BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAI‘I

In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC.
HAWA‘I ELECTRIC LIGHT COMPANY, INC.
and MAUI ELECTRIC COMPANY, LIMITED

For Approval to Defer Costs Associated with the
COVID-19 Pandemic Emergency

APPLICATION OF
HAWAIIAN ELECTRIC COMPANY, INC.,
HAWA‘I ELECTRIC LIGHT COMPANY, INC. AND
MAUI ELECTRIC COMPANY, LIMITED

EXHIBIT A

VERIFICATION

AND

CERTIFICATE OF SERVICE

Joseph P. Viola
Vice President, Regulatory Affairs
Hawaiian Electric Company, Inc.

Vice President
Hawai‘i Electric Light Company, Inc.
Maui Electric Company, Limited

P. O. Box 2750
Honolulu, Hawai‘i 96840
# TABLE OF CONTENTS

I. APPLICANTS .................................................................................................................... 2  
II. CORRESPONDENCE........................................................................................................ 4  
III. STATUTORY PROVISION OR AUTHORITY................................................................. 4  
IV. DISCUSSION.................................................................................................................... 4  
V. REQUEST FOR DEFERRAL ACCOUNTING TREATMENT ........................................... 15  
VI. EXHIBIT........................................................................................................................ 17  
VII. CONCLUSION............................................................................................................. 18
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAI‘I

In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC.
HAWAI‘I ELECTRIC LIGHT COMPANY, INC.
and MAUI ELECTRIC COMPANY, LIMITED

For Approval to Defer Costs Associated with the
COVID-19 Pandemic Emergency

DOCKET NO.

APPLICATION

TO THE HONORABLE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAI‘I:

By this Application, Hawaiian Electric Company, Inc. (“Hawaiian Electric”), Hawai‘i Electric Light Company, Inc. (“Hawai‘i Electric Light”) and Maui Electric Company, Limited (“Maui Electric”) (jointly referred to as “the Hawaiian Electric Companies” or “the Companies”) respectfully request Hawai‘i Public Utilities Commission (“Commission”) approval to defer costs associated with the COVID-19 pandemic, beginning from March 17, 2020, the date the Companies temporarily suspended service disconnections for both residential and commercial customers in response to the potential impacts of the pandemic on customers. The Companies respectfully request that the Commission, if possible, approve this application by June 30, 2020.

During this pandemic emergency, electric utility service is deemed an essential service by the State of Hawai‘i.¹ The Hawaiian Electric Companies are proud to continue providing

service to our communities during these difficult and unprecedented times. However, maintaining financial integrity is critical to their ability to do so. The Companies expect that they will incur significant costs in their response to the public health emergency, including bad debt expense resulting from higher than average levels of write-offs of uncollectible accounts associated with the suspension of disconnects and non-collection of late payment fees to assist customers facing extreme economic pressures. The Companies also expect to incur increased financing costs, sequestration costs for mission critical employees, increased sanitation and decontamination costs and other costs that cannot currently be reasonably estimated or predicted given the extraordinary nature of this event. The associated risks of this historic global emergency are well outside reasonable business risk for the Companies.

The Companies do not seek approval to recover these costs through this application; rather, the Companies will later propose for Commission approval the amount of, and vehicle for, cost recovery through a separate request when the costs and impacts are better known.

The full extent of this crisis and its economic impacts (both generally and with respect to the Companies) remains to be seen, the length of time during which extraordinary costs will be incurred is unpredictable. Accordingly, the Companies request deferred accounting treatment for expenses incurred at least through the end of 2020. Should the Companies need deferred accounting treatment beyond December 31, 2020, they will submit additional requests.

I. **APPLICANTS**

Hawaiian Electric, whose principal place of business and whose executive offices are located at 1001 Bishop Street, Suite 2500, Honolulu, Hawai‘i, is a corporation duly organized

---

under the laws of the Kingdom of Hawai‘i on or about October 13, 1891, and is now existing under and by virtue of the laws of the State of Hawai‘i. Hawaiian Electric is an operating public utility engaged in the production, purchase, transmission, distribution and sale of electricity on the island of O‘ahu.

Hawai‘i Electric Light, whose principal place of business and whose executive offices are located at 1200 Kilauea Avenue, Hilo, Hawai‘i, is a corporation duly organized under the laws of the Republic of Hawai‘i on or about December 5, 1894, and now exists under and by virtue of the laws of the State of Hawai‘i. Hawai‘i Electric Light is an operating public utility engaged in the production, purchase, transmission, distribution and sale of electricity on the island of Hawai‘i.

