

Comparison of Resulting Energy Charge Revenues**Method #1****Hawaiian Electric Company - Fixed Margin Based on Marginal Energy Costs**

Source data are from RMI/HECO-IR-20: revised HECO filings in Docket No. 04-0113 (Revenue at Proposed Rates)

Customer Class =>	R/E	G	J
Assumptions:			
Ratio of Actual Sales to Test Year Sales	1.05	1.05	1.05
Ratio of Actual Customers to Test Year Customers	1.03	1.03	1.03
Test Year Revenue Using Existing Charges			
Fuel Charge Revenues	\$189,183	\$33,146	\$176,164
Non-Fuel Charge Revenues	\$184,213	\$28,242	\$87,426
Total Energy Charge Revenues	\$373,396	\$61,388	\$263,590
Production Costs	\$189,183	\$33,146	\$176,164
Net Revenue (For Fixed Costs)	\$184,213	\$28,242	\$87,426
Test Year Revenue Using Decoupled Charges			
Fuel Charge Revenues	\$241,508	\$42,318	\$225,657
Non-Fuel Charge Revenues	\$131,888	\$19,070	\$37,933
Decoupling Energy Charge Adjustment Revenues	\$0	\$0	\$0
Total Energy Charge Revenues	\$373,396	\$61,388	\$263,590
Production Costs	\$189,183	\$33,146	\$176,164
Net Revenue (For Fixed Costs)	\$184,213	\$28,242	\$87,426
Actual Revenue Using Traditional Tariff Design			
Fuel Charge Revenues	\$198,642	\$34,803	\$184,972
Non-Fuel Charge Revenues	\$193,424	\$29,654	\$91,797
Total Energy Charge Revenues	\$392,066	\$64,457	\$276,770
Production Costs	\$201,258	\$35,262	\$187,447
Net Revenue (For Fixed Costs)	\$190,807	\$29,196	\$89,323
Actual Revenue Using Decoupled Charges			
Fuel Charge Revenues	\$253,584	\$44,434	\$236,940
Non-Fuel Charge Revenues	\$138,482	\$20,024	\$39,829
Decoupling Energy Charge Adjustment Revenues	-\$1,068	-\$106	\$726
Total Energy Charge Revenues	\$390,998	\$64,351	\$277,496
Production Costs	\$201,258	\$35,262	\$187,447
Net Revenue (For Fixed Costs)	\$189,739	\$29,089	\$90,049
Check			
Test Year Non-Fuel Revenues	\$184,213	\$28,242	\$87,426
Index of Customers Growth Factor	1.03	1.03	1.03
Test Year Non-Fuel Revs. Times Customer Factor	\$189,739	\$29,089	\$90,049

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Source data are from RMI/HECO-IR-20: revised HECO filings in Docket No. 04-0113 (Revenue at Proposed Rates)

Customer Class =>	R/E	R/E	R/E	R/E	R/E
Assumptions:					
Ratio of Actual Sales to Test Year Sales	1	1.05	1.05	1	1.1
Ratio of Actual Customers to Test Year Customers	1	1.05	1.03	1.03	1.03
Test Year Revenue Using Existing Charges					
Fuel Charge Revenues	\$189,183	\$189,183	\$189,183	\$189,183	\$189,183
Non-Fuel Charge Revenues	\$184,213	\$184,213	\$184,213	\$184,213	\$184,213
Total Energy Charge Revenues	\$373,396	\$373,396	\$373,396	\$373,396	\$373,396
Production Costs	\$189,183	\$189,183	\$189,183	\$189,183	\$189,183
Net Revenue (For Fixed Costs)	\$184,213	\$184,213	\$184,213	\$184,213	\$184,213
Test Year Revenue Using Decoupled Charges					
Fuel Charge Revenues	\$241,508	\$241,508	\$241,508	\$241,508	\$241,508
Non-Fuel Charge Revenues	\$131,888	\$131,888	\$131,888	\$131,888	\$131,888
Decoupling Energy Charge Adjustment Revenues	\$0	\$0	\$0	\$0	\$0
Total Energy Charge Revenues	\$373,396	\$373,396	\$373,396	\$373,396	\$373,396
Production Costs	\$189,183	\$189,183	\$189,183	\$189,183	\$189,183
Net Revenue (For Fixed Costs)	\$184,213	\$184,213	\$184,213	\$184,213	\$184,213
Actual Revenue Using Traditional Tariff Design					
Fuel Charge Revenues	\$189,183	\$198,642	\$198,642	\$189,183	\$208,101
Non-Fuel Charge Revenues	\$184,213	\$193,424	\$193,424	\$184,213	\$202,634
Total Energy Charge Revenues	\$373,396	\$392,066	\$392,066	\$373,396	\$410,736
Production Costs	\$189,183	\$201,258	\$201,258	\$189,183	\$213,334
Net Revenue (For Fixed Costs)	\$184,213	\$190,807	\$190,807	\$184,213	\$197,402
Actual Revenue Using Decoupled Charges					
Fuel Charge Revenues	\$241,508	\$253,584	\$253,584	\$241,508	\$265,659
Non-Fuel Charge Revenues	\$131,888	\$138,482	\$138,482	\$131,888	\$145,077
Decoupling Energy Charge Adjustment Revenues	\$0	\$2,616	-\$1,068	\$5,526	-\$7,662
Total Energy Charge Revenues	\$373,396	\$394,682	\$390,998	\$378,922	\$403,073
Production Costs	\$189,183	\$201,258	\$201,258	\$189,183	\$213,334
Net Revenue (For Fixed Costs)	\$184,213	\$193,424	\$189,739	\$189,739	\$189,739
Check					
Test Year Non-Fuel Revenues	\$184,213	\$184,213	\$184,213	\$184,213	\$184,213
Index of Customers Growth Factor	1	1.05	1.03	1.03	1.03
Test Year Non-Fuel Revs. Times Customer Factor	\$184,213	\$193,424	\$189,739	\$189,739	\$189,739

CERTIFICATE OF SERVICE

I hereby certify that I have on this date served a copy of the foregoing letter and revised exhibit and response to information request upon the following parties and participant, by hand delivery or by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party or participant.

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