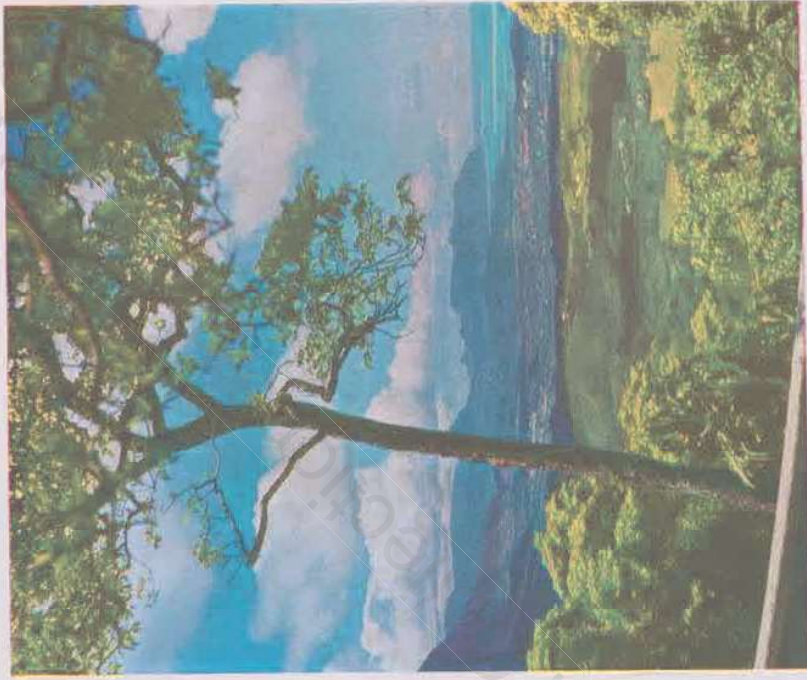
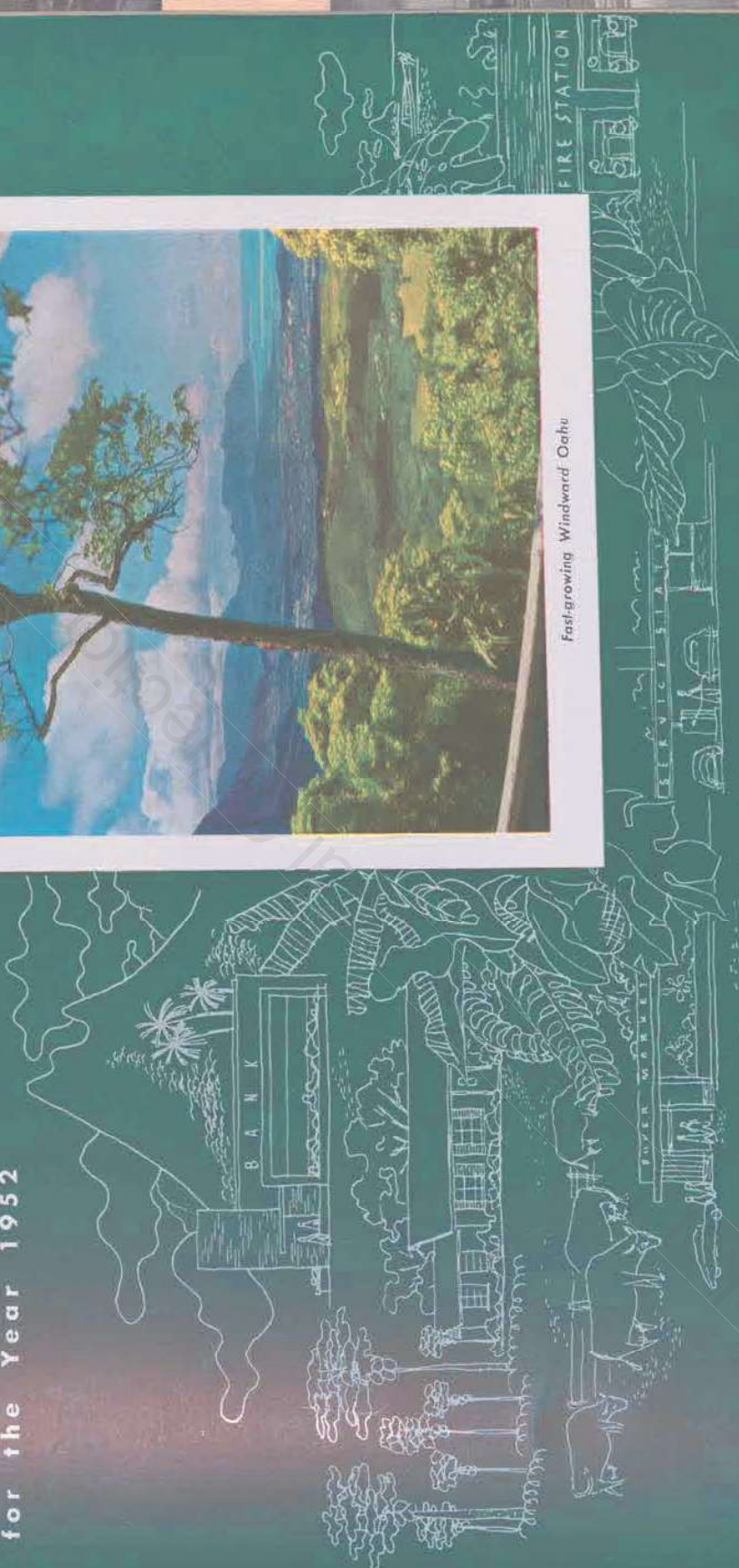