Maui Electric, whose principal place of business and whose executive offices are located at 210 Kamehameha Avenue, Kahului, Maui, Hawai‘i, is a corporation duly organized under the laws of the Territory of Hawai‘i on or about April 28, 1921, and now exists under and by virtue of the laws of the State of Hawai‘i. Maui Electric is an operating public utility engaged in the production, purchase, transmission, distribution and sale of electricity on the Island of Maui; the production, transmission, distribution and sale of electricity on the Island of Moloka‘i; and the production, distribution and sale of electricity on the Island of Lana‘i.
II. **CORRESPONDENCE**

Correspondence and communications regarding this Application should be addressed to:

Dean K. Matsuura  
Director, Regulatory Rate Proceedings  
Hawaiian Electric Company, Inc.  
P.O. Box 2750  
Honolulu, Hawai‘i 96840-0001  
dean.matsuura@hawaiianelectric.com

III. **STATUTORY PROVISION OR AUTHORITY**

The approvals in this Application are requested pursuant to Hawai‘i Revised Statutes §§ 269-6, 269-7, 269-16(b)(2) and § 16-601-74 of the Rules of Practice and Procedure before the Public Utilities Commission, Title 16, Chapter 601 of the Hawai‘i Administrative Rules.

IV. **DISCUSSION**

COVID-19 Pandemic Emergency Proclamation

On March 4, 2020, David Y. Ige ("Governor Ige"), Governor of the State of Hawai‘i, issued an emergency proclamation ("Proclamation") in which he determined that the conditions brought about by the COVID-19 pandemic are of such character and magnitude to constitute an emergency or disaster as contemplated by sections 127 A-2 and 127 A-14, Hawaii Revised Statutes, that threatens the State of Hawai‘i and proclaimed an Emergency Period for the purpose of authorizing the expenditure of State monies as appropriated for the speedy and efficient protection and relief of the damages, losses, and suffering resulting from the emergency. The Governor further declared that the disaster emergency period would commence immediately and continue through April 29, 2020, or by a separate proclamation, whichever occurs first.²

---

² The Governor also authorized and invoked other measures under the Hawaii Revised Statutes including 1) activating the Major Disaster Fund, 2) suspending, as allowed by federal law, certain state statutes to the extent
On March 6, 2020, the Hawai‘i State Department of Health announced the first positive test results for a COVID-19 case in Hawai‘i. On March 13, 2020, the President of the United States officially declared a national emergency.

On March 17, Governor Ige directed the following:

- Limit social gatherings to groups of ten people or less to follow Centers for Disease Control and Prevention (“CDC”) guidelines.
- Close bars and clubs.
- Close restaurants or provide drive-thru, take out, pick-up, or delivery.
- Close theatres, entertainment centers and visitor attractions.
- Avoid any discretionary travel.
- Suspend services and activities in places of worship.
- Stay home if you are a high-risk individual and take additional precautionary measures.
- Do not visit nursing homes or retirement or long-term care facilities.
- If someone in your household has tested positive for COVID-19, keep the entire household at home.

Among other things, he announced that all utilities have been directed to take necessary measures to ensure that they can continue to operate in the normal course, and that for both the utilities and essential services, government resources and support can be deployed as necessary.

On March 21, 2020, the Governor ordered a mandatory 14-day quarantine for all individuals arriving or returning to the State of Hawai‘i. On March 23, 2020, the Governor

necessary for county and state agencies to accomplish the emergency management functions contemplated under the Proclamation, 3) as allowed by state law, prohibiting the increase in the selling price of any commodity, whether at the retail or wholesale level, in the area that is the subject of the disaster Proclamation, continuing for the period of the Proclamation, for food, water, medical supplies, personal hygiene, paper or disposable cleaning products and other commodities, and 4) directing all state agencies and officers to cooperate with and extend their services, materials, and facilities as may be required to assist in all efforts to eliminate danger.

ordered the entire state, with the exception of essential workers, to stay at home and work from home starting at 12:01 a.m. Wednesday, March 25, 2020 through April 30, 2020.

On March 31, 2020, the Governor issued an emergency order requiring all residents and visitors traveling between any of the islands in the State of Hawai‘i to self-quarantine for 14 days, to take effect at 12:01 a.m. on April 1, 2020.6

As of April 22, 2020, there were 586 total positive COVID-19 cases in Hawai‘i, of which 385 were on O‘ahu, 64 on the island of Hawai‘i, 108 on Maui, 21 on Kaua‘i, two on Moloka‘i, none on Lana‘i and six were out-of-state Hawai‘i residents. There were twelve deaths associated with the coronavirus (seven on Oahu and five in Maui County).7

The Hawaiian Electric Companies Proactively Responded to the COVID-19 Outbreak

In January 2020, the Hawaiian Electric Companies began preparations for a potential COVID-19 outbreak in Hawai‘i, even before the announcement of the first confirmed case of COVID-19 in Hawai‘i. On January 31, the Companies sent out an advisory to their employees providing information on COVID-19, recommending prevention measures and encouraging employees with cold or flu like symptoms to stay home and contact a medical provider right away if there was a concern about symptoms. On February 14, the Companies sent out a follow-up advisory that they were working with the Department of Health and firming up plans to be prepared for any infectious disease scenario that could impact the state and provided more information about preventative actions.

On February 28, 2020 to keep employees safe, the Companies cancelled all business travel to Asia, Iran and Italy and strongly discouraged personal travel to areas covered by travel

---


alerts and required employees who recently visited or had personal travel scheduled to these areas to inform their supervisor and stay home for 14 days, even if they are showing no symptoms, as a precaution to minimize the potential spread of the virus. In the following days, the Companies expanded the restrictions on travel to all other countries, the continental U.S., and neighbor islands, and expanded the requirements for quarantine.

