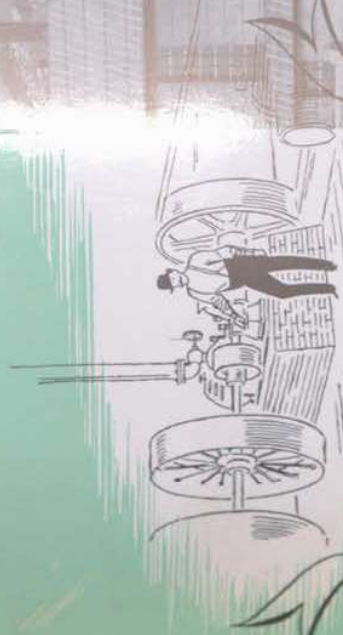


**ANNUAL REPORT
FOR THE YEAR
1950**



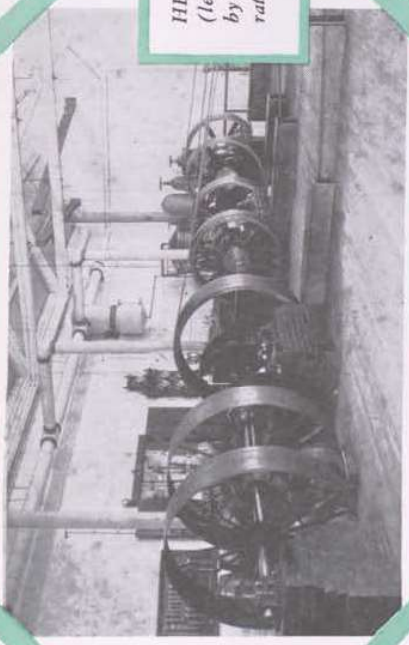
60
YEARS OF SERVICE

**THE
HAWAIIAN
ELECTRIC
COMPANY, LTD.**

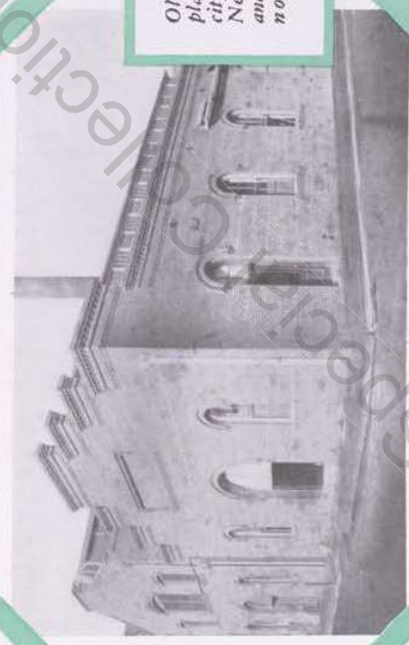
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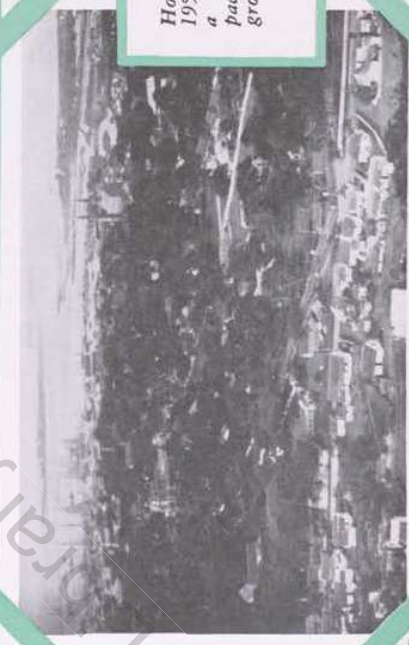
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HECO's early dynamos (left) are far outstripped by modern giants (right) rated at 40,000 kw each.



Old Ala Moana power plant (left) reached capacity of 4,750 kw by 1918. New plant there (right) and the one at Waiau now rate 197,500 kw.



Honolulu in 1890 and 1950. HECO has expanded a hundredfold to keep pace with Oahu's tenfold growth: 1890 pop., 31,194; 1950, 320,732.



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THE HAWAIIAN ELECTRIC COMPANY, LIMITED

60 HISTORICAL YEARS



HISTORY

Born in the reign of his Hawaiian Majesty King Kalakaua, cradled in a setting of changing governments, growing lustily in a new American city, The Hawaiian Electric Company has taken its place in the community. It has continued in ever wider service to the people of Honolulu and Oahu, sharing with the City and the Island the steady growth that they have enjoyed, contributing to their progress as they have contributed to the Company's progress.

The Hawaiian Electric Company was formed as a copartnership on May 7, 1891 and on October 13, 1891 it was incorporated. On May 3, 1893 a franchise was offered at auction by King Kalakaua's Government and The Hawaiian Electric Company bid it in at the upset price of 2 1/2% of the gross receipts. The Company's franchise came up for renewal after Hawaii had become a Territory, and in 1903 under the provisions of the Organic Act, it was ratified with few changes and made perpetual by the Congress of the U. S.

Waikiki was connected to the Company's system early in 1894 when the extension of a line to Waikiki cut across the plains and rice fields that then separated the small beach community from town, and a line was built up Manoa Valley to accommodate residents there. Pacific Heights and other areas were soon connected. 1914 marked the first extension of transmission beyond the Pali, establishing the first rural service to Heeiea and Kaneohe.

From the beginning, The Hawaiian Electric Company has been an integral part of a fast growing community. The population of Oahu increased from 31,194 in 1890 to 58,504 in 1900, an increase of 87.5%. The population of Oahu at the 1950 census was 320,732, an increase of 928% in sixty-one years.

From a small organization housed in a one-story brick building on King Street valued at about \$20,000 and operated by two or three

men, The Hawaiian Electric Company kept pace with the expanding community in the first ten years of operation to become a large and growing half-million-dollar concern. By 1930 its assets were \$9,000,000 and today it is a \$50,000,000 concern with 1200 employees.

Annual kilowatt hours generated increased to 3,925,647 in the first twenty years of operations, to 96,746,000 in the second twenty years, and for 1950 total generated was 604,436,200 KWH. In 1910, the Company's service extended only to the city limits, from the waterfront to the Old Pali road and from Moanalua Park to Waialae. The Halekauwila and Alakea Street plant which covered approximately one acre of land had ten single-phase 2300 volt circuits to supply the entire lighting load of that year, and three direct current circuits, two of 500 volts and one of 110 volts to care for the power needs. By 1918 there were 4750 kilowatts of generating capacity. Today there are 197,500 kilowatts of modern generating facilities located on 62 acres of land at Waiau and 2.2 acres of land at the Honolulu power plant site. Our transmission and distribution facilities meet the highest standards of engineering practice and reach all parts of Oahu.

It can be seen that in keeping with the development of electric utilities throughout our country, The Hawaiian Electric Company has shown steady growth. This very considerable progress of the Company reflects the growth of Honolulu and Oahu. For sixty years HECO has demonstrated its ability to lead the community forward in industrial growth by planning ahead and providing vastly increased service facilities to meet the needs of a rapidly expanding population. As a private enterprise entrusted with an essential public service, we recognize our civic responsibility in the community we serve. We shall strive to advance the growth and welfare of this community and shall continue to participate in civic activities which fulfill that goal for we believe this is both good citizenship and good business.

The President's Report to the Stockholders, Employees and Customers

The Hawaiian Electric Company is proud to have participated in a striking demonstration of the strength and vitality of our community in 1950. The year began in an atmosphere of fear and uncertainty and widespread unemployment resulting from the post-war slump and the six-months paralysis of shipping in 1949. The year ended with business volumes reaching record levels and unemployment reduced from 33,900 to 14,800.

But despite notable progress in 1950, we must face the fact that we have yet to solve some of our basic economic problems. In recent years, Hawaii has been purchasing more goods and services than it has been selling. We must balance our economy in order to maintain and continue to improve our standards of living and to provide full employment for our people. The situation is complicated by a national defense emergency. It will demand more intense and carefully planned effort on the part of all of us. But from our experience in two world wars, we have confidence that the Hawaiian economy can continue to expand and meet the essential requirements of the military effort and the civilian population.

Hawaii is fortunate in that its two largest industries, sugar and pineapple, are essential in war or in peace. During 1950, deliveries of Hawaiian sugar to mainland refineries broke all records. Rising prices of sugar and molasses-boosted sales to \$123,546,000. Pineapple canneries in the year ending May 31, 1950 packed 23,852,847 cases for a new high record. Our 1950 tourist business broke all records with a total of 57,406 visitors bringing in an estimated \$35,000,000 of new money. Tremendous building activity was evidenced during 1950 by the issuance of building permits totaling \$46,691,800, a new high record and 55% above 1949.

The Hawaiian Electric Company will grow and thrive only in relation to the expanding prosperity of the community. But we must do

more than reflect the growth of the community—we must anticipate it with services expanded well in advance to meet all expected demands. This calls for continued faith in the future of Hawaii. And while we are working to expand and improve our services, we shall continue to cooperate to the fullest with all businesses and with all civic and public agencies to aid in the development of Hawaii.

