



## NEWS RELEASE

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### **PUC approves first Maui Electric rate increase in 6 years**

**KAHULUI, April 19, 2019** – The Public Utilities Commission (PUC) has approved Maui Electric Company's first base-rate increase in 6 years.

On April 17, Maui Electric filed tariffs and rate schedules for a final increase of 3.7 percent – about \$12.1 million in annual revenue – which helps pay for operational improvements, including system upgrades to increase reliability, improve customer service and to integrate more renewable energy.

Regulators approved an interim rate increase in August 2018 that is close to the amount in the company's filing this week.

Under the interim rate that has been in effect for nearly 8 months, the typical Maui monthly residential bill for 500 kilowatt-hours increased by about \$5 a month. On Lāna'i, a typical monthly residential bill for 400 kilowatt-hours increased by about \$5 and on Moloka'i by about \$4.60.

The final tariff and rate schedules are subject to the approval of the PUC, which will also determine the effective date. Because the final amount is slightly less than the interim amount, Maui Electric will in June refund a one-time total amount of \$556,200, or about \$3 to each residential customer using the typical amount of electricity.

The 3.7 percent base rate increase would be less than half the original request for a 9.3 percent increase or \$30 million filed in October 2017.

A new element is the creation of a risk-sharing approach to the cost of fossil fuels. Consistent with a similar requirement set for Hawaiian Electric in 2018, Maui Electric will no longer pass through to customers 100 percent of the costs of fossil fuels used for generation. Instead, 2 percent of the fossil fuel cost difference relative to a baseline price will be at the company's risk, up to a cap of \$633,000.

The base rate increase enables Maui Electric to continue improving the efficiency and resilience of the power grids on Maui, Moloka'i and Lāna'i. It will also help the company integrate more renewable energy through the investment in new technologies. Maui Electric's renewable portfolio standard reached 38 percent in 2018, well ahead of the state's mandate of 30 percent in 2020.

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