On March 11, 2020, the Companies activated a partial Incident Management Team during normal business hours to better monitor the COVID-19 situation. The Companies limited access to certain mission critical and secured areas of the Companies’ facilities (i.e., call centers, the Network Operations Center, power plant control rooms, the Security Command Center, and the System Operation Control Centers/Dispatch) to only employees critical to the work in these areas to help prevent the spread of illness in these enclosed work areas. At that time, the Companies also required all employees to complete training of the control and prevention of COVID-19 by April 30, 2020.

On March 16, 2020, the Companies implemented short-term remote work practices, strongly encouraging employees to work remotely if the job allows, effective the following day. On April 6, the Companies required those who could telework to do so and later extended the requirement through May 15, 2020.

On March 16, 2020, the Companies announced that they would temporarily close their payment centers, starting at noon, March 18, to increase social distancing and minimize the risk for both customers and employees, and encouraged customers to use other options to make payment, including:

- Mail in payment
- Use or sign up for online bill payment including automatic bill payment
• Use Speedpay®, an authorized payment service provider that allows you to pay-by phone or online (convenience fee will apply)
• Visit Western Union payment locations throughout our five-island service territory if payment must be made in person

On March 17, 2020, the Companies suspended service disconnections for both residential and commercial customers for at least 30 days so that customers who are financially challenged due to the coronavirus pandemic would not have to worry about losing electrical service. The Companies urged customers facing financial hardship to call Customer Service to arrange payment options and schedules to help keep payments manageable, since customers would still be responsible for bill payment.8

On March 27, 2020, the Companies announced that they were continuing to adjust their operations to reduce the potential spread of the coronavirus, including postponing less urgent repair and maintenance work, and closing walk-in customer payment centers at least through April, but none of the operational changes would interrupt electric service to customers. In addition, to ensure electric service is not disrupted, Hawaiian Electric postponed projects and work that would require customer outages, unless the project is critical for safety or reliability. The Companies’ crews and contractors continue to perform essential work that involves little interaction with the public, including tree trimming (to reduce potential outages), replacement of equipment, and system resilience work that is difficult to reschedule. Emergency work, including outage restoration and repairs to ensure public safety such as replacing damaged poles, remains a priority.

8 The Companies’ President and Chief Executive Officer, Scott Seu, also announced that their charitable foundation is contributing $125,000 to community partners, including the Hawai'i Foodbank and United Way agencies on O'ahu, Maui, Kaua'i and Hawai'i Island to help families in need.
Although Hawaiian Electric employees are considered “essential workers,” the Companies are trying to reduce the numbers in the field to protect the health and safety of employees and the public. For example, on March 26, 2020, the Companies filed a letter request seeking authorization to temporarily suspend all efforts to take actual customer meter reads (which require Company employees to physically go out into the community for both residential and commercial customers) through May 31, 2020 due to serious health and safety concerns related to COVID-19 and instead provide customers with estimated bills. The Commission granted this request on April 1, 2020.\(^9\) Once meter reading resumes, the bills will “true up” and customers will be billed accordingly for the actual usage so that customers will pay for only the electricity used.

Other measures include the following which are updated as needed based on current conditions and mandates:

- Service disconnections are suspended through May 17, 2020, an extension from April 17, 2020.

- Walk-in customer payment centers will remain closed at least through April 30, 2020 rather than reopen on March 30, 2020 as originally planned.

The Financial Impact of the COVID-19 Pandemic on the Companies Could Be Substantial

As a result of the pandemic, demand for electricity across the state has been significantly reduced throughout the day. Recently, for example, average system peaks were 7% to 14% lower than the same time last year. System minimum loads on sunny days have also correspondingly decreased. The following graphs show that minimum loads during the last week

\(^9\) See Non-Docketed Order No. 37057.
in March 2020 have been consistently lower than March 2019. A small part of this is due to increased rooftop solar penetration, but the impacts are mostly due to overall lower demand attributable to the pandemic response. This effect can be seen on all three islands with Maui experiencing the largest change in minimum loads.

Reductions in customer energy requirements reduce the amount of revenues that the Companies bill to recover their costs of service. Under the approved decoupling mechanism, the Companies’ revenue balancing accounts (“RBA”) record differences between target revenues (approved rate case revenues plus annual rate adjustment mechanism (“RAM”) revenues) and recorded revenues (i.e., billed and unbilled revenues). Under the RBA Provision tariffs, the Companies charge or credit customers for the amount of the year-end RBA balance through the RBA Rate Adjustment, which typically goes into effect on June 1 of the following year and stays in effect for one year. Through the RBA mechanism, the Companies accrue and subsequently bill for revenue amounts that fall below target revenues due to the reduced sales because of the COVID-19 pandemic. However, the RBA does not adjust for the increase in bad debt expense due to amounts of customer accounts receivable that will not be collected from customers due to the financial challenges faced by both commercial and residential customers. Embedded in the Companies’ target revenues is an amount for a normal test year level of bad debt expense, as
reflected in the revenue requirement approved in each Company’s last rate case. In these COVID-19 pandemic circumstances, bad debt expense is expected to rise to a level substantially above the amount embedded in target revenues. The Companies are not able to recover the difference under existing mechanisms.