The most favorable results since the end of the war were achieved by the Company in 1950 when, for the first time, the 1945 war-time peak load record of 116,000 KW was broken by a peak load of 126,000 KW, and revenue exceeded that of 1945 by \$1,365,994. Likewise the net earnings of both the utility and merchandising operations were more satisfactory than seemed possible early in the year.

We know that we will face more difficult conditions in the year ahead, but never has there been a greater opportunity for the Company to contribute to the improved economy of the community. We are fortunate in having thoroughly modernized our generating, sub-station and transmission equipment. This has involved capital expenditures in the amount of \$21,447,408 in the past five years. With the installation of 40,000 KW of new generating capacity at Waiiau last October, nearly two-thirds of our entire generating plant has been installed in the last seven years.

With expanded plant and improved facilities, with an experienced and well integrated organization imbued with a splendid spirit of teamwork, The Hawaiian Electric Company faces the period ahead with confidence and determination to render increasingly useful service to our customers and to our community.

L. A. HICKS
President

UTILITY REVENUES

Gross Utility Revenues were \$10,779,211 or 1.0% more than during 1949.

COMMON DIVIDENDS PAID

Dividends of \$2.50 per share of Common Stock totaling \$1,225,000 were paid on Common Stock for the year. This is the fiftieth consecutive year that a dividend has been paid.

MERCHANDISE REVENUES

With a full year of marketing opportunity, Merchandise Department Revenues increased from \$4,428,409 to \$5,778,594 or 30.5% over 1949 indicating an active building program in the Territory and a general improvement in living convenience through the broader use of electrical service.

KILOWATT HOUR SALES

Kilowatt hours sold in 1950 totaled 522,324,630, an increase of 14,905,747 KWHrs or 2.9% over 1949. A new system peak of 126,000 KW was reached in November which is the first time we have exceeded the war-time peak of 116,000 reached in 1945.

NET INCOME

Net Income was \$1,887,854 as compared to \$1,432,763 for 1949, an increase of 31.8%. While salary and wage items were increased, non-salary expenses were lowered through favorable purchases of fuel, a high level of maintenance efficiency and tax and interest savings resulting from our construction program.

TOTAL ELECTRIC CUSTOMERS

Electric customers totaled 76,229. This is an increase of 2316 over 1949. Our residential customers in 1950 used an average of 2688 KWH. This is about 47% greater than the United States average.

EARNINGS PER SHARE OF COMMON STOCK

Earnings on Common Stock were \$3.06 per share on 500,000 shares compared with \$2.57 in 1949 on 450,000 shares.

NEW POWER PLANT

A modern 40,000 KW steam generator was completed and put on the system during October bringing the Company's total capacity to 197,500 KW, giving us a comfortable reserve for growth or emergency requirements.

The Year in Review

FINANCIAL SUMMARY

The corporate net income for 1950 was \$1,887,854.

The earnings on Common Stock were \$3.06 per share on the 500,000 shares outstanding at December 31, 1950. Dividends at the rate of \$2.50 per share per annum were paid on Common Stock during the year.

Total Dividends paid to owners of Preferred Stock were \$359,268 and to owners of Common Stock \$1,225,000.

After payment of Dividends, the Company had remaining \$303,586 which was invested in the construction of additional electric production and distribution facilities.

Interest on our Bonded Indebtedness was earned 4.9 times and Dividends on our Preferred Stock 5.2 times.

OPERATING REVENUES

Operating revenues from all sources during 1950 totaled \$16,557,805. Revenues from electric operations aggregated \$10,779,211 and accounted for 65.1% of the gross.

Revenues from merchandise operations aggregated \$5,778,594 and accounted for 34.9% of the gross.

OPERATING EXPENSES

Operating expenses exclusive of taxes and depreciation totaled \$11,084,704. Of this amount, \$4,007,450 represented the cost of goods sold, \$2,109,959 the cost of fuel consumed in the production of electricity. To maintain and operate the property in first class condition, the balance of \$4,967,295 was expended in wages, employee benefits, insurance, rents and other services.

The average cost per barrel of fuel oil was 5.4¢ less in 1950 than in 1949. Fuel oil use increased 1.1% while the kilowatt hours produced increased 2.7% which reflects improved operating efficiency during 1950.

PAYROLL AND BENEFITS

	1950	1949
TOTAL DIRECT PAYROLL	\$4,308,027	\$4,002,130
BENEFITS PAID BY COMPANY:		
Vacations, Holidays, Sickness Pay, etc.	375,308	307,304
Retirement, Life Insurance, Medical Aid, Social Security Insurance, Unemployment Insurance	269,036	228,859
TOTAL PAYROLL AND BENEFITS	\$4,952,371	\$4,538,293

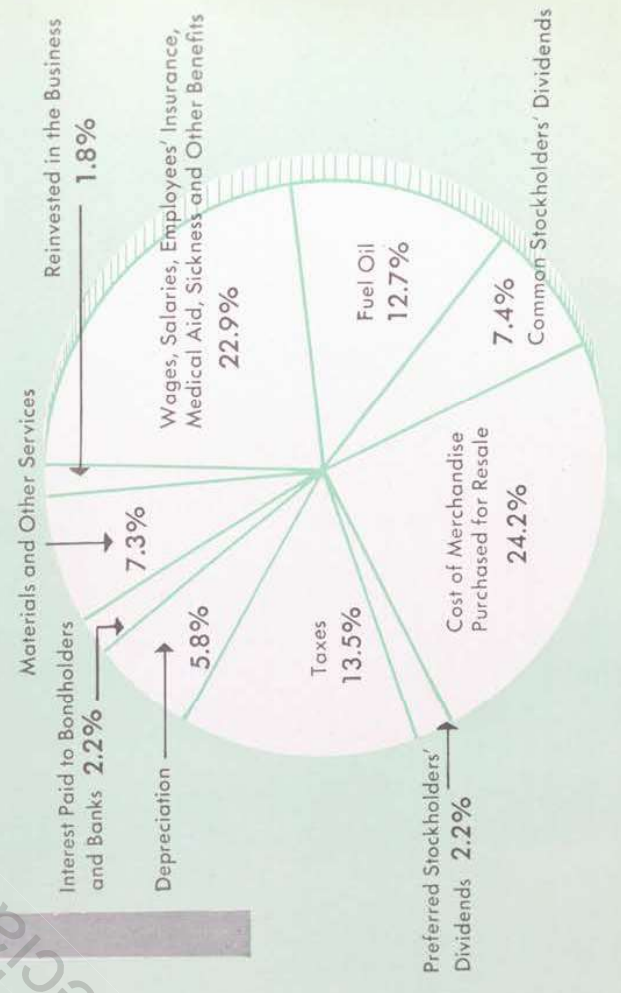
RESULTS OF 1950 OPERATIONS

REVENUES CAME FROM:

<i>Utility Operations</i>		
Residential	\$ 4,362,376	26.3%
Commercial and Industrial	6,218,589	37.6
Public St. and Hiway Ltg.	131,729	0.8
Misc. Electric Sales	66,517	0.4
	\$10,779,211	65.1%
<i>Non-Utility Operations</i>		
Merchandise and Other	\$ 5,778,799	34.9%
	\$16,558,010	100%

OUR EXPENDITURES WERE:

Wages and Salaries paid Employees engaged in operations—insurance, medical aid, sickness and other benefits	\$ 3,793,055	22.9%
Fuel Oil	2,109,959	12.7
Materials and other Services	1,207,829	7.3
Cost of Merchandise purchased for resale	4,007,450	24.2
Taxes excluding taxes transferred to capital and other accounts	2,230,565	13.5
Depreciation	955,715	5.8
Interest paid to Bondholders and Banks less interest transferred to construction	365,583	2.2
Preferred Stockholders Dividends	359,268	2.2
Common Stockholders Dividends	1,225,000	7.4
Reinvested in the business	303,586	1.8
	\$16,558,010	100%



TAXES

Taxes of all kinds, Federal and Territorial, applying against the current year's operations, totaled \$2,365,815. Of this aggregate, \$2,230,565 was a direct charge against income, and \$135,250 was absorbed through plant and other accounts.

This year's tax bill meant that 13.5¢ was paid out for every dollar's worth of business done.

As of July 1, 1950 the Federal tax rate on Corporation income was increased from 38% to 45% which augmented your Company's 1950 tax bill by \$103,360 more than had been anticipated.

