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Maui Electric proposes first increase in base rates in 6 years *System upgrades to enable more renewables, enhance resilience*

KAHULUI, Oct. 12, 2017 – Maui Electric today proposed the first increase to its base rates in nearly six years to help pay for operating costs, including system upgrades to increase reliability, integrate more renewable energy, and improve customer service.

The request is for a 9.3 percent increase in revenue, or \$30 million.

Based on today's rates, if approved, a typical Maui residential bill for 500 kilowatt-hours would increase by \$13.46 a month, to \$161.10. On Lāna'i, a typical residential bill for 400 kilowatt-hours would increase by \$13.83 a month, to \$160.55, and on Moloka'i, \$11.25 a month, to \$147.60.

After review by the Public Utilities Commission (PUC), any approved change would likely not take effect until the last half of 2018, at the earliest. The rate filing is part of a required periodic regulatory review.

Going forward, some of the company's revenue will be tied to meeting new benchmarks to measure its performance in key areas, including customer service, reliability, and communication for the rooftop-solar interconnection process.

"I understand the impact that higher bills would have on the families and businesses we serve," said Sharon Suzuki, president of Maui Electric. "We work hard to manage our costs while maintaining a high level of service and further reducing our carbon footprint. We'll continue to look for ways to help customers lower their overall energy bills through greater efficiency and incentivized options to use energy at different times of the day, such as Time-of-Use rates."

Since 2014, Maui Electric invested more than \$50 million replacing and upgrading equipment to improve the efficiency and resilience of the power grids on Maui, Moloka'i and Lāna'i. That work includes the replacement of more than 1,400 poles, 1,400 transformers, and upgrading of power lines. In addition to such upgrades, new projects such as the Kuihelani Substation in Kahului and Ka'ono'ulu Substation in Kīhei are needed to support increased energy demands resulting from the continued growth and anticipated development in the Central and South Maui areas.

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During the same period, Maui Electric has increased its use of renewable energy from 14 percent in 2008 to 37 percent today, using a diverse mix of wind, hydroelectricity, biomass and solar. Part of the rate request helps to pay to keep service safe and reliable with the increasing amount of renewable energy on the electric grid, including nearly 12,000 private rooftop solar systems.

Many of the grid improvements are aimed at further accelerating Maui Electric's switch from fossil fuel generation to a portfolio of renewable energy resources, with the goal of reaching 100 percent renewable electricity by 2045. This includes the modification of equipment, including generating units at its Mā'alaea Power Plant, to run at lower output so that more renewable energy resources, such as wind and solar, can be used. The company is also working on Moloka'i and Lāna'i to accelerate the islands' efforts to be 100 percent renewable.

Investments in customer service staffing and new technology have resulted in significantly improved service, including reduced call-waiting times. The percentage of customer calls answered within 30 seconds went from 40 percent in 2012 to 90 percent in 2016. And in surveys of customers who called in to stop, start or change electric service in 2016, 95 percent said they were satisfied with the experience.

The company is also continuing to clear invasive trees and other vegetation around poles and power lines, resulting in fewer and briefer outages during storms to some of the county's most remote areas, such as East Maui and East Moloka'i. Because such vegetation management has resulted in improved reliability, the company plans to increase spending on these efforts.

Maui Electric rates are "decoupled" – a regulatory model that periodically adjusts rates to remove the company's need to increase sales to recover a level of PUC-approved costs for providing service to all customers. The company is required to submit to full rate reviews by regulators every three years.

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