The impact of the COVID-19 pandemic on bad debt expense (portion of accounts receivable that will be uncollectible) will depend on the severity and duration of the economic impact on customers, both of which are currently unknown. Nevertheless, it is evident that the economic impact could be significant. An April 18, 2020 article in the Honolulu Star Advertiser\(^\text{10}\) reported that a ballpark calculation by USA Today concluded that Hawai‘i had the highest rate of unemployment of all states during a four week period ending April 11. Hawai‘i’s rate of 21.7% topped Michigan at 21% and Rhode Island at 20.6%. The lowest rates were 4.9% for South Dakota followed by 5.8% for West Virginia and 6.2% for Florida. Hawai‘i’s rate during the period is up from just 2.7% in the first two months of this year.

The article explained that one major mitigating factor that could reduce the unemployment rate soon is the Paycheck Protection Program whereby Hawai‘i businesses were granted $2 billion from the federal government in the form of forgivable loans to primarily restore worker wages that were lost in relation to the coronavirus outbreak. Much of this money is expected to flow to recently unemployed workers who will no longer be considered unemployed or be eligible for unemployment benefits. A University of Hawaii Economic Research Organization report released March 30 stated that the legislation would likely attenuate job losses and projected that the state’s unemployment rate would settle at 13.7% for the whole

\(^{10}\) Hawaii has the highest unemployment rate in the nation, USA Today reports, Honolulu Star Advertiser, April 18, 2020.
year after peaking at about 25% sometime between April and June. Further, “[t]he state Department of Labor and Industrial Relations said Thursday [April 16, 2020] that 244,330 unemployment claims have been filed since March 1. Hawaii’s labor force numbered about 660,000 for most of the past year.” That puts the state at more than 37% unemployment.” However, an unemployment rate projected at 13.7% would still be significantly higher than prior levels and would affect customers’ ability to pay their electric bill.

While the impact of the COVID-19 pandemic on uncollectible expense will depend on the severity and duration of the economic impact on customers, with the state’s current unemployment rate at 37% and the pandemic’s impact to the tourism industry, the Companies anticipate that bad debt expense will be substantially higher than average in 2020. Further, the impact to uncollectible expense will extend beyond 2020 depending on the duration of the pandemic and inherent lead times in the Companies’ collection efforts.

According to a Bank of America Securities article published on April 7, 2020, analysts expect the COVID-19 impact to uncollectible expense will be more severe than the 2008-09 Financial Crisis in which the uncollection debt to revenue (net write-off) increased up to 0.62%. The research further stated that while industry average is about 0.5%, the COVID-19 impact will double industry average to 1%. This is a significant increase from the normal levels of net write-offs, and while the Companies typically have one of the lowest write-off rates in the industry, which is less than 0.1% on a consolidated basis, as compared to the industry average of 0.5%, given the potential impact to Hawaii’s economy, it is reasonable to expect similar net

---

11 Hawaii has the highest unemployment rate in the nation, USA Today reports, Honolulu Star Advertiser, April 18, 2020.
12 37% of Hawaii’s labor force files unemployment claims, Associated Press, Honolulu Star Advertiser, April 17, 2020.
13 Unemployment in Hawaii tops 37% as coronavirus shutdown continues, Hawaii News Now, April 16, 2020 (Updated April 20).
write-off percentages at 1%. Although the net write-off rate has not increased as yet, with the suspension of the Companies’ collection efforts, the Companies’ aging balances for past due amounts in total have increased by 14% and continue to increase compared to the past balances at the end of February 2020.

As a result, the Companies are anticipating delayed and reduced customer collections and a corresponding growth in the accounts receivable balances as customers cope with the pandemic and face financial hardships. In order to ensure that the Companies have adequate liquidity (i.e., cash) during this time, the Companies have engaged in a number of capital raising activities to increase their borrowing capacity.

The COVID-19 Pandemic Could Negatively Affect the Companies’ Credit Quality

The Companies’ ability to address the level of uncollectible accounts in this period could affect their credit quality. In fact, the COVID-19 pandemic will likely affect the credit quality of utilities across the nation. S&P Global Market Intelligence\(^ \text{14} \) recently lowered its outlook for the North American regulated utility sector to negative from stable, due to coronavirus-related concerns and a weakening of the North America regulated utility industry’s credit quality prior to COVID-19. It acknowledged a “high degree of uncertainty about the rate of spread and peak of the coronavirus outbreak,” and used in its assessment of economic and credit implications the assumption, shared by some government authorities, that the pandemic will peak at midyear. S&P Global Market Intelligence also reiterated the belief that measures adopted to contain COVID-19 have pushed the economy into a recession and expected that the recession will lead to an increasing number of downgrades and negative outlooks.

