 2022, (“IIJA Guidebook”), available at: <https://www.whitehouse.gov/wp-content/uploads/2022/05/BUILDING-A-BETTER-AMERICA-V2.pdf>.



VII. Special Fund Update for Fiscal Year 2024

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 2024 Special Fund revenue of \$22.4 million reflects a 24.1% increase compared to FY 2023 revenues. The Commission collected almost \$21 million in public utility fees for FY 2024, 31.1% more than public utility fees for FY 2023. The revenue derived from each source of income for FY 2023 are shown in Figure 27 and Table 22.

Figure 27 – Public Utilities Commission Special Fund FY 2024

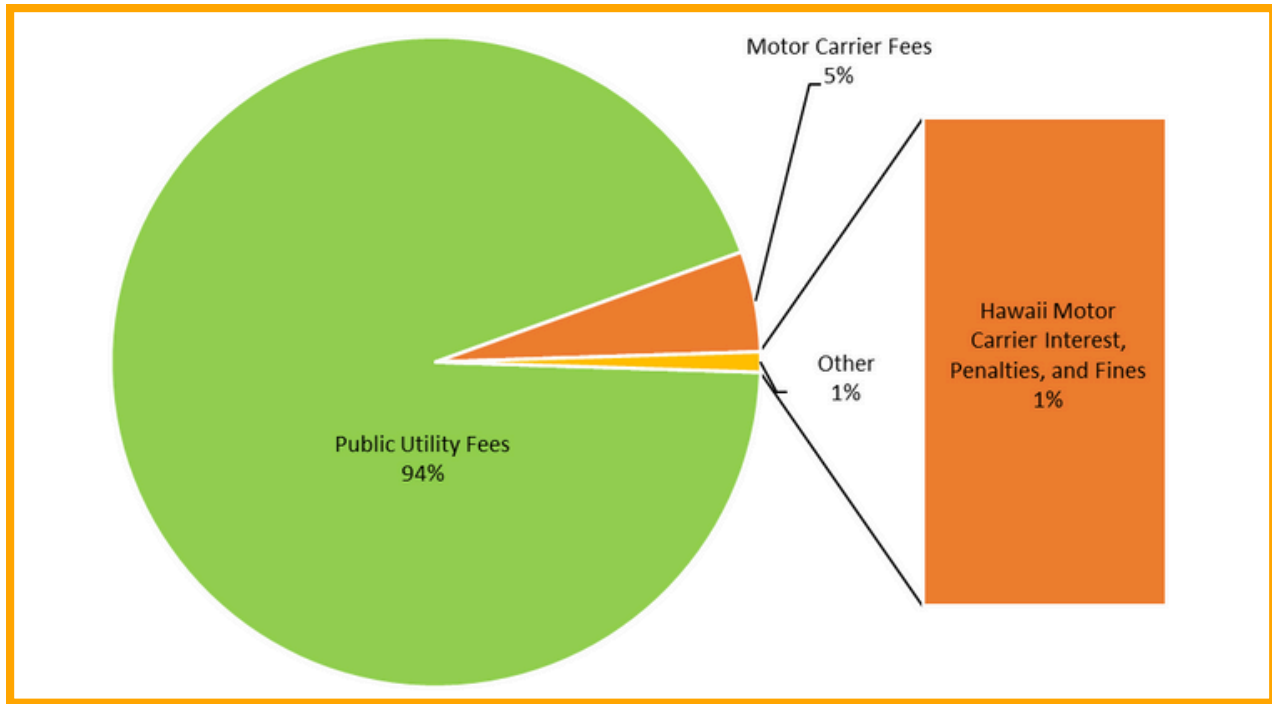


Table 22 – Public Utilities Commission Special Fund Revenue for FY 2023 and 2024

Description of Revenues	FY 2023	FY 2024
Public Utility Fees	\$15,978,624	\$20,957,404
Motor Carrier Fees	\$1,734,002	\$1,222,487
Hawaii One Call Center Fees	\$98,849	\$88,235
Excavator or Operator Citations	\$0	\$0
Filing Fees and Other Revenues	\$113,349	\$15,313
Hawaii Motor Carrier Interest, Penalties, and Fines	\$180,233	\$189,023
Transfers from Other State Departments	\$0	\$0
Total Revenues	\$18,105,057	\$22,472,462



Expenditures and Transfers

Total FY 2024 Special Fund revenue of \$22.4 million reflects a 24.1% increase compared to FY 2023 revenues. The Commission collected almost \$21 million in public utility fees for FY 2024, 31.1% more than public utility fees for FY 2023. The revenue derived from each source of income for FY 2024 are shown in Figure 27 and Table 22.

During the fiscal year, the remaining expenditures consisted of transfers to other State agencies and the General Fund, including 30% 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 2024, this amount was \$5,402,468 and accounted for 24.4% of total Commission expenditures and transfers.