Annual Report

for the Year 1952

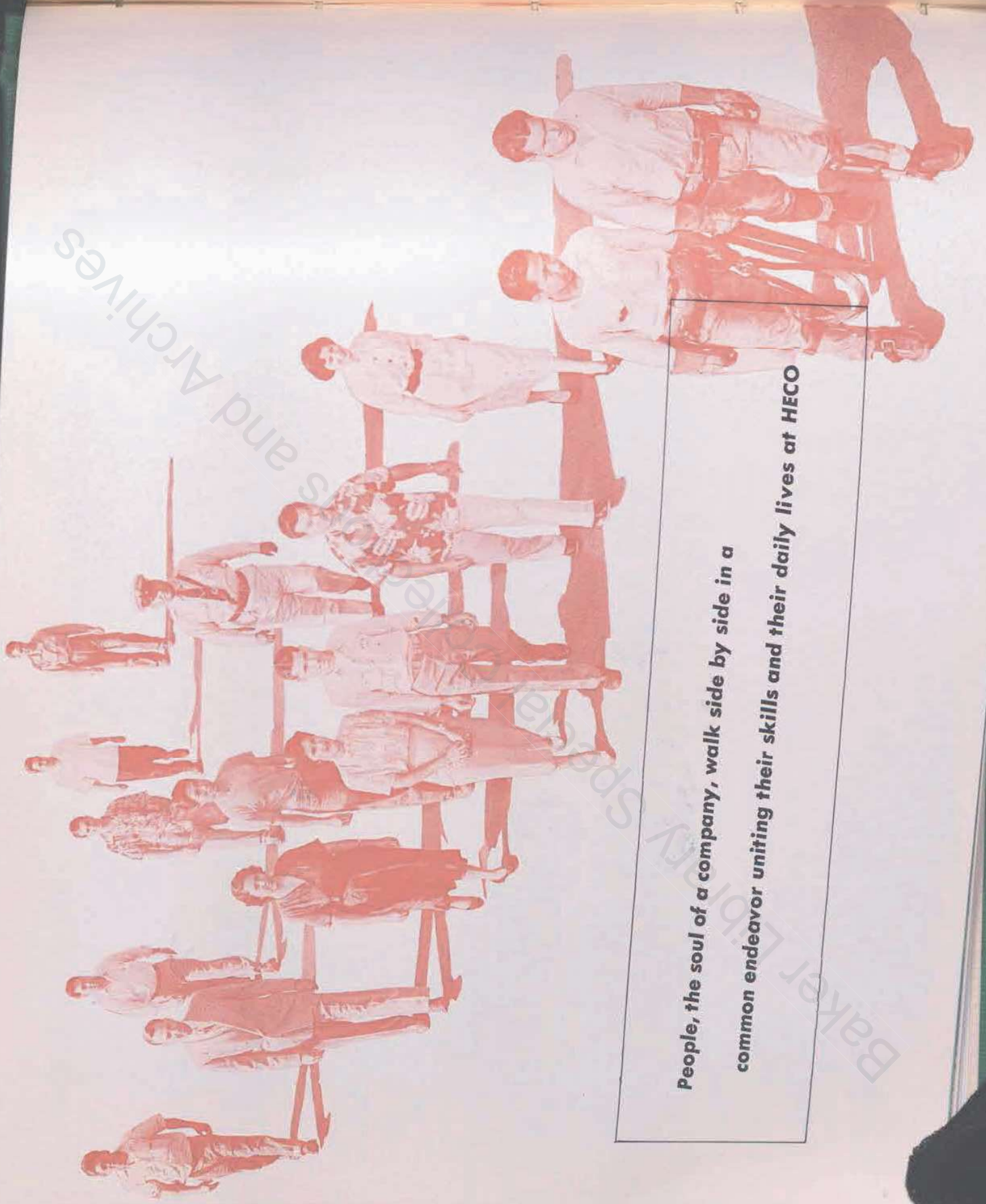


Fast-growing Windward Oahu



THE HAWAIIAN ELECTRIC COMPANY, LTD.

8.01
HAWAIIAN ELECTRIC COMPANY
ANNOUNCEMENT



People, the soul of a company, walk side by side in a common endeavor uniting their skills and their daily lives at HECO

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THE HAWAIIAN ELECTRIC COMPANY, LIMITED

1952 RESULTS

The President's Report to Shareholders, Employees and Customers

The year 1952 was normal in most respects for The Hawaiian Electric Company. Conditions in the Territory which affect the operations of the Company were conducive to healthy growth and expansion. The electric load on the Company's system reached a new peak of 150,500 KW, an increase of 7.5% over 1951. Electric sales increased 12.5% to a new high record of more than 647 million kilowatt hours, exceeding the rate of increase of 1951, which was 10.1%.

FINANCIAL SUMMARY

The Corporation net income for 1952 was \$1,599,054 as compared with \$1,575,107 for 1951.

The earnings on common stock were \$2.13 per share on the 550,000 shares outstanding at December 31, 1952. Dividends of \$2.00 per annum per share were paid on common stock during the year. This is the fifty-second consecutive year that a dividend has been paid.

Total dividends paid to owners of preferred stock were \$427,500 and to owners of common stock \$1,025,000.

After payment of dividends, the Company had remaining \$146,554 which was retained in the business and used to build additional electric production and distribution facilities.

Interest on our First Mortgage bonds was earned 3.6 times and dividends on our preferred stock 3.7 times.

TAXES

Taxes of all kinds, Federal and Territorial, applying against the current year's operations, totaled \$2,401,824.

Of this amount, \$2,381,206 was a direct charge against income, and \$20,618 was absorbed through plant and other accounts.

	1952	1951
Federal:		
Income	\$1,091,547	\$1,058,510
Electric Energy	72,877	239,704
Payroll, etc.		70,276
	\$1,164,424	\$1,368,490
Territorial:		
Income	\$ 162,822	\$ 155,877
Public Utility	599,811	610,148
Franchise Royalty	324,324	295,839
Gross Income, etc.	150,443	164,660
	\$1,237,400	\$1,226,524
	\$2,401,824	\$2,595,014

RATE HEARING

For some time it had been recognized that higher operating costs of the Company and the necessity to attract new capital were reaching a point at which an increase in electric rates would be required. Commonwealth Services, Inc. of New York was engaged to make a study of the Company's rate base and rate of return on its investment. Upon the advice of these experts in the field of rate making, the Company filed in July an application for rate increases with the Territorial Public Utilities Commission which would yield 12.4% additional revenue.

The rate hearing was held by the Commission during December, and effective January 13, 1953 a rate adjustment to yield approximately \$1,125,000 or 8.3% additional annual revenue was granted the Company. While the increase is substantially less than was asked by the Company, the increased rates should reflect considerable improvement in earnings for the year ending December 31, 1953. However, the Company is committed to a construction program during 1953, 1954 and 1955 which will require additional capital in the form of bonds, preferred stock and common stock, thereby materially increasing capital costs, so the adequacy of the increase may not be known until 1955 or 1956.

Since 1940 when the Commission issued an order establishing a rate base for the Company, material differences have existed between the Company's book accounts and the historical cost basis of accounts upon which the Company reports to the Commission.