S&P Global Market Intelligence is forecasting a more than 12% contraction in gross domestic product during the second quarter of 2020, reducing commercial and industrial usage of electric power and increasing the possibility of increased “bad debt expense” as it becomes more difficult for consumers to pay their bills. It further stated that the industry does, however, “exhibit adequate liquidity and access to the debt markets” and is “benefiting from proactive risk management of establishing large credit facilities, having good access to additional liquidity through new term loans from banks, and public issuance of utility debt,” S&P Global Market Intelligence said in the report, although it stated that “availability to the equity markets remains extraordinarily challenging.”

The Hawaiian Electric Companies are evaluating potential impacts of the COVID-19 pandemic on their cash flows, liquidity and credit quality. The Companies expect that the various programs implemented to support their customers and communities during these challenging times will result in decreasing collections from customers. The growing accounts receivable balance will cause the Companies to incur additional amounts of short-term debt to fund operations while continuing to serve a vital role in the community.

To preserve and enhance the Companies’ liquidity position, given the significant and ongoing uncertainty regarding the potential scale and duration of the COVID-19 pandemic, the Companies have taken a number of steps. First, in April 2020, Hawaiian Electric added an incremental $75 million in committed revolving credit capacity with a 364-day revolving credit facility. The Companies also launched a $150 million private placement taxable debt, the proceeds of which will be used to finance capital expenditures, repay short-term debt used to finance or refinance capital expenditures and/or reimburse funds for payment of capital expenditures.
However, increases in short and long-term debt will negatively impact the Companies’ credit metrics. Credit metrics incorporate some combination of cash flow (e.g. cash flow from operations, “CFO”) and total obligations (e.g. debt) to compare the ability to generate cash to the burden of servicing the obligations during a specified period. As more customers are unable to pay their bills, the cash received from customers will decrease, and the levels of short-term debt will increase. This will result in an overall decrease in the Companies’ CFO to debt ratio. If this metric weakens, the Companies’ current credit ratings could be in jeopardy.

V. REQUEST FOR DEFERRAL ACCOUNTING TREATMENT

Deferral accounting is appropriate where the costs to be deferred are: (1) beyond the utility’s control and (2) of such magnitude to impact the revenue requirement as to warrant relief. Based on the foregoing, the Hawaiian Electric Companies request Commission approval to defer costs associated with the COVID-19 pandemic, beginning from March 17, 2020, the date the Companies temporarily suspended service disconnections for both residential and commercial customers for at least 30 days so that customers who are financially challenged due to this pandemic would not have to worry about losing electrical services. In particular, the deferral of COVID-19 related costs is appropriate because the current catastrophic global health emergency and impact on the economy is outside the control of the Companies and COVID-19 costs are anticipated to be of such magnitude to warrant relief. These costs include increased bad debt expense (i.e., portion of accounts receivable that will be uncollectible), increased financing

---

15 Decision and Order No. 34394 in Docket No. 2015-0074, issued on February 17, 2017, at 16. In addition to the beyond control/magnitude requirement, expenditures associated with advancing the State's defined energy policies may be eligible for deferred accounting treatment. Id. at 15. No doubt, the continued provision of essential public utility services to customers affected by COVID-19 promotes public safety, assists in mitigating the effects of the virus, and is consistent with State energy policy.

16 The Companies request deferred accounting treatment for the COVID-19 related expenses incurred through the end of 2020. Should the Companies need deferred accounting treatment beyond December 31, 2020, they will submit additional requests.
costs, sequestration costs for mission critical employees, non-payment of late payment charges, and increased sanitation and decontamination costs.

Numerous utilities and state commissions across the nation are addressing the tracking of costs and other actions related to the COVID-19 public health emergency. Exhibit A provides a table identifying actions taken in other jurisdictions in response to the pandemic. These include approximately 20 instances of utilities requesting or state commissions directing the deferral or tracking of COVID-19 related costs.

Although the requested March 17, 2020 date to begin the deferral accounting treatment precedes the filing of this application, the Commission has previously directed or approved the recording and deferral of cost impacts on a retroactive basis. One example is the tracking of the effects of the Tax Cuts and Jobs Act of 2017 (“2017 Tax Act”) retroactive to January 1, 2018. In Order No. 35241 issued on January 26, 2018 in Docket No. 2018-0012, the Commission stated the following:

Due to the potentially significant effects of the 2017 Tax Act on the regulated utilities listed above, until the commission is able to issue final decisions regarding any utility rate adjustments necessary to account for the 2017 Tax Act, the commission finds it is reasonable and in the public interest for these utilities to immediately begin tracking the impacts of the 2017 Tax Act, as of January 1, 2018. Each utility shall use deferred regulatory accounting practices, such as the use of regulatory assets and liabilities, to record the differences resulting from the 2017 Tax Act and what would have been recorded if the Act did not go into effect. The deferred regulatory accounting treatment shall include recognition of excess deferred income tax, as applicable. The amounts recorded shall be subject to commission review.

As discussed above, the severity and duration of the impacts of the COVID-19 pandemic are unknown. Therefore, the Companies request deferred accounting treatment for the COVID-19 related expenses incurred through the end of 2020. Should the Companies need deferred accounting treatment beyond December 31, 2020, they will submit additional requests.
The Companies have already started tracking the COVID-19 related costs from the beginning of March 2020 through the creation of a specific cost element for COVID-19 costs. Further, the amount of accounts receivable has increased as a result of non-payment, and the Companies are incurring higher bad debt expense. The Companies are separately tracking the incremental financing costs for the revolving credit facility.

