

✓BKK



April 22, 2005

William A. Bonnet
Vice President
Government and Community Affairs

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
Kekuanaoa Building
465 South King Street, First Floor
Honolulu, Hawaii 96813

PUBLIC UTILITIES
COMMISSION

2005 APR 22 P 4:13

FILED

Dear Commissioners:

Subject: Docket No. 04-0113
HECO Test Year 2005 Rate Case
Standard and Poors Rating Services Release

Attached is a copy of the Standard and Poors Rating Services release dated April 22, 2005 on the corporate credit rating on Hawaiian Electric Industries, Inc, and its Subsidiary, Hawaiian Electric Company, Inc. filed today with the Consumer Advocate and the Department of Defense as a supplement to HECO's response to CA-IR-102.

Sincerely,

Attachment

cc: Division of Consumer Advocacy
Department of Defense

WINNER OF THE EDISON AWARD
FOR DISTINGUISHED INDUSTRY LEADERSHIP



(SUPPLEMENT 4-22-05)

**STANDARD
& POOR'S**

CLOSE

Print

Hawaiian Electric Industries Inc. And Utility Units Ratings Affirmed; Outlook To Negative

Primary Credit Analyst(s):
Barbara A Eiseman, New York (1) 212-438-7666;
barbara_eiseman@standardandpoors.com

Publication date: 22-Apr-05, 09:38:12 EST
Reprinted from RatingsDirect

NEW YORK (Standard & Poor's) April 22, 2005--Standard & Poor's Ratings Services said today that it affirmed its 'BBB' corporate credit rating on Hawaiian Electric Industries Inc. (HEI) and its 'BBB+' corporate credit ratings on subsidiary Hawaiian Electric Co. Inc. and its units, Hawaii Electric Light Co. Inc. and Maui Electric Co. Ltd.

At the same time, Standard & Poor's revised its outlook on the companies to negative from stable.

As of Dec. 31, 2004, the Honolulu, Hawaii-based company had \$1.2 billion of debt outstanding.

The outlook revision reflects a declining trend in HEI's consolidated financial condition, despite the strong Hawaii economy and the company's efforts in recent years to strengthen capital structure balance.

"The company's financial metrics have been pressured owing to rising operating expenses, yet to be recovered investments, and the long-term lack of rate relief," said Standard & Poor's credit analyst Barbara Eiseman.

"Absent a supportive rate decision in Hawaiian Electric's pending rate case, prospective key financial metrics may not support a financial profile that is commensurate for the current ratings," said Ms. Eiseman.

The ratings on HEI are based on the consolidated credit profile of HEI's family of companies, which include the regulated electric utility Hawaiian Electric and its two utility subsidiaries and the riskier financial services operations of subsidiary American Savings Bank FSB.

In 2004, the utilities contributed 81% of core revenues and 64% of operating income and American Savings Bank contributed 19% and 39%, respectively.

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

[Disclaimers](#) [Privacy Notice](#) [Terms of Use](#) [Regulatory Disclosures](#) [Site Map](#) [Help](#)

Copyright (c) Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.