As a result of the 1952 hearing and in order to obtain an order from the Commission fixing permanent new rates effective in January of 1953, the Company agreed to adjust its books to conform to the historical cost basis used for rate making in the following manner:

1. Depreciation Reserves

At the beginning of 1953, the book depreciation reserves shall be adjusted to agree with the depreciation reserves as accrued on the historical cost basis. This difference (\$3,180,588 as of December 31, 1952) shall be debited to the proper individual depreciation reserve accounts with contra credit of \$2,200,000 to a special depreciation reserve account and the balance shall be transferred to earned surplus.

The special depreciation reserve account shall be amortized over a period of 25 years (\$88,000 annually) through monthly credits to a special depreciation reserve amortization expense account-credit in the profit and loss statement, thereby reducing operating expenses.

2. Plant Accounts

At the beginning of 1953, the book cost of plant shall be adjusted to agree with the historical cost of plant. This difference (\$817,009 as of December 31, 1952) which represents indirect and overhead costs added to property acquired prior to January 1, 1938, shall be debited to the proper plant accounts and credited to a restricted surplus account.



The annual plant retirements of property acquired prior to January 1, 1938 shall include proportionate amounts of the said difference and such proportionate amounts, when retired from plant, shall be transferred from the restricted surplus account to earned surplus. All such transfers shall be reported to the Commission as they are made.

When property acquired prior to January 1, 1938 is no longer in service, the full amount shown in the restricted surplus account shall have been transferred to earned surplus.

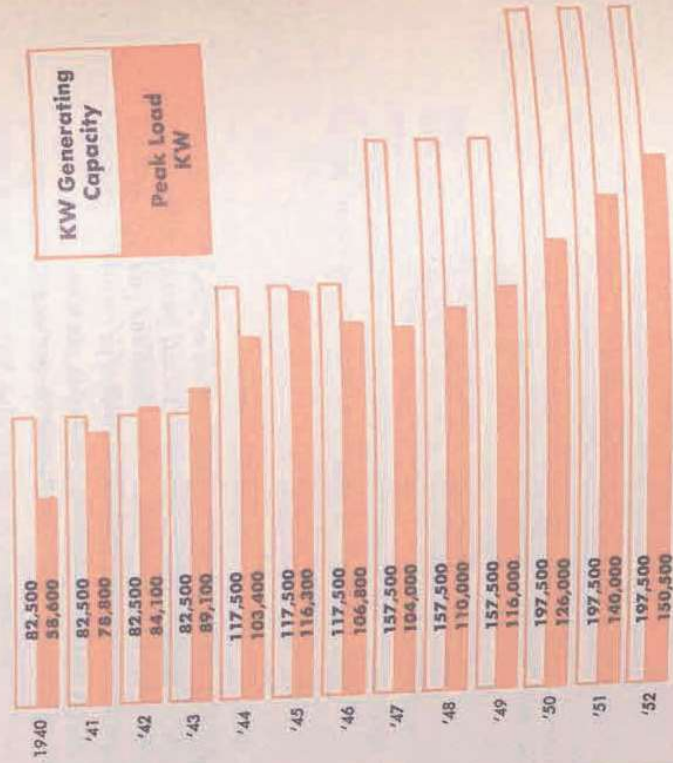
3. Contributions in Aid of Construction

Records shall be kept to show the years in which contributions are received. The average service life of contributions in aid of construction shall continue to be taken as 23 years, and any contribution exceeding 23 years in age shall be transferred from the account "Contributions in Aid of Construction" to earned surplus. The balance is \$1,319,938.

View of Honolulu generating plant and, at right, site of new one to be built as part of major expansion to meet city's greater power needs. Relic of ancient town fish market still stood on the grounds at time of this photo.



Growth of the Hawaiian Electric Co., Ltd.



EXPANDING FACILITIES

The rapid growth of electrical demand calls for a continued expansion of generating capacity and the expenditure of large sums of money. It was determined early in 1952 that a new power plant would be needed. Plans to construct a new plant and to install the first of two 50,000 KW capacity generators with related boiler and auxiliaries were started early in 1952. In locating the new plant, plans were developed to acquire approximately 58,793 square feet of Territorial land, adjacent the Honolulu power plant, through purchase and exchange for Company land. The location is ideal as it will be near the center of downtown electrical load and allow the new plant to be operated as part of the present Honolulu power plant.

Bechtel Corporation was engaged as consulting engineers to prepare the plans and work with the Company staff in expediting the completion of the new plant. Construction is scheduled to begin in March of 1953, and it is expected that the new plant will be in operation by March of 1955.

The financing for the new plant and for the normal expansion of the Company's electrical system was provided in part this year by the sale of \$4,000,000 of 3½% First Mortgage Series H bonds to a group of insurance companies and the sale of \$1,000,000 of common stock, offered prorata to shareholders at the par value of \$20 per share. These issues were approved at a special meeting of the shareholders held October 14, 1952.

A new 14-inch pipe line was installed by the Territory of Hawaii from the Iwilei Fuel Oil Storage to the Honolulu power plant which improved the pumping capacity and reduced operating costs.

A total of 14.4 miles of 44,000 volt line was added to the transmission system. A major part of this was 6 miles of line from Nuuanu Valley over the mountains through upper Manoa Valley to Palolo Valley. This line was built in close cooperation with the Honolulu Board of Water Supply and the Territorial Board of Agriculture and Forestry. To avoid cutting a trail through the water reserve forest, a small steel cable was dropped from an airplane between the accessible spots and the power conductors were pulled in over the trees. The entire line was installed with a minimum of tree trimming. Another major addition was 5 miles of line from Waimanalo to Koko Head.

Total distribution substation capacity was increased by 9275 KVA. New distribution substations were built in three existing substations. The Fort Shafter substation was removed.

Other construction included 25 new and rebuilt transformer vaults, underground distribution systems for 6 subdivisions totaling 218 homesites and overhead systems for 33 subdivisions totaling 1508 homesites. Approximately 10,288 KVA in distribution capacity was added during the year.

The installation of additional generating capacity adjacent the Honolulu plant will necessitate the use of 44,000 volt cable to transmit this power to switching stations at School Street, Iwilei and Kapiolani substations. This project was started in 1952 by the installation of .44 mile of 44,000 volt duct line between the Honolulu power plant and Iwilei substation.