In this application, the Companies are only requesting authority to defer COVID-19 related costs. The Companies do not seek recovery of these costs through this application but will propose the amount of incremental cost recovery and the vehicle of recovery through a separate request at a later time when the Commission will be able to fully evaluate the impact of the pandemic and the recoverability of these costs.

The Companies respectfully request the Commission to approve this application no later than June 30, 2020, or earlier if possible. A timely decision by the Commission to approve the deferral of prudently incurred COVID-19 related costs would provide the needed support for the Hawaiian Electric Companies during a time when we continue to access the capital markets to provide us with the liquidity needed to support our customers. The various actions the Companies have taken (e.g., moratorium on disconnections, waiving late payment fees/deposits and various payment plans) delay and reduce customer collections, resulting in additional liquidity needed to run our business. A timely decision would also support the financial health of the Companies while we provide an essential service to our community, now as well as into the future when our economy begins its recovery.

VI. EXHIBIT

The following exhibit is provided in support of Application:
VII. CONCLUSION

Wherefore, the Companies respectfully request that the Commission allow the Companies to defer costs associated with the COVID-19 pandemic, incurred from March 17, 2020 until December 31, 2020, to preserve the Companies’ ability to seek cost recovery through a separate request when the costs and impacts are better known. Should the Companies need deferred accounting treatment beyond December 31, 2020, additional requests will be submitted.


HAWAIIAN ELECTRIC COMPANY, INC.
HAWAI‘I ELECTRIC LIGHT COMPANY, INC.
MAUI ELECTRIC COMPANY, LIMITED

By /s/ Joseph P. Viola

Joseph P. Viola
Vice President, Regulatory Affairs
Hawaiian Electric Company, Inc.