TAXES

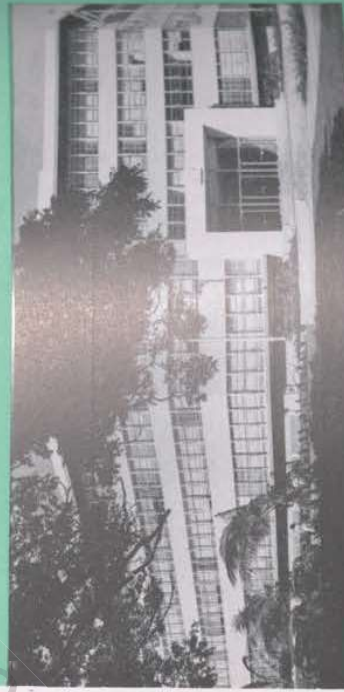
FEDERAL:	1950	1949
Income	\$ 863,270	\$ 536,131
Electric Energy	241,584	223,915
Payroll, etc.	65,045	47,336
	<u>\$1,169,899</u>	<u>\$ 807,382</u>
TERRITORIAL:		
Income	\$ 172,652	\$ 141,548
Public Utility	531,155	579,943
Franchise Royalty	261,364	270,473
Gross Income, etc.	210,745	172,504
	<u>\$1,195,916</u>	<u>\$1,164,468</u>
TOTAL	<u>\$2,365,815</u>	<u>\$1,971,850</u>

DEPRECIATION

Depreciation transferred out of income as a provision for replacement of our plant and property amounted to \$955,715 during 1950, an increase of \$64,104 over the preceding year, proportionate to additional investments made in electric generating, transmission and distribution facilities.



Federal Building in Honolulu stands as a sturdy symbol of Hawaii in the Union and in recognition for statehood. Uncle Sam employs 2,000 civilians in the Territory. Hawaii Net pays more in taxes than dozen states and is a huge consumer of mainland goods. In 1950 Hawaii has become an American community in the sense that it is.



The year 1950 saw the completion of the Territorial Office Building, an imposing example of modern functional design in island architecture. It is islands, and embraces a great number from Oahu to Midway. But as that of the Islands as a chain of seven between Kauai and Hawaii. The Territory Government employs 8,119 including 3,383 in Dept. of Public Institutions.

Departments of the City and County Government of Honolulu are housed in the strikingly picturesque Honolulu Hale, or City Hall, which is the former palace of ancient royalty nearby. Honolulu employs 450 in city-county operations, proving her competence to govern her own.



FIXED CHARGES

Interest on our Funded Debt, on loans from Banks and other miscellaneous deductions, amounted to \$399,171 after the transfer of \$148,376 in the form of interest charged to construction.

COMMENTS ON THE BALANCE SHEET

During 1950, the Company invested \$4,595,543 in the construction of new facilities and the expansion of those already in existence. The detail of this is shown on page 13. Retirements from service of plant and property amounted to \$404,281.

The investment in plant and property at the end of 1950 was \$49,759,065.

The reserve for depreciation on plant and property totaled \$11,475,790 at December 31, 1950, an increase of \$824,984 over the preceding year end and equal to 23.1% of the total plant investment.

Inventories of fuel oil, materials and supplies at the year end represented an investment of \$2,930,736.

With the discontinuance of the ice and cold storage business, the land, structures and improvements were transferred to utility plant assets for future Honolulu power plant use. A net credit of \$17,916 remaining in the Ice and Cold Storage Assets Deferred Account was transferred to Earned Surplus at December 31, 1950.


The Company's investment in real estate consisting of an apartment on Kuhio Avenue was disposed of during the year. The resultant loss of \$4,497 was charged against earned surplus at December 31, 1950.

During 1950, the Income Tax Returns of the Company for the years 1945, 1946, 1947 and 1948 were examined by the U. S. Bureau of Internal Revenue. On the basis of this examination, it would appear that the Company has a liability for additional Federal taxes for the period of 1945 to 1950 in the amount of \$126,077.

Your Company believes however that the basis of this additional tax liability is substantially in error and a protest has been filed accordingly.



The history of sugar and pineapples in Hawaii is a true-life story of American pioneers. Eva Plantation (above) on Oahu is one of 28 plantations on all islands. Sugar became Hawaii's first industry during more than a century of growth. Hawaii supplies about one-seventh of the nation's raw sugar and gets nearly half its income from it. Sugar dollars benefit every islander.



Hawaiian Pineapple Company workers play a part in the island industry that supplies most of world's pineapple. Pineapple is Hawaii's second largest industry and still growing. While planting began in 1885, expansion of the industry to its present state started only in 1910, beginning of HECO's third decade. By 1950, 68,256 acres of pineapples were under cultivation in Hawaii.

Pending result of protest we have not recorded this tax liability in the accounts or in the Balance Sheet.

While review is still pending by the Territory of Hawaii Tax Division for the years 1945 to date, it is believed that additional tax liability, if any, will be negligible.

The balance remaining in the Tax Contingency Reserve at December 31, 1950 is deemed sufficient provision against all tax liabilities in the immediate future.

FINANCING

During March 1950, the Company issued and sold new securities consisting of 50,000 shares of Common Stock and 150,000 shares of 5% Cumulative, Series E, Preferred Stock, both of the par value of \$20.00 per share.

The proceeds of \$4,000,000.00 realized from the sale of these securities were used to retire Bank Loans and to forward the Company's 1950 construction program.

CAPITALIZATION

At the end of 1950, the total par value of capital shares was \$19,000,000.00, consisting of 500,000 shares of Common Stock and 450,000 shares of Preferred Stock, both of the par value of \$20.00 per share.

The Funded Debt at the end of 1950 amounted to \$15,200,000.00, representing no change from the preceding year end.

PROSPECTS FOR 1951

The growth of the Company's business should continue during 1951 although there is some evidence that the rate of increase may decline to lower levels commensurate with the population trend.

The Company's physical property is in excellent shape and genera-



A vacation in Hawaii 1950 is an unattainable dream for most people in the years of HECO. By sending thousands of visitors came in 1950 by air and spent an estimated \$5,000,000 here. Tourist trade now exists among Hawaii's industries and is expected to keep on booming. Law hotels like Royal Hawaiian will be trends and tastes of sun- and sea-

Even with the growth of air travel, Hawaii depends upon shipping as much as when Honolulu harbor was filled with sailing vessels. Tourist sail boats are for sport or fishing and large steamships of several lines arrive in Honolulu regularly, headed by stately white cruise queens. The Lanine Line has observed this growing procession of ships in the harbor for its dock



tion, transmission and distribution facilities are adequate to carry such loads as may be imposed by an expanded community and by increased activities of the armed forces.

The favorable factors of \$105,733.16 and \$222,564 transferred from interest and taxes to construction in 1949 and 1950 respectively, due to the installation of a new generating unit at Waiau, and correspondingly reflected as a credit in net income, will not be in evidence during 1951.

The Company has entered into a new fuel oil contract effective January 1, 1951 with the Standard Oil Company of California which assures a reliable supply of a new type of fuel for the next ten years and with more favorable price terms than provided in the former contract.

Operations during the coming year are overshadowed by uncertainties of increased taxes and the effect of controls upon consumer goods, construction materials and credits. Earnings are expected to be more than sufficient to meet all fixed obligations, but cannot be expected to produce a net return equal to that of 1950.

NEW ELECTRIC CUSTOMERS

There were 2316 new customers added to our system in 1950. Of these, 1903 were residential. Sixty-six new sub-divisions were developed in 1950, eight of which have underground distribution systems.

Our home customers continue to recognize the economy and efficiency of electricity as a means of doing the multitude of household chores that can be performed with electric appliances. The graph on the next page shows how the average home use of electricity has increased over the years and how the cost has decreased. We are proud of our record of consistently decreasing the cost of our product to our customers in times when most other items of consumer goods increased in price.