RESULTS OF 1952 OPERATIONS

REVENUES CAME FROM:

	1952	% of Total	1951
UTILITY OPERATIONS			
Commercial and Industrial	\$ 5,297,155	27.8	\$ 4,800,761
Residential	7,543,551	39.5	6,915,183
Other Electric Revenue	301,376	1.6	243,133
	\$13,142,082	68.9	\$11,959,077
NON-UTILITY OPERATIONS			
Merchandise and Other	5,935,228	31.1	6,447,806
	\$19,077,310	100.0	\$18,406,883

OUR EXPENDITURES WERE:

Employees engaged in operations—payroll, insurance, medical aid, sickness and other benefits	\$ 4,490,691	23.5	\$ 3,980,011
Fuel oil consumed for the production of electricity	2,969,867	15.6	2,620,342
Materials, supplies, insurance, rents, pensions, legal and other services	1,490,564	7.8	1,359,828
The cost of merchandise purchased for resale	4,329,933	22.7	4,617,542
Taxes—excluding taxes transferred to capital and other accounts	2,381,206	12.5	2,570,813
Depreciation set aside for wear and tear on plant	1,195,752	6.3	1,114,579
Interest paid to Bondholders, Banks, etc.—less interest charged to construction	620,243	3.3	568,660
Wages paid on preferred stock	427,500	2.2	427,500
Wages paid on common stock	1,025,000	5.4	1,000,000
Earnings remaining and reinvested in the business	146,554	0.7	147,608
	\$19,077,310	100.0	\$18,406,883

MAINTENANCE OF PHYSICAL PROPERTIES

In spite of rising material and labor costs, the total costs of maintenance and repair to the Company's generating equipment and the distribution system was about the same as last year. Some older boiler equipment required major repairs, and this work will be continued into 1953 until these old units are fully useful again. Chemical sprays were used this year to retard growth of grass and shrubbery in rights of way, thereby reducing maintenance cost.

PLANT AND PROPERTY EXPENDITURES

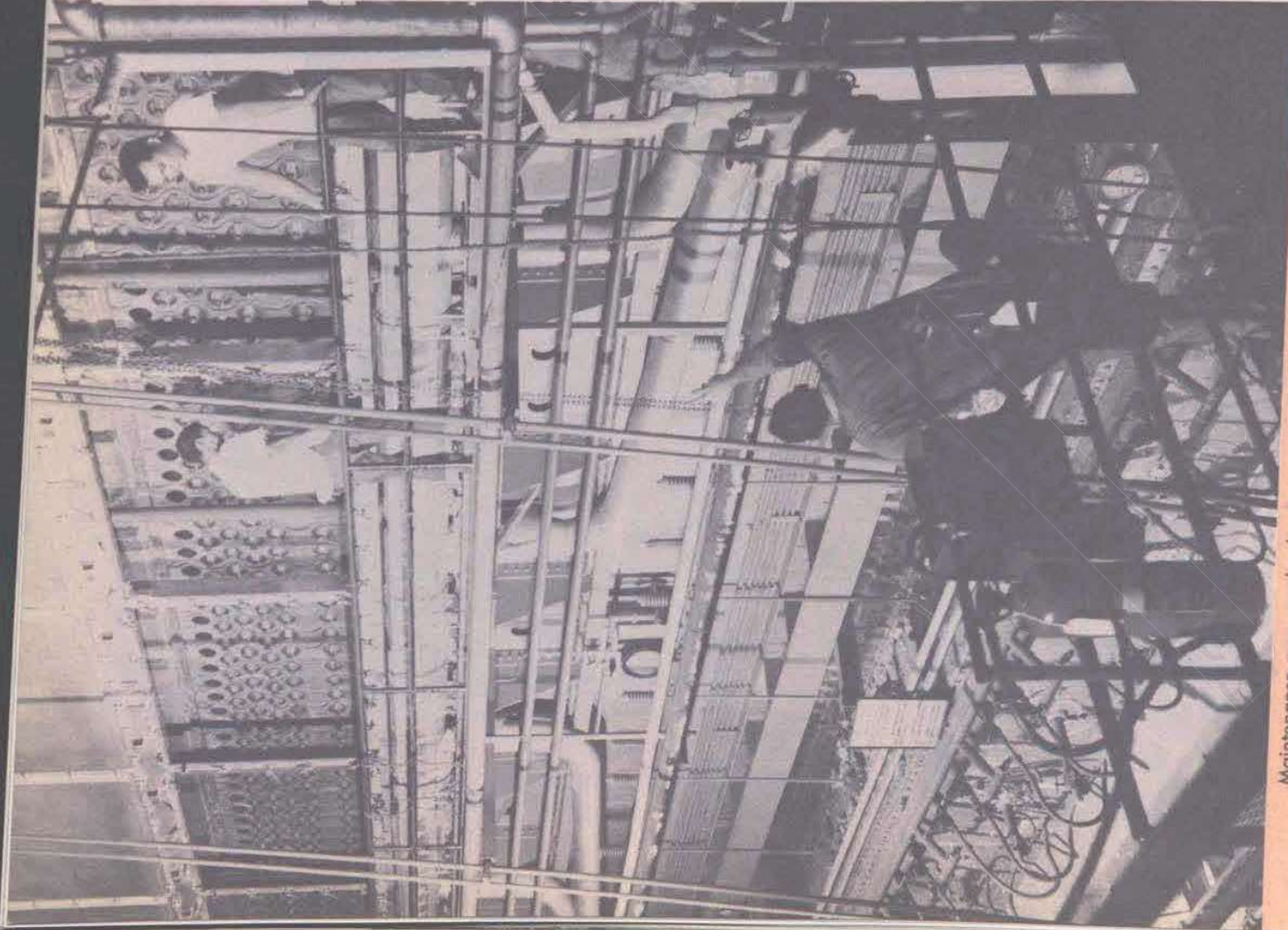
During the year \$2,331,758 was expended for new plant and properties as follows:

	1952	1951
Steam Production	\$ 55,879	\$ 815,274
Transmission and Distribution	1,699,116	1,679,560
General	116,522	104,275
Merchandise	26,130	20,773
Work in Progress:		
Steam Production	301,439	22,315
Transmission and Distribution	132,416	199,442
General	256	39,902
	<u>\$2,331,758</u>	<u>\$2,881,541</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:

1948	\$3,091,587
1949	4,207,107
1950	4,595,543
1951	2,881,541
1952	2,331,758



Maintenance men overhaul a boiler in power plant, assuring efficient operation of giants that make steam for turbines that run generators.

