

## Existing Regulatory Framework Assessment Template

<b>Outcome:</b>			<b>Goal:</b>	
Description:				
<b>Does the particular regulatory mechanism sufficiently support the outcome?</b>				
<b>Key</b>				
+	Yes, the mechanism incents achievement of this outcome			
0	No, the mechanism does not seem to impact achievement of this outcome			
-	No, the mechanism disincentivizes achievement of this outcome			
Existing Regulatory Mechanism	Description	Mechanisms' Effect on Outcome		Issues for Attention
		Score (+/0/-)	Discussion	
<b>MYRP</b>	Multi-year rate plans use general rate cases as the primary mechanism for setting utility rates and determining allowed utility revenues. Rate cases revisit revenue requirements (based on cost of service and a 'reasonable' return on investment) and revenue collection from customers every three years.			

<b>Outcome:</b>	<b>Goal:</b>
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Description:

Existing Regulatory Mechanism	Description	Mechanisms' Effect on Outcome		Issues for Attention
		Score (+/0/-)	Discussion	
<b>RAM</b>	The RAM (Revenue Adjustment Mechanism) is intended to adjust the revenue requirement multi-year plan to account for changes in O&M, Rate Base (net plant capital costs in two categories baseline and major capital expenditures), depreciation and amortization. Also includes three safeguards (ESM and major and baseline project capital credits)			
<b>RAM Cap</b>	The RAM cap sets a limit on the size of the RAM so that it does not increase in excess of the projected rate of inflation.			
<b>MPIR</b>	The Major Project Interim Recovery is a mechanism that allows for approval of some capital expenditures that are above the RAM cap.			

<b>Outcome:</b>	<b>Goal:</b>
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Description:

Existing Regulatory Mechanism	Description	Mechanisms' Effect on Outcome		Issues for Attention
		Score (+/0/-)	Discussion	
<b>Revenue Decoupling RBA</b>	The Revenue Balancing Account assures that the companies will recover non fuel and purchased-energy revenues regardless of sales, demand, etc. The account accumulates the difference between the established 'target revenue' and the revenue collected from rate payers, to be returned/collected by the utility as a line item on the bill (\$/kWh) the following year.			
<b>ESM</b>	The Earning Sharing Mechanism returns a portion of the revenue back to customers if the utility makes more than the allowable return on equity.			

<b>Outcome:</b>	<b>Goal:</b>
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Description:

Existing Regulatory Mechanism	Description	Mechanisms' Effect on Outcome		Issues for Attention
		Score (+/0/-)	Discussion	
<b>ECAC/ ECRC/ PPAC</b>	Provisions that adjust monthly energy charges to customers based on the most current fuel price and purchased energy price information. These pass most of the substantial interim variations in fuel costs directly to customers and also substantially insulates the HECO Companies from the impacts of the fuel price risk and revenue variability.			
<b>PIMs</b>	<b>Service Quality</b> – Performance Incentive Mechanisms that includes SAIDI, SAIFI, and Call Center			
	<b>Targeted Energy Policy</b> – Performance Incentive Mechanisms that includes DR Portfolio Program Launch and Renewables Procurement			

Outcome:			Goal:	
Description:				
Current Regulatory Mechanism	Description	Mechanisms' Effect on Outcome		Issues for Attention
		Score (+/0/-)	Discussion	
RPS	Renewable Portfolio Standards require increasing amounts of renewable energy in the HECO portfolio. The commission has established penalties for non-compliance.			
EEPS	Energy Efficiency Portfolio Standards require increasing amounts of energy efficiency in the HECO portfolio. The commission has established penalties for non-compliance.			
Other Existing Mechanisms (if relevant)				

<b>Outcome:</b>		<b>Goal:</b>
<b>Description:</b>		
<b>Overall, does the existing regulatory framework sufficiently support the achievement of this outcome?</b>		<b>Discussion (Conclusions/Recommendations/Primary Observations)</b>
<b>+</b> YES Incentivizes Achievement		
<b>0</b> NO IMPACT		
<b>-</b> NO Disincentivizes Achievement		

<b>Outcome:</b>		<b>Goal:</b>
Description:		
<b>Supporting Data or Information</b>		
<b>Existing Data or Measurements</b> (e.g., from HECO Companies' reporting or other sources)		
<b>Other Pertinent Information</b>		