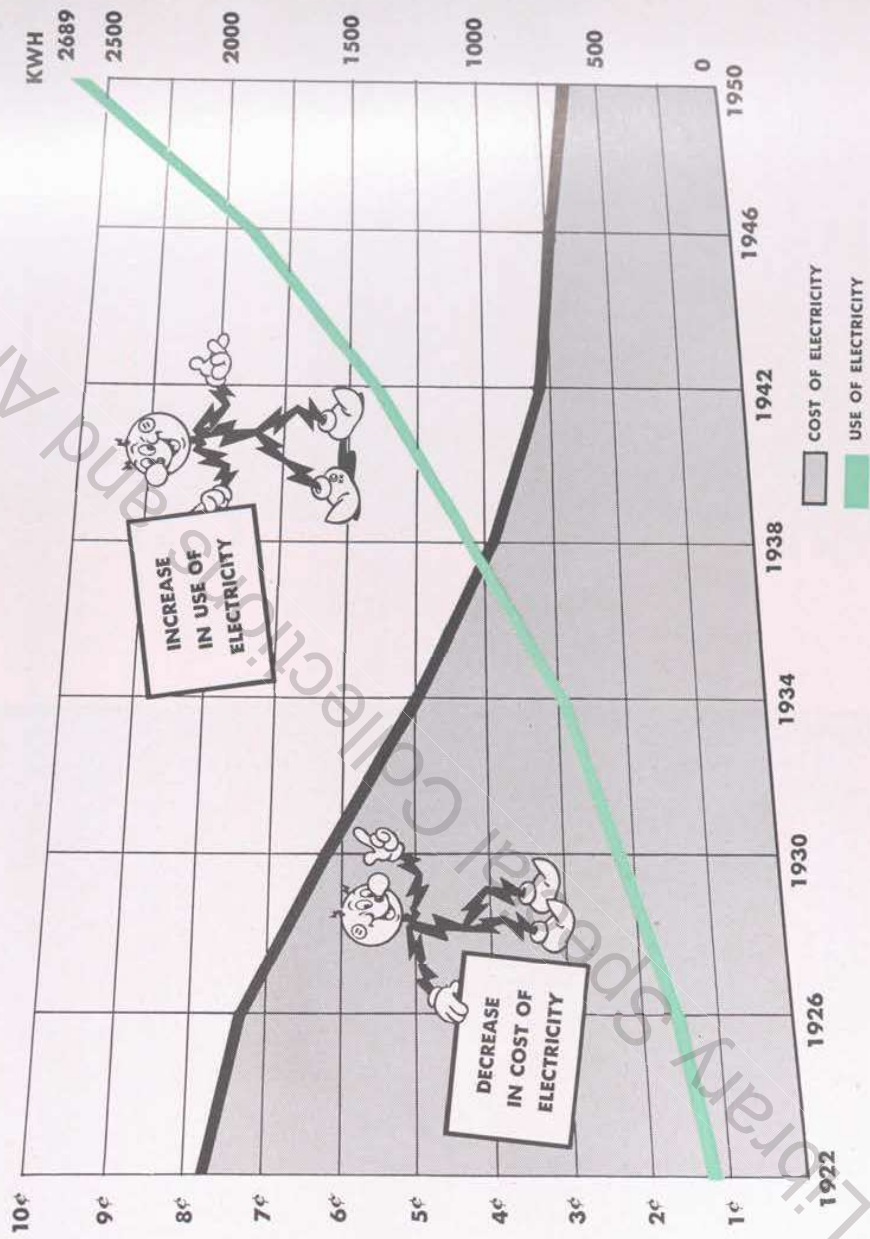


The multi-million-dollar Tripler General Hospital was opened at Moanalua in August, 1948. Named for a Civil War general, it serves the army, navy, marine and air forces and has a normal capacity of 1,500 beds. Tripler has lately become a stopping place for evacuees from Korea. Its adjacency to Pearl Harbor and army posts stresses its strategic position in the Pacific.

Aerial view of a newly developing industrial section of Honolulu shows Levers & Cooke, Ltd. (center foreground) and Hawaiian Dredging Co. (left) buildings. Not shown is six-story Hawaiian Life Building, nearing completion. Transformation of once barren wastes into center for distribution of goods and services is a clear example of the future Honolulu envisioned by HECO.



RESIDENTIAL ELECTRICITY GROWS CHEAPER



INDUSTRIAL AND COMMERCIAL

Army and Navy business continued to decline during 1950 but not as sharply as in the two preceding years. Sales dropped from 101,620,931 KWH in 1949 to 92,012,030 in 1950. Both KWH consumption and revenue are still three times as great as the pre-war figures.

Onahu sugar plantations are continuing to electrify their old steam pumps and much of this energy is purchased from our system.

The Territorial Government's post-war building program began to materialize in 1950 with the construction of many new office buildings, schools and institutional units. Some of these projects are the new Leahi Hospital unit, the Koolau Boys School, new buildings at the University of Hawaii, the new Labor building and the Territorial office building on Miller Street.

Street, highway and park lighting has increased 20% during 1950. This percentage increase is greater than in any other area of service provided by the Company.

Commercial cooking, heating, air conditioning, refrigeration, and miscellaneous power continued to show a healthy growth. New loads in excess of 4000 HP were added during the year. The largest growth was due chiefly to air conditioning and refrigeration installations.

FIVE-YEAR RECORD OF ELECTRIC SALES

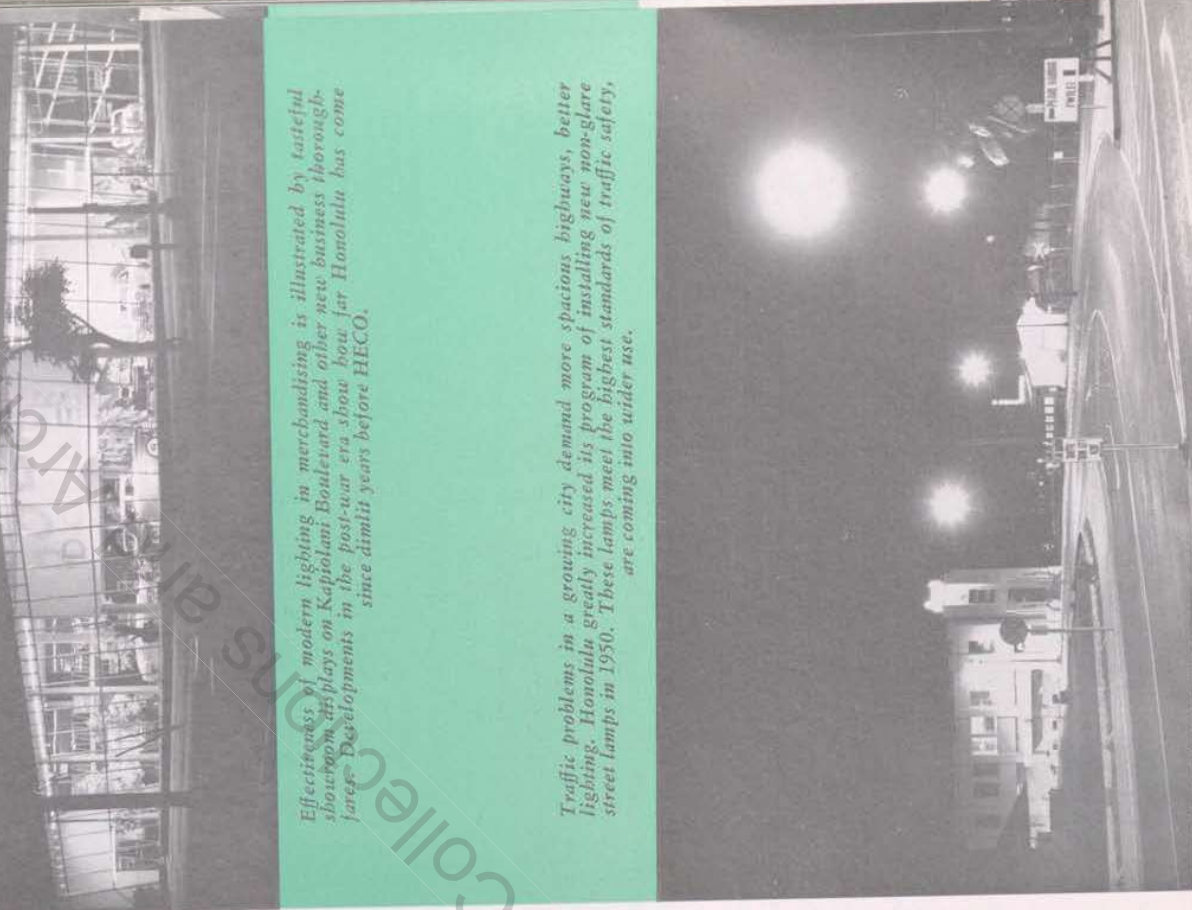
Year	K.W.H. Sold	Gross Revenue	Consumers
1946	441,378,568	\$ 8,262,026	60,048
1947	460,256,365	9,071,379	64,645
1948	494,404,760	10,360,292	68,997
1949	507,418,883	10,627,745	73,913
1950	522,324,650	10,728,425	76,229

DODGE

Archives

Effectiveness of modern lighting in merchandising is illustrated by tasteful showroom displays on Kapiolani Boulevard and other new business thoroughfares. Developments in the post-war era show how far Honolulu has come since dimlit years before HECO.

Traffic problems in a growing city demand more spacious highways, better lighting. Honolulu greatly increased its program of installing new non-glare street lamps in 1950. These lamps meet the highest standards of traffic safety, are coming into wider use.



EXPANDING FACILITIES

The largest project completed during 1950 was the Waiau turbo-generator Unit No. 4. Ground was broken in April 1949 and the unit was placed in service eighteen months later on October 13, 1950. The unit was installed at a cost of approximately \$5,000,000.00, which was approximately 17% below the estimate made in 1947.

The unit, in its trial run and regular operation, has proved to be a very fine machine, both as to its smooth, trouble-free operation and its efficiency. Although the unit is rated at 40,000 kilowatts, it carried for short periods as high as 52,000 kilowatts on a test run. This unit increases the Company's reserve capacity and provides for normal community growth for the next four to five years.

Work has been started at the Waiau and Honolulu Generating Stations and the Iwilei oil storage yard to install necessary equipment to handle the new heavier grade of fuel oil to be used after January 1, 1951.

11.8 miles of new 44 kv line was built from Waiau to the Koolau substation to handle the increased power output from the Waiau power plant. This line provides additional capacity to the windward side of the Island and to the Koko Head-Kaimuki areas. Improvements were made at the Waiau Switching Station to provide greater flexibility and changes were made at the Wahiawa Substation to provide not only additional capacity but better voltage regulation. Considerable improvement was made in the relaying of our transmission system in general.