ELECTRIC SALES

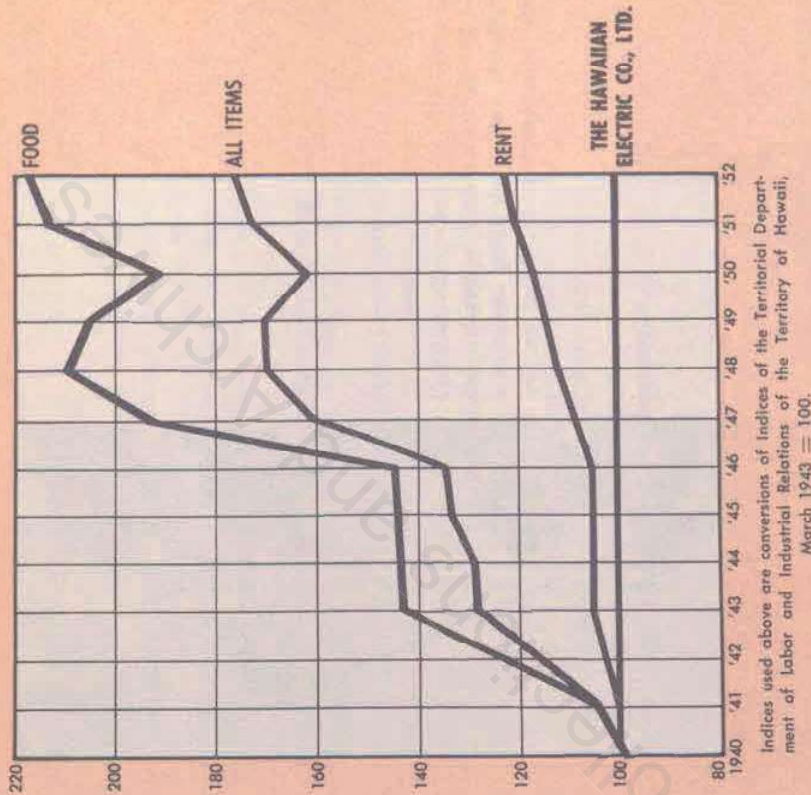
Your Company's electric business increased 9.9% in electric revenue during 1952 over 1951. This increase is less than that experienced in 1951, which was 10.9%. A total of 6551 service applications were completed during 1952. The largest increase occurred in residential service. Total horsepower added to our commercial schedule was as follows:

Cooking	705 HP
Air Conditioning	577 HP
Heating	308 HP
Refrigeration	178 HP
Miscellaneous Power	1199 HP
	<u>2967 HP</u>

The Company in cooperation with the Electrical Living Committee of the Pacific Coast Electrical Association participated in a "Free Wiring Campaign" aimed at stimulating sales of electric ranges and electric waterheaters. All the electrical distributors and dealers on Oahu enthusiastically participated in this successful program, and a total of 2386 units were sold during the three month's campaign which began March 31, 1952.

Government Installations—There was an appreciable increase in energy sold to military establishments. The expansion of Kaneohe Marine Air Station, Waiawa Gulch Pumping Station and Wahiawa Naval Radio Station resulted in an increase of 12% in KWH sales and 8.5% in revenue above the 1951 level. Federal government housing projects this year included 335 all-electric units at Barber's Point in full operation, and an additional 260 all-electric units are being planned. At Moanalua Ridge 962 all-electric units are almost completed, and a shopping center is being planned for 1953.

The Hawaii Housing Authority has just completed its Mayor Wright Housing project of 365 units. At Palolo Housing there is planned for 1951, 111 all-electric units and 400 all-electric units are now under construction at Kalihi Valley.



Year	All Consumers	KW Hours Sold	Average KWH Used Per Residential Consumer	Average Residential Rate Per KWH
1947	64,645	460,256,365	2124	2.89c
1948	68,996	494,404,760	2359	2.78c
1949	73,913	507,418,883	2551	2.70c
1950	76,229	522,324,630	2688	2.66c
1951	80,307	575,221,538	2867	2.62c
1952	83,708	647,314,521	3076	2.56c

Linenen defy mountain peaks to install 44,000-volt transmission line from Nuuanu to Palolo Valley, doubling service to a vital area, keeping lines out of the city.



POWER SALES ENGINEERS

Our Power Sales Engineers worked with electric manufacturers and their agents, dealers, contractors, architects and consulting engineers to assist them in preparing plans and specifications for the utilization of electricity. They also worked through 4-H Club meetings and other trade associations to show them how they can make more money through greater use of electricity on their farms. This includes such items as water pumps, infra red lamps for chicken brooders, additional lighting to increase egg production, hay dryers and many other similar aids which reduce unit production costs. The small farmer has increased in numbers in the Islands and is becoming an important part of our local economy.

UTILITY PROMOTIONAL ACTIVITIES

"Electrical Living" continued to be the main theme of the Company's advertising during 1952. Special advertising and

promotion was carried on in cooperation with the Electrical Living Committee of the Pacific Coast Electrical Association. Promotional programs were scheduled throughout the year on laundry and kitchen equipment which included washers, driers, ironers, ranges, waterheaters, dishwashers and garbage disposers. These programs were all of a cooperative nature, with distributors, dealers and customers participating and benefiting.

The institutional series of ads for 1952 was a continuation of the "Growing Island Industries" of 1951. However, in 1952 the program was set up to coincide with industry meetings organized by the New Industries Subcommittee of the Chamber of Commerce.

For the sixth consecutive year the Company's advertising program was recognized by the Public Utilities Advertising Association and two first awards were received — one on the complete program and one on the institutional or public



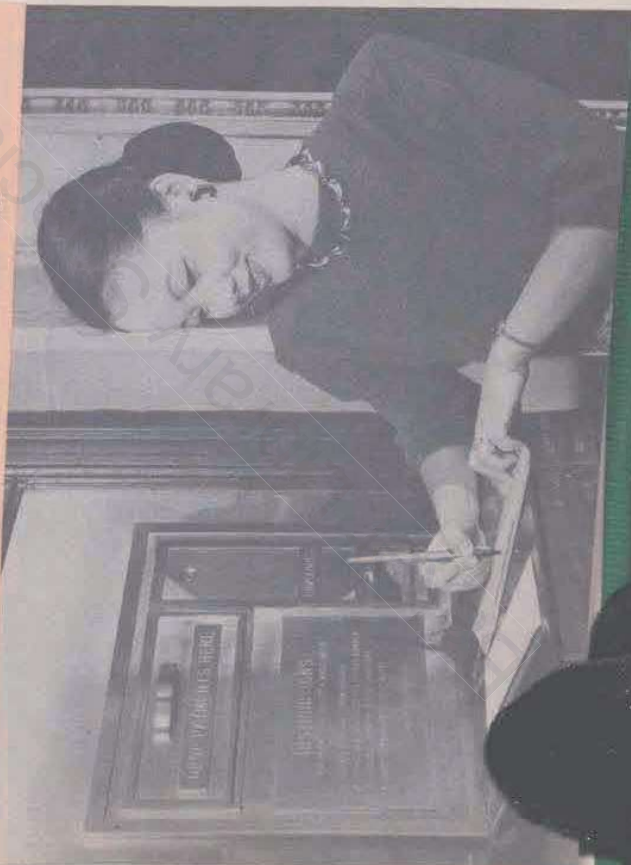
Electric sales force helps customers get best results at least cost from use of power in their homes, in business and industry.