The breakdown of total FY 2024 the PUC Special Fund Expenditures and Transfers are detailed in Figure 28 and Table 23.

Figure 28 – Public Utilities Commission Special Fund Expenditures and Transfers for FY 2024

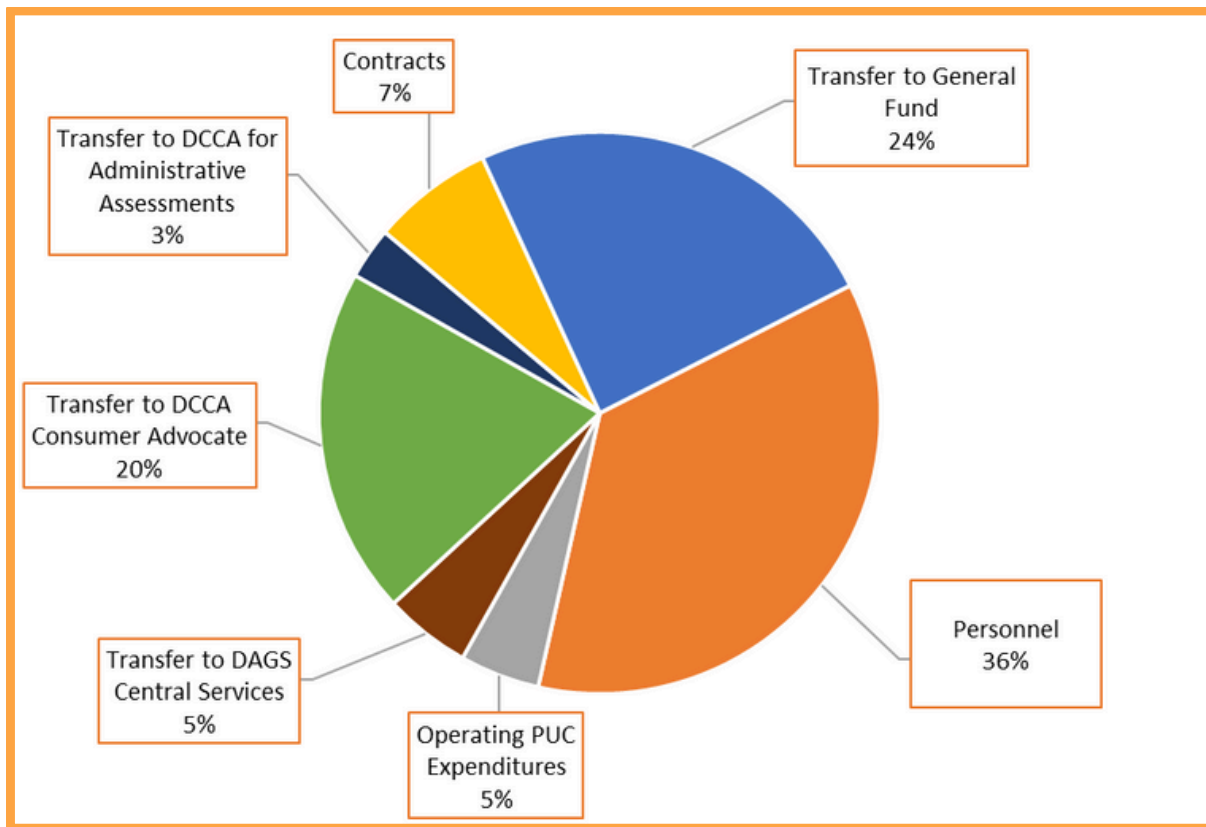


Table 23 – Public Utilities Commission Special Fund Expenditures, Encumbrances for Contracts, and Transfers for FY 2023 and 2024

	FY 2023	FY 2024
Expenditures		
Personnel	\$7,433,977	\$8,179,068
Operating PUC Expenditures	\$955,730	\$1,022,096
Transfers to Other Agencies		
Transfer to DAGS Central Services	\$894,402	\$936,712
Transfer to DCCA Consumer Advocate	\$4,604,311	\$4,604,311
Transfer to DCCA for Administrative Assessments	\$452,508	\$452,508
Total Expenditures and Transfers to Other Agencies	\$14,340,928	\$15,194,695
Encumbrances for Contracts (as of June 30, 2024)	\$613,118	\$1,598,060
Transfer to the General Fund (as of June 30, 2024)	\$1,706,929	\$5,402,468
Total Expenditures, Encumbrances for Contracts, and Transfer	\$16,660,975	\$22,195,223

Glossary of Terms

Acronym	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
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
GSPA	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
USF	Universal Service Fund
YB	Young Brothers
ZRP	Zone of Reasonableness Program (Motor Carriers)