Four new distribution substations at Waikiki, Halawa, Waiomao and Puunui, having a total capacity of 10,625 kva were constructed during the year. At Wahiawa, an obsolete 3000 kva transformer bank was replaced with a 3916 kva unit type substation. The capacity at Waiatale and Kaimuki was increased by 5750 kva. The downtown low voltage network was expanded to take care of more new loads. This work included new duct lines on Fort and Union Streets and the construction of nineteen new and rebuilt transformer vaults. Construction was completed on underground distribution systems for 354 home sites.



HECO's staff of commercial engineers is at the service of architects and contractors, giving free and ready advice. Engineer in photo gives architect planning advice to customer (right).

Local engineering history was made when power lines to Waiatale were strung over rugged ridge of Koolau Range. HECO saved time and manpower using helicopter on this lofty mission.



The Ward Avenue parking area for heavy trucks was paved and an open type garage was built for use by the Underground Division in storing heavy tools and equipment. The general garage was modernized and expanded. The windward side of the garage was enclosed with glass, thus affording better protection from the weather for both men and equipment. New gasoline tanks replaced the old gasoline tanks. Fences were installed to separate physically the Utility and Non-Utility operations of the Company.

During the year 1950, practically all automotive equipment purchased prior to 1940 was replaced with new units since we were unable to purchase our normal requirements of automotive equipment during the war years. A schedule is now being set up for replacements on a more uniform basis during the next four years.

PLANT AND PROPERTY EXPENDITURES

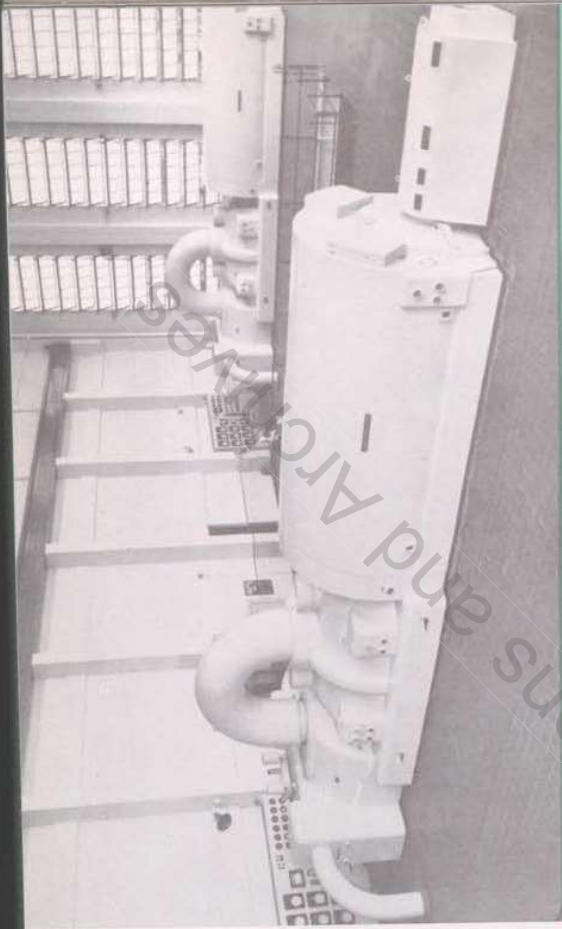
During the year \$4,595,543 was expended for new plant and properties as follows:

	1950	1949
Steam Production Plant.....	\$2,038,242	\$ 28,575
Transmission and Distribution Facilities.....	2,037,754	1,538,663
General Plant.....	153,733	77,270
Merchandise Plant.....	35,428	45,115
<i>Work in Progress:</i>		
Steam Production Plant.....	115,276	2,209,457
Transmission and Distribution Facilities.....	213,500	283,321
General Plant.....	1,610	651
Merchandise Plant.....	23,052
	<u>\$4,595,543</u>	<u>\$4,207,107</u>

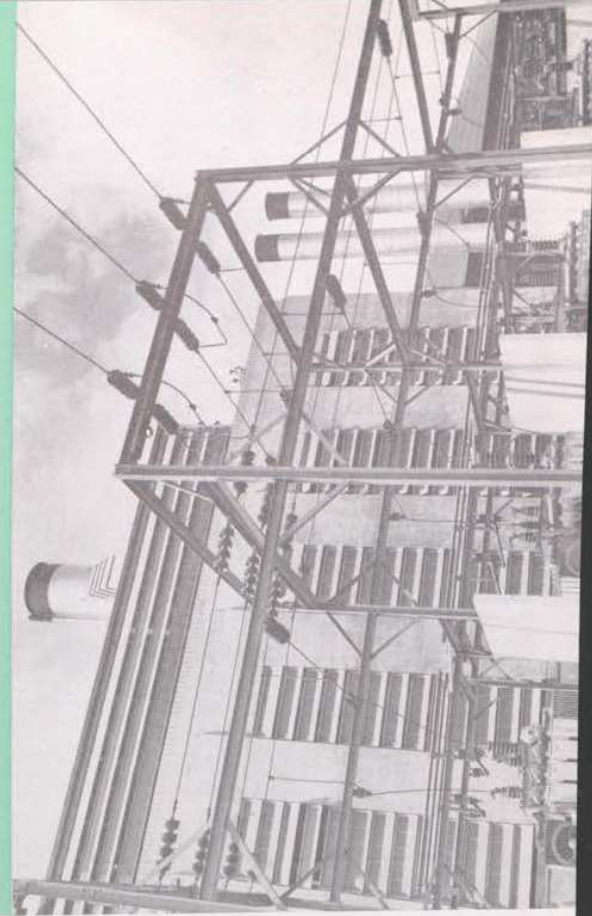
THE FIVE-YEAR RECORD

The expansion of the Company's business has called for expenditures on new construction during the past five years as shown in the tabulation below:

1946.....	\$4,072,955
1947.....	5,480,216
1948.....	3,091,587
1949.....	4,207,107
1950.....	4,595,543



First generator (front), built in 1947, got a twin (rear) in 1950 at Waiau plant. Both together are rated at 80,000 kw.



Oil-cooled transformers outside Waiau plant boost volts from 11,000 to 44,000 before substations send power to island homes.

UTILITY PROMOTIONAL ACTIVITIES

Appliance advertising during 1950 carried no brand names but stressed the value and convenience of all electrical appliances. The slogan "See Your Local Appliance Dealer" was incorporated in all appliance, kitchen planning, and electrical living advertisements. To keep distributors and dealers informed of our advertising program, preprints of all advertisements were sent to distributors two weeks in advance of insertion dates. Adequate wiring, home lighting, commercial cooking and kitchen planning were all phases of our promotional program for the year.

The radio program "Voice of Junior Hawaii," which has proved to be a source of inspiration and encouragement to the young

musicians of Honolulu, was continued. This program was awarded the 1950 Music Commendation by Honolulu Alumnae Chapter of Sigma Alpha Iota, National Music Fraternity as "an outstanding cultural contribution in the field of music to the people of Hawaii." The Hawaiian Electric Company was again honored by three national awards in the Public Utilities Advertising Association Better Copy Contest on 1949 advertising. Among utilities with less than 125,000 meters, a first award was received on the series promoting the use of electric service, a second award on the public relations series, and a third award on the complete program. A first award was also received in this group on the booklet "HECO and You." In the Aloha Week parade, The Hawaiian Electric Company float entry was awarded first place in the Transportation and Utilities Section.

The Home Service Department program was expanded during the year and the staff was increased from nine to twelve members to care for the constant demand of distributors and dealers in major appliances. Each month the appliances demonstrated in the Reddy

Home economists in HECO Home Service Department give free advice on kitchen planning. Helen Cartwright, left, and Margaret Jean Bolte, right, of staff, check Mrs. William V. Ward's blueprints.



HECO annual radio competitions for music scholarships promote cultural development of island youth. These 17 students will try for \$2,000 in awards in 1951 "Voice of Junior Hawaii" series.



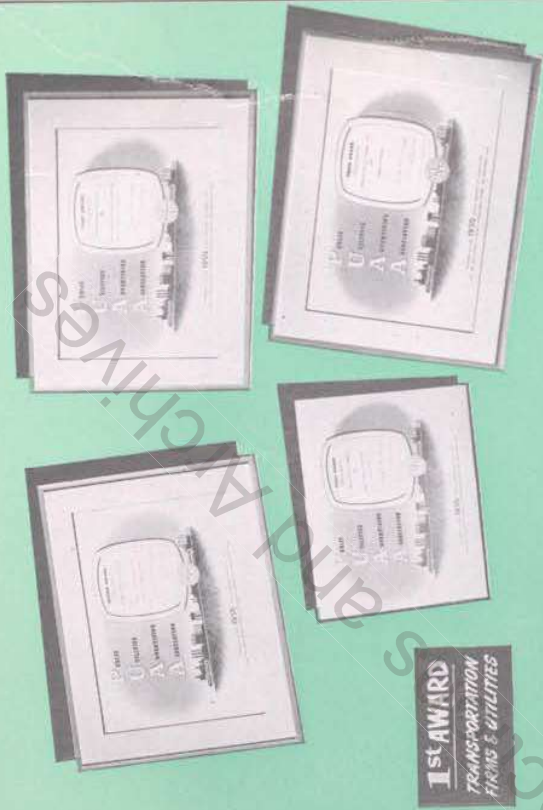
Kilowatt Cooking Classes were supplied by a different major distributor. Permanent display space for kitchen and laundry equipment was allotted to each distributor in the area adjacent to the auditorium.