Two of HECO's 11 home economists greet visitor to popular Reddy Kilowatt cooking classes, one of many means they use to show homemakers better electrical living.

Outside drop box for convenience of customers paying bills after hours was new in 1952, won immediate favor.



relations series, "Growing Island Industries." A second award was received on a home lighting advertisement, and a third on kitchen planning.

Home Service Department

The value to the community of the Home Service Department was again illustrated by an increasing number of requests for classes and demonstrations from all age groups. These groups, ranging from youngsters of Brownie age through the teen-agers and up to the adult homemaker, attended well over three hundred classes during 1952. Total attendance at these classes reached the twenty thousand mark. In addition to sessions held in the Home Service Auditorium, many demonstrations sponsored by distributors or dealers were held in theaters and stores.

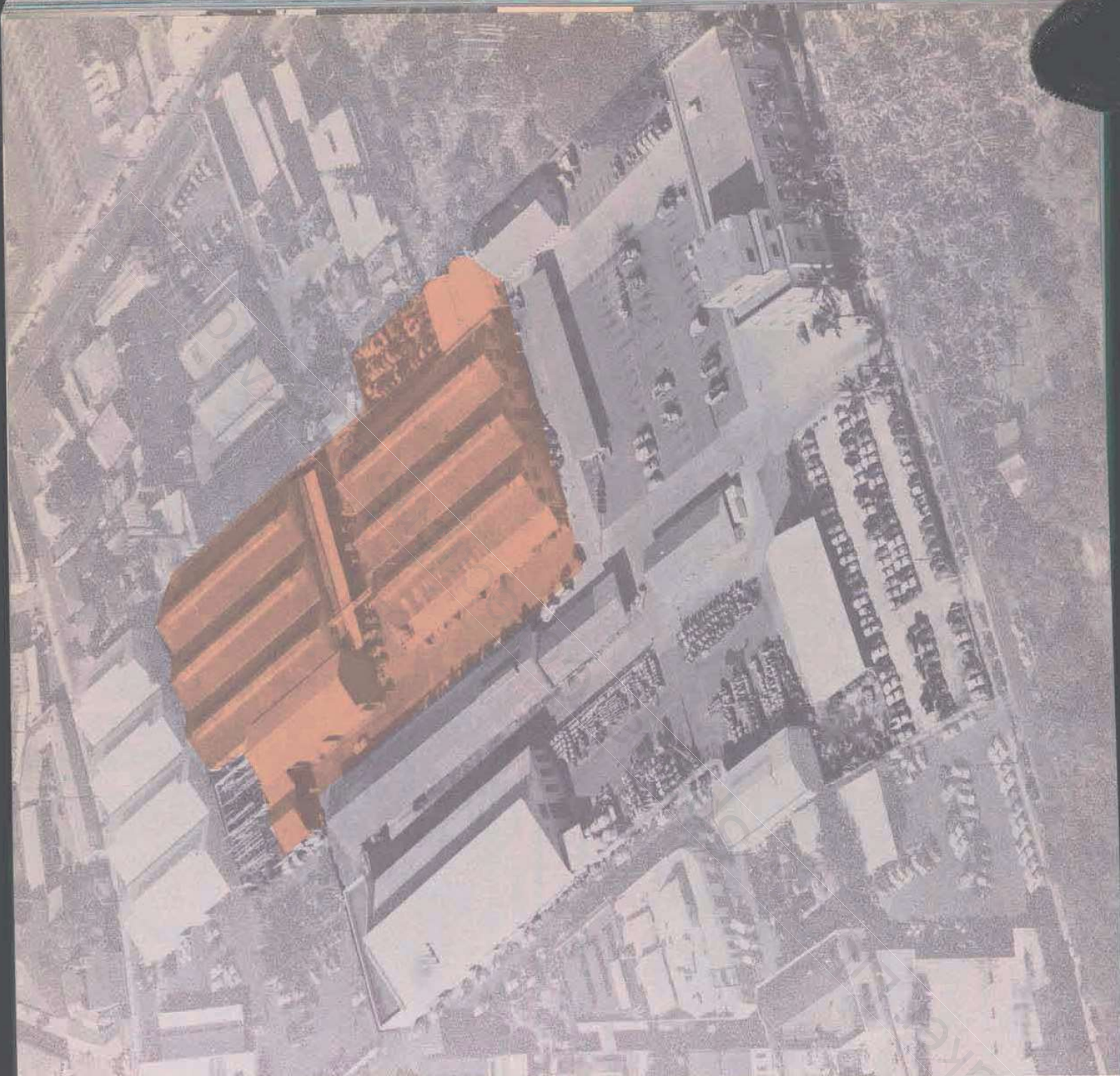
In an effort to gain closer contact with the rural woman, a special summer program, "Have Fun with Reddy Kilowatt," was developed. Special invitations to the presidents of the University of Hawaii Extension Clubs brought groups from all over Oahu. The outstanding response to this program warrants a similar presentation in 1953.

Changing the equipment on the demonstration stage monthly has afforded an excellent opportunity to work with the various distributors. Salesmen's training classes are offered to each distributor during the period in which his product is on display.

In addition to direct personal contact through demonstration and home calls on all brands of electrical equipment, many thousands of homemakers are kept aware of The Hawaiian Electric Company services by mail. Some fifty thousand recipe pamphlets and instruction booklets were sent out to all parts of the Territory and the mainland.

MERCHANDISE OPERATIONS

In January the name of the merchandising department of the Company which has been handling the non-utility busi-



Technical and merchandising operations keep good company at Ward Avenue property. Color area shows HE Supply Company warehouses. General offices are at bottom right.

ness was changed to The Hawaiian Electric Supply Company. Mr. Paul H. Anderson, a Vice President of the Company, was appointed Manager. It is believed that this change will make a clearer distinction between our two types of operations.