Vice President
Hawai‘i Electric Light Company, Inc.
Maui Electric Company, Limited
<table>
<thead>
<tr>
<th>STATE</th>
<th>DATE ISSUED/FILED</th>
<th>DOCKET / ORDER NO.</th>
<th>ISSUED, FILED BY</th>
<th>TYPE</th>
<th>ACTION</th>
<th>DEFERRAL OF COSTS AUTHORIZED/REQUESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>04/15/20</td>
<td>Senate Bill 241, effective April 10, 2020</td>
<td>Senate</td>
<td>Bill</td>
<td>Extending Covid-19 Declaration/relief</td>
<td>✓</td>
</tr>
<tr>
<td>Arkansas</td>
<td>04/10/20</td>
<td>Docket No. 20-052-A, Order No. 1</td>
<td>Commission</td>
<td>Order</td>
<td>Commission ordered utility suspensions, authorized each of these</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>utilities to establish regulatory assets to record costs resulting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>from the suspension of disconnections. In future proceedings, the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>commission will consider whether each utility’s request for</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>recovery of these regulatory assets is reasonable and necessary.</td>
<td></td>
</tr>
<tr>
<td>Colorado</td>
<td>04/03/20</td>
<td>Proceeding No. 20V-0139REG</td>
<td>Joint Petition</td>
<td>Order</td>
<td>Joint Petition for authorization to track expenses resulting from</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>the effects of Covid-19 and defer such expenses into a regulatory</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>asset.</td>
<td></td>
</tr>
<tr>
<td>Connecticut</td>
<td>03/27/20</td>
<td>Docket No. 20-03-15</td>
<td>Emergency</td>
<td>Order</td>
<td>Order regarding expected incremental costs associated with</td>
<td>(Notes: Docket was opened)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>suspending disconnections and waiving late fees. Georgia Power</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>shall be allowed to defer the incremental cost of bad debt resulting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>from the suspension of disconnections for nonpayment due to COVID-19.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The period over which such costs will be recovered shall be</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>determined in the Company’s next base rate case.</td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>03/18/20</td>
<td>Docket No. 20-0309, Emergency Interim Order</td>
<td>Illinois Commerce Commission</td>
<td>Order</td>
<td>Emergency Order stating utilities should be granted special</td>
<td>(Note: Utilities should track all spending resulting from the measures in response to the COVID-19 pandemic)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>permission to file tariffs to go into effect on less than 45 days’</td>
<td></td>
</tr>
<tr>
<td>Kansas</td>
<td>04/11/20</td>
<td>Docket No. 20-GMX-393-MIS, Emergency Order</td>
<td>State Corporation Commission of the State of Kansas</td>
<td>Order</td>
<td>Emergency Order suspending disconnection service for non-</td>
<td>✓</td>
</tr>
<tr>
<td>Kentucky</td>
<td>03/13/20</td>
<td>Case 2020-0085, Order</td>
<td>Kentucky Public Service Commission</td>
<td>Order</td>
<td>Second Emergency Order suspending disconnection service for non-</td>
<td></td>
</tr>
<tr>
<td>Louisiana</td>
<td>03/13/20</td>
<td>Executive Order March 13, 2020</td>
<td>Louisiana Public Service Commission</td>
<td>Order</td>
<td>Executive Order prohibiting all public utilities from disconnecting</td>
<td></td>
</tr>
<tr>
<td>Maryland</td>
<td>04/19/20</td>
<td>Case No. 9639, Order No. 89542</td>
<td>Public Service Commission of Maryland</td>
<td>Order</td>
<td>Order authorizing establishment of a regulatory asset for Covid-19</td>
<td>✓</td>
</tr>
<tr>
<td>Nevada</td>
<td>04/15/20</td>
<td>Case No. U-20757, Order</td>
<td>Michigan Public Service Commission</td>
<td>Order</td>
<td>Commission provides guidance and further direction on the following:</td>
<td>✓</td>
</tr>
<tr>
<td>Michigan</td>
<td>03/13/20</td>
<td>Docket No. 20-03021, Emergency Order</td>
<td>Public Utilities Commission of Nevada</td>
<td>Order</td>
<td>Customer protection and affordability, Accounting Treatment, Regulatory</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>activities, Energy assistance coordination, Energy waste reduction</td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td>03/19/20</td>
<td>Docket No. M-100, SUB 158, Order</td>
<td>North Carolina Utilities Commission</td>
<td>Order</td>
<td>Commission ordered utility suspensions, authorized each of these</td>
<td>✓</td>
</tr>
<tr>
<td>North Carolina</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>utilities to establish regulatory assets to record costs resulting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>from the suspension of disconnections. In future proceedings, the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Commission will consider whether each utility’s request for</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>recovery of these regulatory assets is reasonable and necessary.</td>
<td></td>
</tr>
<tr>
<td>STATE</td>
<td>DATE ISSUED/FILED</td>
<td>DOCKET / ORDER NO.</td>
<td>ISSUED, FILED BY</td>
<td>TYPE</td>
<td>ACTION</td>
<td>DEFERRAL OF COSTS AUTHORIZED/REQUESTED</td>
</tr>
<tr>
<td>---------</td>
<td>------------------</td>
<td>--------------------</td>
<td>------------------</td>
<td>------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Ohio</td>
<td>03/20/20</td>
<td>Case No. 20-591-FU-UNC</td>
<td>Public Utilities Commission of Ohio</td>
<td>Order</td>
<td>Order stating that request for accounting authority or incremental cost recovery related to the emergency be addressed in individual case by subsequent entry.</td>
<td></td>
</tr>
<tr>
<td>Ohio</td>
<td>03/19/20</td>
<td>Case No. 20-595-GE-UNC</td>
<td>Duke Energy Ohio, Inc.</td>
<td>Application</td>
<td>Docket opened for Duke Energy Ohio plans for customers. Company will continue to investigate opportunities to help customers and intends to announce additional means of assistance as opportunities are identified.</td>
<td></td>
</tr>
<tr>
<td>Ohio</td>
<td>03/17/20</td>
<td>Case Nos. 20-0622-EL-UNC, 20-663-EL-WVR, 20-664-EL-AAM, 20-734-EL-AEC</td>
<td>Ohio Power Company (&quot;AEP Ohio&quot;)</td>
<td>Application</td>
<td>Docket opened for AEP Ohio plans requests to implement a rate mechanism to track, defer, and recover uncollectible costs that exceed the current pre-emergency level. Also, include the tracking and deferring incurring incremental operational costs for future cost recovery.</td>
<td>✓</td>
</tr>
<tr>
<td>Ohio</td>
<td>03/23/20</td>
<td>Case Nos. 20-650-EL-AAM, 20-651-EL-UNC, 20-652-EL-WVR</td>
<td>Dayton Power and Light Company</td>
<td>Application</td>
<td>Dayton Power and Light Company plans to continue to track and defer, for later recovery of those uncollectible costs. This includes incurring incremental operational costs.</td>
<td>✓</td>
</tr>
<tr>
<td>Oregon</td>
<td>03/20/20</td>
<td>Docket No. UM 2063</td>
<td>Pacificorp dba Pacific Power</td>
<td>Application</td>
<td>Pacificor submitted an application to PUC to defer costs associated with responding to the Covid-19 emergency.</td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td>03/20/20</td>
<td>Docket No. UM 2064</td>
<td>Portland General Electric Company</td>
<td>Application</td>
<td>Portland General Electric Company submitted a request to the PUC requesting an accounting order authorizing PGE to defer for later ratemaking treatment recovery costs from Covid-19 impacts in service territory.</td>
<td>✓</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Docket No. 5032, Order No. 23786</td>
<td>Rhode Island Public Utilities Commission</td>
<td>Order</td>
<td>Order explaining plans for residential customers enrolled in an arrearage management plan who misses their third payment in their current twelve-month period through April 15, 2020 will not be disenrolled unless they miss another payment in the same twelve-month period. Also discusses non-residential customers through same date. The PUC invites public comment on whether to extend this order with respect to non-residential customers beyond March 31, 2020 to be submitted by March 26, 2020.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td>Docket No. 2020-106-A, Order No. 2020-218</td>
<td>Commission of South Carolina</td>
<td>Order</td>
<td>Commission orders that grant waivers of the regulations related to Late Payment Charges and Procedures for Termination of Service for all regulated utilities and direct that all regulated utilities suspend disconnection of service during the Covid-19 State of Emergency. Also, all utilities are required to track the financial impacts related to the waivers approved by this action and order as the Commission may seek reporting of financial impacts at a future time.</td>
<td>(Note: Utilities are required to track the financial impact)</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>03/26/20</td>
<td>Control No. 50664 Item No. 108</td>
<td>Public Utility Commission of Texas</td>
<td>Order</td>
<td>Commission takes steps to provide regulated utility companies some regulatory certainty by authorizing the use of an accounting mechanism and a subsequent process through which regulated utility companies may seek future recovery of expenses resulting from the effects of COVID-19. In future proceedings, Commission will consider whether each utility's request for recovery of these regulatory assets is reasonable and necessary, and other losses, such as the appropriate period of recovery for the approved amount of regulatory assets, any amount of carrying costs thereon, and other related matters.</td>
<td>✓</td>
</tr>
<tr>
<td>Utah</td>
<td>04/03/20</td>
<td>Docket No. 20-015-17</td>
<td>Rocky Mountain Power (a division of PacifiCorp)</td>
<td>Application</td>
<td>Application of Rocky Mountain Power for a Deferred Accounting Order regarding costs related to Covid-19.</td>
<td>✓</td>
</tr>
<tr>
<td>Vermont</td>
<td>03/18/20</td>
<td>Moratorium on involuntary utility disconnections.</td>
<td>Vermont Public Utility Commission</td>
<td>Moratorium</td>
<td>The moratorium on involuntary utility disconnections will last until at least April 30, 2020.</td>
<td>✓</td>
</tr>
<tr>
<td>Vermont</td>
<td>03/27/20</td>
<td>Moratorium on utility disconnections: to include non-residential ratepayers and regulated water companies</td>
<td>Vermont Public Utility Commission</td>
<td>Moratorium</td>
<td>The Commission expands the same protection to non-residential ratepayers (such as commercial and industrial customers) and to certain water companies under the Commission's jurisdiction. This expanded moratorium will last until at least April 30, 2020.</td>
<td>✓</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Order 5-af-105</td>
<td>Public Service Commission of Wisconsin</td>
<td>Order</td>
<td>Order regarding the accounting treatment of utility costs incurred due to and during declared public health emergency for COVID-19. All public utilities are authorized to defer expenditures incurred. The Commission will address the issue of forgone revenues in a future supplemental order in this docket.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Wyoming</td>
<td>03/26/20</td>
<td>Docket No. 90000-511-XO-20 (Record No. 15474)</td>
<td>Wyoming Public Service Commission</td>
<td>Order</td>
<td>Order allowing public utilities that anticipate applying for the authority to recover, through rates, any forgone revenue or extraordinary costs related to actions taken pursuant to this Order shall file an application to establish a deferred accounting order.</td>
<td>✓</td>
</tr>
<tr>
<td>Wyoming</td>
<td>04/03/20</td>
<td>Docket No. 20000-581-EA-20 (Record No. 15488)</td>
<td>Rocky Mountain Power (a division of PacifiCorp)</td>
<td>Application</td>
<td>Application of Rocky Mountain Power for a Deferred Accounting Order regarding costs related to Covid-19.</td>
<td>✓</td>
</tr>
</tbody>
</table>
VERIFICATION