Demonstrations on major appliances in the home for the customers of all distributors averaged over 250 per month. Salesmen training meetings and store demonstrations of both small and major appliances did much to promote the interest in electrical living.

The Youth Program, designed to include students from all schools on Oahu and the Girl Scouts, included a demonstration in electrical living almost daily for a group of youngsters. The total number in attendance at these classes for the year was over 2000.

The Reddy Kilowatt Cooking Classes have maintained their popularity and through them approximately 10,000 homemakers have seen major appliances of all types and makes demonstrated.

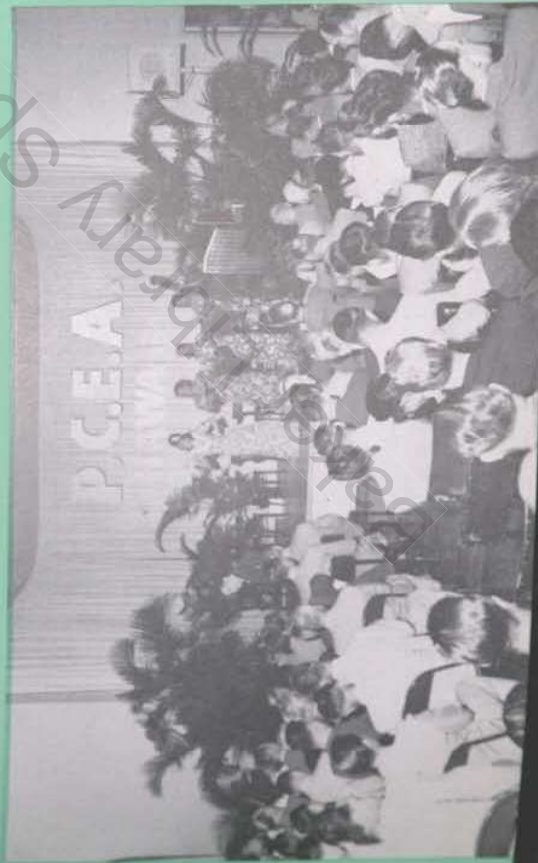
Demonstrations of major appliances for the general public sponsored by distributors and dealers were presented by our home economists in theaters and stores to over 20,000 homemakers.



1st AWARD
TRANS-PACIFIC
FIRMS & UTILITIES

In 1950 HECO won four national awards in the advertising field, one for the booklet, "HECO and You," and a first prize locally for its Aloha Week float.

Pacific Coast Electrical Association, Honolulu Branch, held their convention here in 1950. Many of HECO family participated in discussions of common interest to electrical business everywhere.



HECO Home Service Auditorium is a popular meeting place for Oahu homemakers. Weekly Reddy Kilowatt Cooking Classes attract crowds to demonstrations of modern methods of cooking by electricity.



MERCHANDISE OPERATIONS

As of January 1, 1950, the Retail Division was transferred from the Promotion Department of the Utility to the Merchandise Department to become a Non-Utility function. This placed all merchandising activities under the Merchandise Department which now has 223 employees and five established sales and service divisions that contribute to its overall operation.

The Credit and Accounting Division, Retail Management, and outside sales staff were moved from the main office building to the Merchandise Department area at 930 Clayton Street in October to further the consolidation of the Non-Utility functions of the Company.

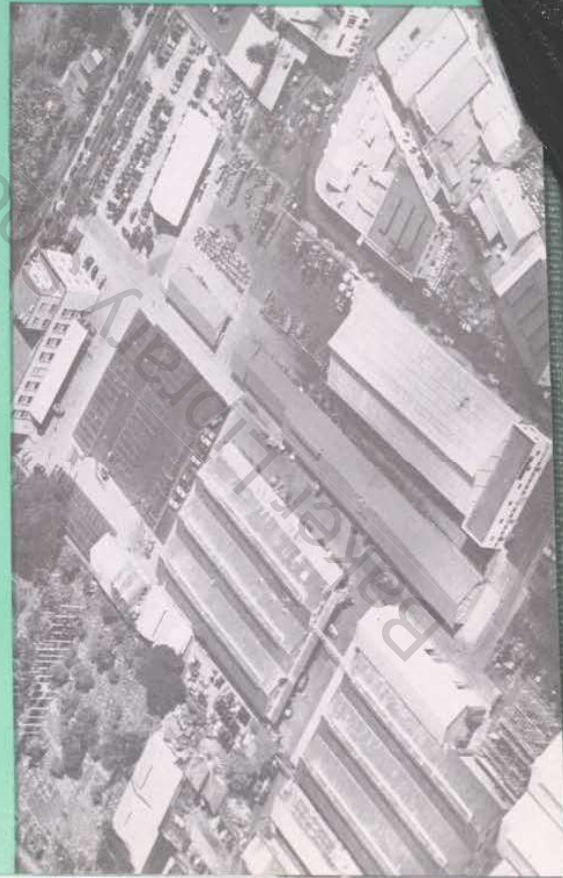
The basement area of the main office building, which heretofore has been used as a retail stock room, was remodeled, and a Lower

Sales Floor created where used appliances and special sale merchandise are displayed.

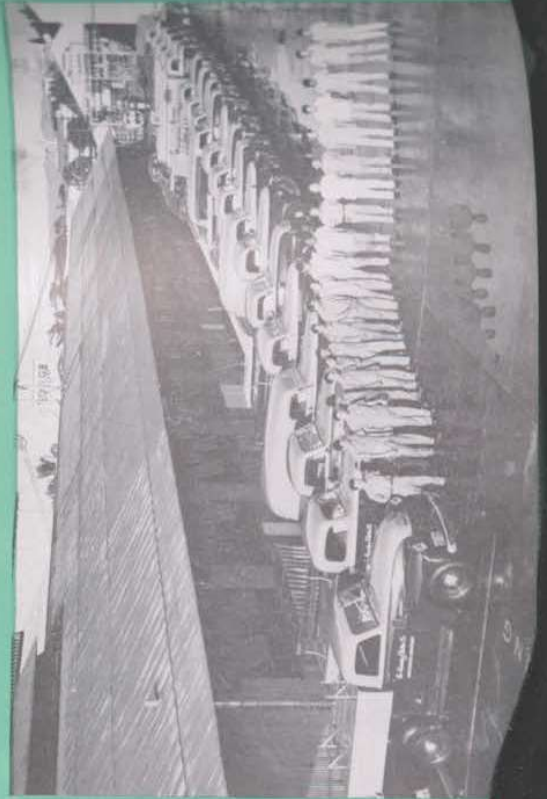
Merchandising activity this year was more nearly normal than it has been since 1940 except for the stimulus to appliance sales created by the Korean War. The absence of maritime strikes both in Hawaii and on the mainland gave us twelve months' uninterrupted flow of merchandise to the Islands. Revenue from sales and service activities of the Merchandise Department from 1945 through 1950 is as follows:

Year	Revenue	Net Profit
1945	\$2,438,442	\$ 58,677
1946	2,694,726	98,479
1947	5,815,399	419,537
1948	6,114,764	285,051
1949	4,438,409	147,104
1950	5,778,594	295,120

Goods and services are supplied from two warehouses on Clayton St. (foreground) where HECO centers merchandising operations.



HECO uses this truck fleet to speed merchandising operations and provide efficient repair service to the homeowners of Oahu.



LAND MATTERS

In September, the Department of Public Works of the Territory of Hawaii announced a change of plans in respect to the use of Halekaiwi Street as a section of the new waterfront arterial highway. Under the new plan, the arterial highway will be divided with one branch passing makai and the other mauka of our property. The condemnation suit which had been pending since 1945 was withdrawn and the Company was compensated for expenses incurred in preparation of its case. The only Company land now sought by the Territory for this project is a small piece required for rounding off the corner of Halekaiwi and Bishop Streets. The Company is now free to proceed with its plans for the future development of a large new power plant site on Halekaiwi Street.

During the year, the Territory of Hawaii completed highway widening along the Honolulu-Pearl Harbor road in the vicinity of the Company's Iwilei fuel oil storage tanks. This new highway took from the Company land in the immediate vicinity of its present fuel oil tanks and a considerable portion of land to be used for future fuel oil tank construction. Settlement for damages is still pending.

STOCKHOLDERS

Stock	Territory of Hawaii	Mainland	Foreign	Total
Common	2065	293	15	2373
Preferred "B"	641	110	8	759
Preferred "C"	943	115	7	1065
Preferred "D"	582	167	0	749
Preferred "E"	554	358	0	912

OWNERS OF COMMON STOCK

TERRITORY OF HAWAII



MAINLAND



FOREIGN



Basement of HECO's main building was converted from maintenance to a lower sales level in 1950, with new repair shop just adjacent.



Holder of the Company's Common Stock increased from 2044 to 2373 or approximately 16%. Nearly all of the new owners are residents of the Territory which in itself is evidence of faith in the Territory's future.