The new company is a specialized operation designed for the marketing and servicing of electrical appliances, supplies, and industrial and central station apparatus to the home builder, commercial and industrial organizations, and the City, County, Territorial and Federal agencies throughout the Territory of Hawaii. Current plans will enable the new Supply Company to further its services in these markets.

To conserve cash, the Company assigned new contracts for the sale of electrical appliances by itself or by its dealers to the Bank of Hawaii. These contracts are guaranteed by the Company and discounted with the Bank for cash.

The interruption of waterfront stevedoring late in the year had its effect on the Supply Company's economy and was particularly damaging because it occurred just before the Christmas season.

Television was introduced to the Territory during the closing months of the year. Receivers reached the Territory in quantities too small materially to affect sales volume, but it is expected that during 1953 a substantial volume of business will be realized from this new vehicle of entertainment. Experience on the mainland has shown that the introduction of television to a new market has a deteriorating effect on the sale of other products; however, television sales more than offset the revenue loss on these other products. The sale of industrial apparatus and commercial and supply materials compared very favorably with former years' sales and indications are that the demand for these products is increasing. Profit factors were not as favorable in 1952 as in former years.

The comparative sales and net profit figures for the period 1947 through 1952 are as follows:

Year	Revenue	Net Profit
1948	\$6,114,764	\$285,051
1949	4,428,409	147,104
1950	5,778,594	295,120
1951	6,447,732	264,886
1952	5,927,065	147,226

LAND MATTERS

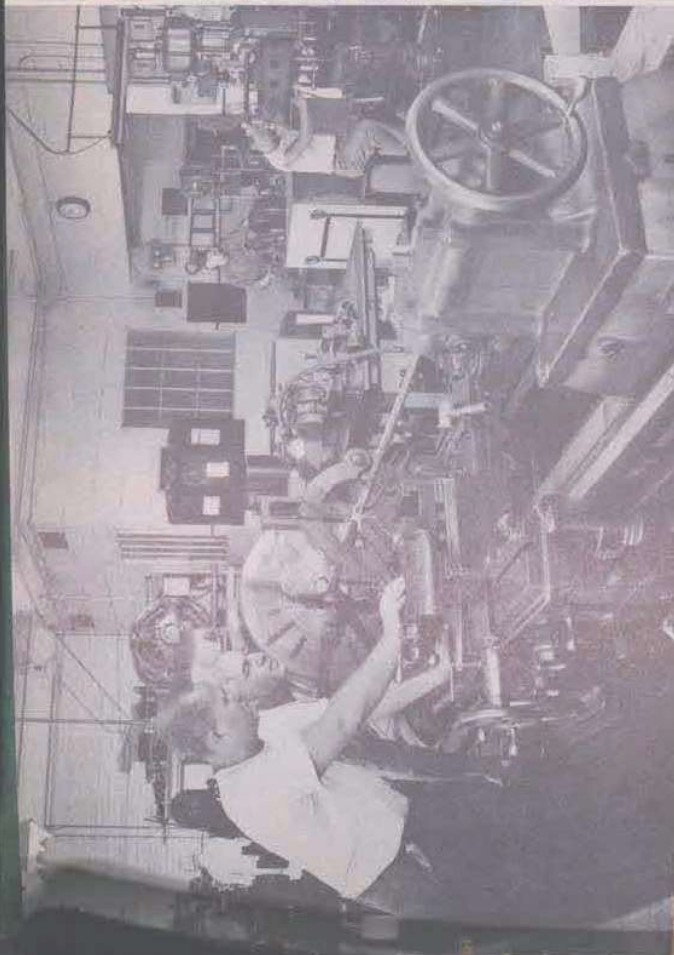
Details were completed for the Company to acquire by exchange and purchase 58,793 square feet of land from the Territory of Hawaii for a new power plant site on the Wai-kiki side of the Honolulu power plant. The Company expects to take possession of the land on January 28, 1953. Four substation lots were purchased to meet the electric needs of new homes in the Museum Park Tract, Manoa Valley, Aiea Haina and Koko Head districts. Right of way documents for Company lines numbered 174 as compared to 137 for 1951.

SHAREHOLDERS

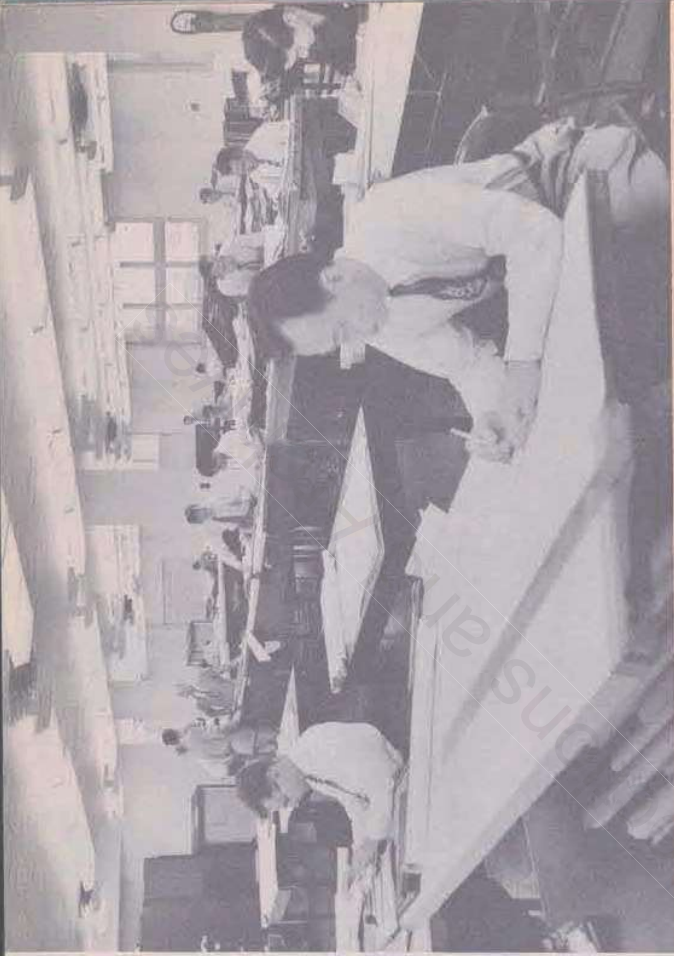
As a result of the issuing and sale of 50,000 shares of common stock in 1952, the gain in number of shareholders was greater than in previous years. Investors in the Company's common stock increased from 2525 to 2865. As can be seen from the tabulation below, the majority of the Company's shareholders are residents of the Territory of Hawaii.