STATE OF HAWAI’I )

) ss.

CITY AND COUNTY OF HONOLULU )

I, JOSEPH P. VIOLA, being first duly sworn, deposes and says: That he is Vice President, Regulatory Affairs of Hawaiian Electric Company, Inc., and Vice President of Hawai‘i Electric Light Company, Inc., and Maui Electric Company, Limited, Applicants in the above proceeding; that he makes this verification for and on behalf of said Applicants and is authorized so to do; that he has read the foregoing Application, and knows the contents thereof; and that the same are true of his own knowledge except as to matters stated on information or belief, and that as to those matters he believes them to be true.

/s/ Joseph P. Viola

Joseph P. Viola
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application, Exhibit, and Verification, together with this Certificate of Service, was duly served on the following party, by electronic mail service as set forth below:

Division of Consumer Advocacy
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 326
Honolulu, Hawai‘i 96813
dnishina@dcca.hawaii.gov
customeradvocate@dcca.hawaii.gov


/s/ Ayako Yamamoto
Ayako Yamamoto
HAWAIIAN ELECTRIC COMPANY, INC.

---

17 As stated in Order No. 37043 Setting Forth Public Utilities Commission Emergency Filing and Service Procedures related to COVID-19 (non-docketed), issued on March 13, 2020 at 11: Service of all documents filed by any parties, participants, utilities, stakeholders and/or other entities or individuals shall be via email. All entities making filings before the commission will be required to supply an email address that can be used for service. Any Certificates of Service for docketed or other matters that previously had listed the entity’s name and the physical address where a document was served via first-class mail, shall instead reflect the entity’s representative’s name, entity name, email address where served, as well as the date of service.
The foregoing document was electronically filed with the State of Hawaii Public Utilities Commission's Document Management System (DMS).