DISASTER RELIEF PROGRAM

With the serious turn of events caused by the hostilities in Korea, this Company has taken steps to develop protection of its properties against possible sabotage. It is also cooperating with the Oahu Disaster Relief Agency which has developed an organization to care efficiently for the needs of the community in meeting emergencies such as enemy attack, tidal wave or floods.

EDUCATIONAL PROGRAM

Fifteen trades and crafts apprentices who started the program in May 1946 completed their 8000 hours of on-the-job training and four hours per week related training. They were graduated as journeyman linemen, cable splicers, auto mechanics and service mechanics.

The engineering department apprentice program graduated two men as draftsmen.

More and more employees expressed a desire to participate in the self-improvement courses, which are conducted after working hours. Fifteen courses were conducted and 144 diplomas were awarded to employees who successfully completed the courses. The high degree of interest of the employee is encouraging and the Company expects to continue and enlarge this program.

There was a marked improvement in the safety record evidenced by a reduction in accident frequency from one lost time accident for every 44,287 hours worked in 1949 to one lost time accident for every 55,597 hours worked in 1950. This is largely a result of supervisor and employee interest in the safety training program.

SERVICE AWARDS

Service award pins were presented to 189 employees at the annual service award program. As of December 31, 1950, there were 1204 employees on the payroll whose years of service are shown in the graph. All employees receive award pins at five-year intervals.

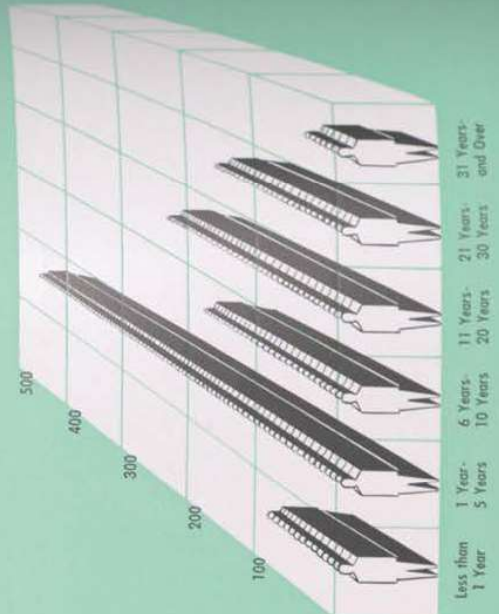
Years of Service	No. of Employees	Per Cent
Less than 1 year	94	7.8
1 year - 5 years	472	39.2
6 years - 10 years	194	16.1
11 years - 20 years	236	19.6
21 years - 30 years	171	14.2
31 years - and over	37	3.1
Total	1204	100.0



Keeping employees interested about their company is part of HECO program. Tours of Wilson plant are open to workers and families.



Supervisors congratulate one of 15 HECO employees completing the apprenticeship course. Graduates get journeyman rating.



Retirements

The following employees of the Company retired during the year:

August F. Mueller (16 years, 11 months with HECO)

Started to work for the Company on April 20, 1933 at the Honolulu Power Plant. He worked as pipefitter and machinist and was later promoted to assistant foreman at the Waiau Power Plant. He retired on March 18, 1950.

Manuel R. Coelho (28 years with HECO)

The Merchandise Department Warehouse has had Manuel Coelho looking after its many functions since February 2, 1922. He started as a delivery driver and retired as warehouse foreman on February 24, 1950.

Toranasuke Iwaoka (28 years, 9 months with HECO)

Started work in the Ice and Cold Storage Department on May 27, 1921. He worked for several years in the Distribution Department. In 1947 he joined the General Service Maintenance Shop helping to take care of the many items of Company equipment. He retired on February 25, 1950.

Alfred Kawelo (23 years, 2 months)

Has worked in the Distribution Department since the day he started on March 1, 1927. During that period, he has helped in building the distribution system up to its present capacity to take care of our 76,229 customers. He retired on May 2, 1950.



Synoball is part of HECO's recreation program. It is a friendly competition, which is a program between departments.



Company-sponsored golf tournaments promote good fellowship, make fine recreational, encourage a better way of life at HECO.

LABOR NEGOTIATIONS

On May 19, 1950, a consent election was conducted by the National Labor Relations Board for the clerical and office workers of the Company. As a result of this election Local Union 1260, International Brotherhood of Electrical Workers, became the representative of the employees in the Merchandise Department bargaining unit.

An agreement was signed with the Union for the Utility bargaining unit and one for the Merchandise Department. They will remain in effect until August 31 and September 15, 1951 respectively.

Included in the current agreements are provision for ten holidays and General Election Day with pay for all employees in the bargaining units, paid memberships in the Hawaii Medical Service Association for the employee and his family at no cost to the employee, modification of the sickness benefit plan to provide an increased benefit schedule and a reduction of the waiting period from three to two days, minor adjustment in job rates for certain classifications, and an increase in the vacation allowance to provide three weeks' vacation after fifteen years.

In collective bargaining, the Company's policy of direct negotiation with its employees has had excellent results and the relationship with the Union has been friendly. Close cooperation has resulted in settlement of grievances with a minimum of friction.

Open house tours were held for the employees and their families at the new Ward Avenue office building and operating area and at the Company's new Waiau power plant. Great interest was shown by all concerned.

THE HAWAIIAN ELECTRIC COMPANY, LIMITED

BALANCE SHEET

December 31, 1950

ASSETS

FIXED ASSETS:		
Utility plant in service.....	\$42,667,329.08	
Utility construction in progress.....	330,508.31	\$48,997,837.39
Non-utility plant:		
Merchandise Department.....	761,227.70	
Total fixed assets.....	\$49,759,065.09	
Less, reserves for depreciation.....	11,475,789.76	\$38,283,275.33

CURRENT AND ACCRUED ASSETS:

Cash on hand and in banks.....	\$ 321,169.62	
Installment notes receivable.....	920,704.57	
Accounts receivable:		
Electric energy.....	\$ 1,190,162.92	
Merchandise.....	824,972.36	
Other.....	98,308.65	
Less, reserves for uncollectible accounts.....	\$ 2,410,443.93	
Merchandise and supplies:		
Utility supplies.....	\$ 1,449,517.20	
Non-utility merchandise.....	1,481,218.77	
Prepaid insurance, rent, taxes, etc.....		2,930,735.97
		123,938.90
		1,985,606.30

CONSIGNED MERCHANDISE
(Contra).....\$177,758.22

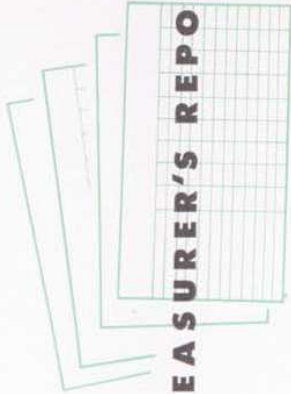
DEFERRED DEBITS:

Unamortized debt expense.....	\$ 145,677.82	
Other work in progress.....	42,888.89	
Clearing accounts.....	34,478.96	
Claims on manufacturers and carriers.....	21,005.78	
Other deferred debits.....	4,288.43	
		248,380.88

CAPITAL STOCK EXPENSE.....

422,144.78
\$45,215,913.88

TREASURER'S REPORT



Honolulu, Hawaii
February 23, 1951

To the Directors and Stockholders of
The Hawaiian Electric Company, Limited:

Herewith are submitted the following statements of the financial condition of the Company:

Balance Sheet, December 31, 1950;

Statement of Income and Surplus for the year ended
December 31, 1950;

Comparison of Income and Surplus Accounts for the
years 1950 and 1949;

Auditor's Opinion.

Respectfully submitted,

GEORGE HOGG

Treasurer.

THE HAWAIIAN ELECTRIC COMPANY, LIMITED

BALANCE SHEET

December 31, 1950

LIABILITIES

CAPITAL STOCK:

Common capital stock, outstanding 500,000 shares, par value \$20.00 each	\$10,000,000.00
Cumulative preferred stock, par value \$20.00, outstanding:	
Series "B", 5%, 100,000 shares	2,000,000.00
Series "C", 4 1/2%, 150,000 shares	3,000,000.00
Series "D", 5%, 50,000 shares	1,000,000.00
Series "E", 5%, 150,000 shares	3,000,000.00
	\$19,000,000.00

LONG TERM DEBT:

First mortgage bonds, 4% series "A", due 1958	\$ 200,000.00
First mortgage bonds, 3 1/2% series "D", due 1964	5,000,000.00
First mortgage bonds, 3 1/2% series "E", due 1970	5,000,000.00
First mortgage bonds, 3% series "F", due 1977	5,000,000.00
	15,200,000.00

CURRENT AND ACCRUED LIABILITIES:

Notes payable, banks	\$ 1,500,000.00
Accounts payable	572,572.19
Customers' deposits and interest thereon	95,561.83
Accrued taxes	1,432,522.22
Interest accrued on long term debt	137,645.81
Accrued payroll	105,967.53
Other current and accrued liabilities	7,420.89
	3,851,490.47

CONSIGNED MERCHANDISE LIABILITY

(Contra)	\$177,758.22
	3,673,732.25

DEFERRED CREDITS:

Unamortized premium on debt	\$ 267,858.69
Customers' advances for construction	28,668.16
Deferred customers' deposits	14,716.14
Unearned interest on sales agreements	113,238.68
Other deferred credits	13,195.21
	437,676.88

RESERVES:

Injuries and damages to others reserve	\$ 25,000.00
Workmen's compensation liability reserve	67,196.66
Sales agreements repossession reserve	30,924.23
Inventory reserve	168,754.99
Tax contingency reserve	200,000.00
	491,175.88

CONTRIBUTIONS IN AID OF CONSTRUCTION

EARNED SURPLUS	1,055,852.03
	5,199,720.07
	\$45,235,915.33

THE HAWAIIAN ELECTRIC COMPANY, LIMITED

STATEMENT OF INCOME AND SURPLUS

For the Year Ended December 31, 1950

UTILITY OPERATING REVENUES:

Sales of electric energy	\$10,728,424.91
Other electric revenues	50,786.13
	\$10,779,211.04

UTILITY OPERATING COSTS:

Operating expenses	\$ 6,001,874.14
Depreciation	936,695.81
Taxes	1,923,128.14
	\$ 8,861,698.09
Less, taxes charged to construction	74,187.84
Utility operating income	\$ 1,991,700.79

OTHER INCOME:

Merchandise Department:	
Gross revenue	\$ 5,689,325.17
Cost of sales	4,007,450.16
Gross profit	\$ 1,681,875.01
Interest on sales agreements	89,269.07
Subtotal	\$ 1,771,144.08

Expenses:

Operating expenses	\$1,075,379.80
Depreciation	19,019.05
Taxes	381,625.14
Net Merchandise Department income	1,476,023.99
Miscellaneous interest	\$ 295,120.09
Gross income	204.35
	\$ 295,324.42
	\$ 2,287,025.21

INCOME DEDUCTIONS:

Interest on long term debt	\$ 489,250.00
Amortization of debt expense	8,094.84
Amortization of premium on debt—credit	15,366.96
Other interest charges	29,163.19
Interest charged to construction—credit	148,375.68
Donations	35,404.40
Loss on leased property operations	1,000.97
Net income for the year	\$ 399,170.76
	\$ 1,887,854.45

EARNED SURPLUS ACCOUNT:

Earned surplus January 1, 1950	\$ 4,847,205.93
Reserve for motor vehicle property damage, no longer required, transferred to surplus	35,508.51
Condemnation award, less costs	17,916.44
Gross surplus	\$ 4,900,630.88
	\$ 6,788,485.33

DEDUCTIONS FROM SURPLUS:

Cash dividends on preferred stock	\$ 359,267.88
Cash dividends on common stock	1,225,000.00
Loss on sale of leasehold	4,497.38
EARNED SURPLUS AT END OF YEAR	\$ 1,588,765.26
	\$ 5,199,720.07

THE HAWAIIAN ELECTRIC COMPANY, LIMITED

SUMMARY STATEMENT OF INCOME AND SURPLUS

For the Years Ended December 31, 1950 and 1949

	1950	1949
Operating revenues	\$16,557,805.28	\$15,095,312.12
Operating revenue deductions:		
Operating expenses	\$11,084,704.10	\$10,459,422.52
Taxes	2,230,565.44	1,903,362.40
Depreciation	955,714.86	891,610.98
Net operating income	\$14,270,984.40	\$13,254,395.90
Other income	204.33	70,532.12
Gross income	\$ 2,287,025.21	\$ 1,911,468.34
Income deductions:		
Interest on long term debt	489,250.00	489,250.00
Amortization of debt expense	8,094.84	8,094.84
Amortization of premium on debt—credit	15,366.96	15,366.96
Other interest charges	29,163.19	29,139.18
Interest charged to construction—credit	148,375.68	70,488.76
Miscellaneous income deductions	36,405.37	38,076.81
Total income deductions	\$ 399,170.76	\$ 478,705.11
Net income transferred to surplus	\$ 1,887,854.45	\$ 1,432,763.23
Earned surplus at beginning of year	4,847,205.93	4,575,720.40
Miscellaneous credits to surplus	53,424.95	18,819.64
.....	\$ 6,788,485.33	\$ 6,027,303.27
Deductions from surplus:		
Cash dividends on preferred stock	\$ 359,267.88	\$ 277,500.00
Cash dividends on common stock	1,225,000.00	900,000.00
Miscellaneous debits to surplus	4,497.38	2,597.34
.....	\$ 1,588,765.26	\$ 1,180,097.34
Earned surplus at end of year	\$ 5,199,720.07	\$ 4,847,205.93

We have examined the Balance Sheet of The Hawaiian Electric Company, Limited, as of December 31, 1950, and the Statement of Income and Surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company, and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures we considered necessary.

As at December 31, 1950, the Company had a contingent liability of \$62,183 as endorser on notes secured by real estate and executed by employees under the Company's plan of assisting its personnel in financing the purchase of dwellings.

The Company's Federal income tax returns for the years 1945 through 1949 were examined by the internal revenue agent during the year 1950, and he proposes to assess additional income and excess profits taxes for those years in the amount of \$87,407.30. The Company has filed a protest to a substantial portion of the agent's findings. However, should the agent's position be sustained in full, the total tax liability, including the Company's estimate of additional tax for the years 1949 and 1950, would be \$126,077.00. The reserve for contingencies, accumulated in prior years and appearing in the Balance Sheet in the amount of \$200,000.00, is considered ample to provide for such deficiencies which may finally be determined for the years mentioned.

The attached Balance Sheet and Statement of Income and Surplus with the foregoing comments, in our opinion, fairly present in accordance with accepted principles of accounting consistently maintained, the financial position of the Company as at December 31, 1950, and the results of operations for the year then ended.

HENRY DAVIS AUDIT COMPANY
(S) J. J. Delpach, C.P.A.

Honolulu, Hawaii
February 5, 1951

60th ANNUAL REPORT

THE HAWAIIAN ELECTRIC COMPANY, LIMITED

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1950

J. B. ATHERTON
L. A. BUESE
T. A. COOKE
G. W. FISHER

L. A. HICKS
RALPH B. JOHNSON
DUDLEY C. LEWIS
U. J. RAINALTER
H. M. RICHARDS

P. E. SPALDING
A. E. STEADMAN
H. V. VON HOLT
HEATON L. WRENN

Board of Directors

Officers

P. E. SPALDING	Chairman of the Board
L. A. HICKS	President
L. A. BUESE	Vice-President and Executive Engineer
RALPH B. JOHNSON	Vice-President and Secretary
GEORGE HOGG	Vice-President and Treasurer
PAUL H. ANDERSON	Vice-President
H. P. FIELD	Vice-President
C. E. NOLAN	Vice-President and Assistant Secretary
CARL J. SCHIFFERS	Vice-President and Assistant Secretary
JAMES H. WINK	Assistant Treasurer
HENRY DAVIS AUDIT COMPANY	Auditor

1891

The Company 1950

The Hawaiian Electric Company, Limited, is a corporation existing under the laws of the Territory of Hawaii, originally incorporated under the laws of the Kingdom of Hawaii on October 13, 1891.

The Company is an operating public utility engaged principally in the production, transmission, distribution and sale of electric energy for domestic, commercial, industrial, agricultural, street railway and governmental purposes on the Island of Oahu, Territory of Hawaii, U.S.A. All electric energy produced by the Company is manufactured in steam power plants which burn fuel oil imported from sources outside the Territory.

The Company is also engaged in the merchandising of electrical equipment, fixtures, appliances and accessories, as well as repairing of electric apparatus. Since 1905 the Company has been the general agent in the Territory of Hawaii for Westinghouse Electric Corporation and is the representative in the Territory of Hawaii for approximately two hundred and fifty mainland manufacturers and distributors.

All of the properties of the Company are located on the Island of

Oahu. The Company derives all of its income from sources in the Territory of Hawaii and operates as a public utility on the Island of Oahu only. A large majority of the stock of the Company is owned by individuals residing in the Territory and by Hawaiian trusts, institutions and firms.

The Company is not affiliated in any manner with a holding company nor with any other corporation.

A trust mortgage to the Hawaiian Trust Company, Limited, was placed upon all assets of the Company on December 1, 1938 to provide for the issuance of First Mortgage Bonds in series equally secured thereunder, the amounts, denominations, interest rates, maturity dates and redemption conditions of each series to be fixed at time of issue. All issues of Common Stock, Preferred Stock and Bonds of The Hawaiian Electric Company, Limited, are listed on the Honolulu Stock Exchange. The Company is its own Transfer Agent in Honolulu for all of its Common and Preferred Stock. The Wells Fargo Bank and Union Trust Company of San Francisco is Transfer Agent in San Francisco for the Company's Series "C", Series "D" and Series "E" Preferred Stock.

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METROPOLITAN
HONOLULU
AREA
SERVED
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HAWAIIAN
ELECTRIC
COMPANY