Territory of Hawaii	Mainland	Foreign	Total
Common	347	9	2865
Preferred "B"	114	5	754
Preferred "C"	118	5	1023
Preferred "D"	169	1	711
Preferred "E"	367	1	888



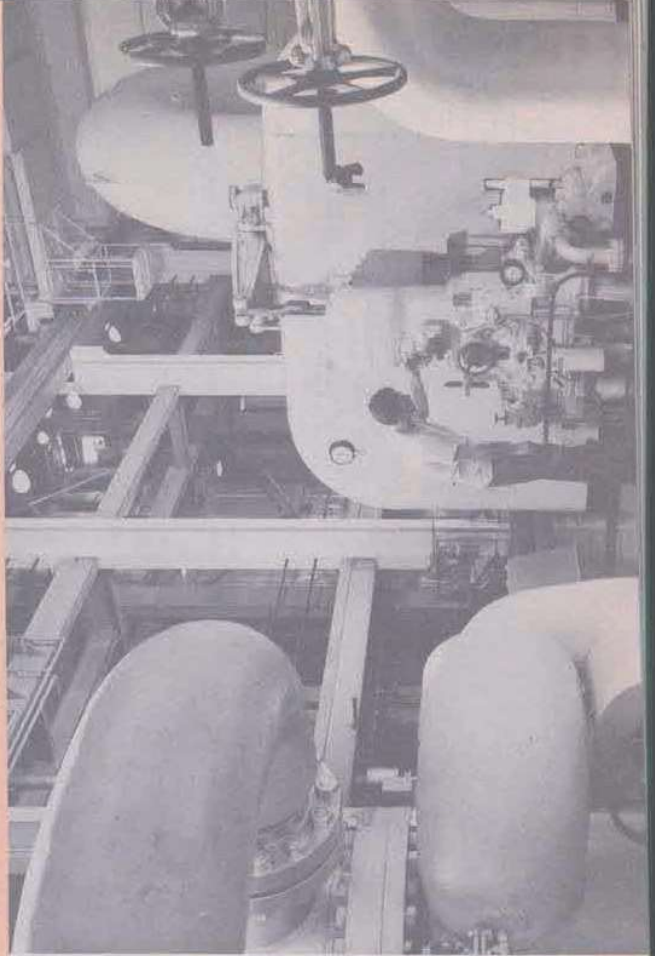


Machinists in shop at power plant have equipment for making new parts or almost anything else plant needs.



Company engineers are responsible for design of lines, substations and every detail of modern power system.

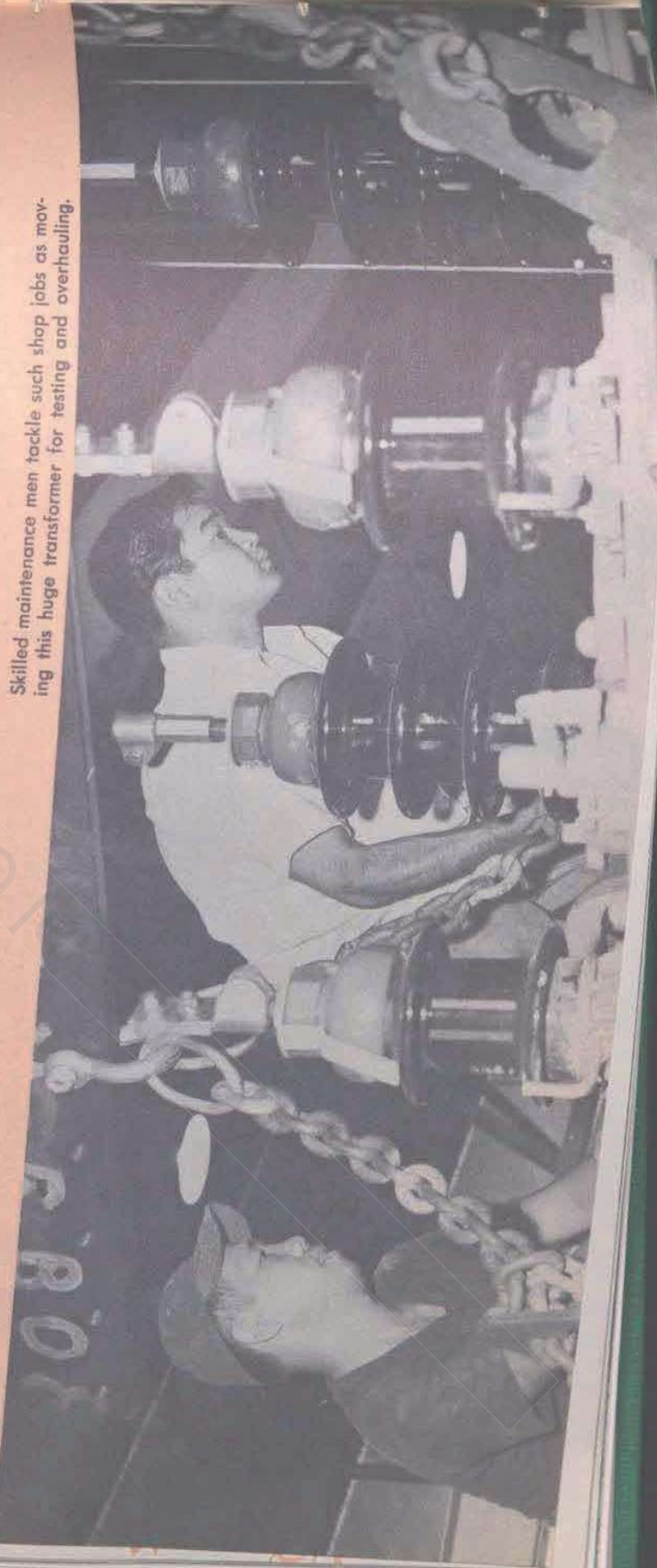
Many HECO employees are women. Machine accounting operators make light of jobs once tediously done by hand.



Turbine, the generator's heart, beats in 6-story building, each tick checked by this trained watch engineer.



Typical end-of-day scene at Ward Avenue Building when foremen report on outside jobs, account for time spent.



Skilled maintenance men tackle such shop jobs as moving this huge transformer for testing and overhauling.

EMPLOYEE RELATIONS AND ACTIVITIES

Labor Relations and Union Negotiations — The Company has two labor agreements with the International Brotherhood of Electrical Workers, Local 1260, AFL, one contract covering certain non-supervisory employees engaged in utility operations and the other covering non-supervisory employees in non-utility operations.

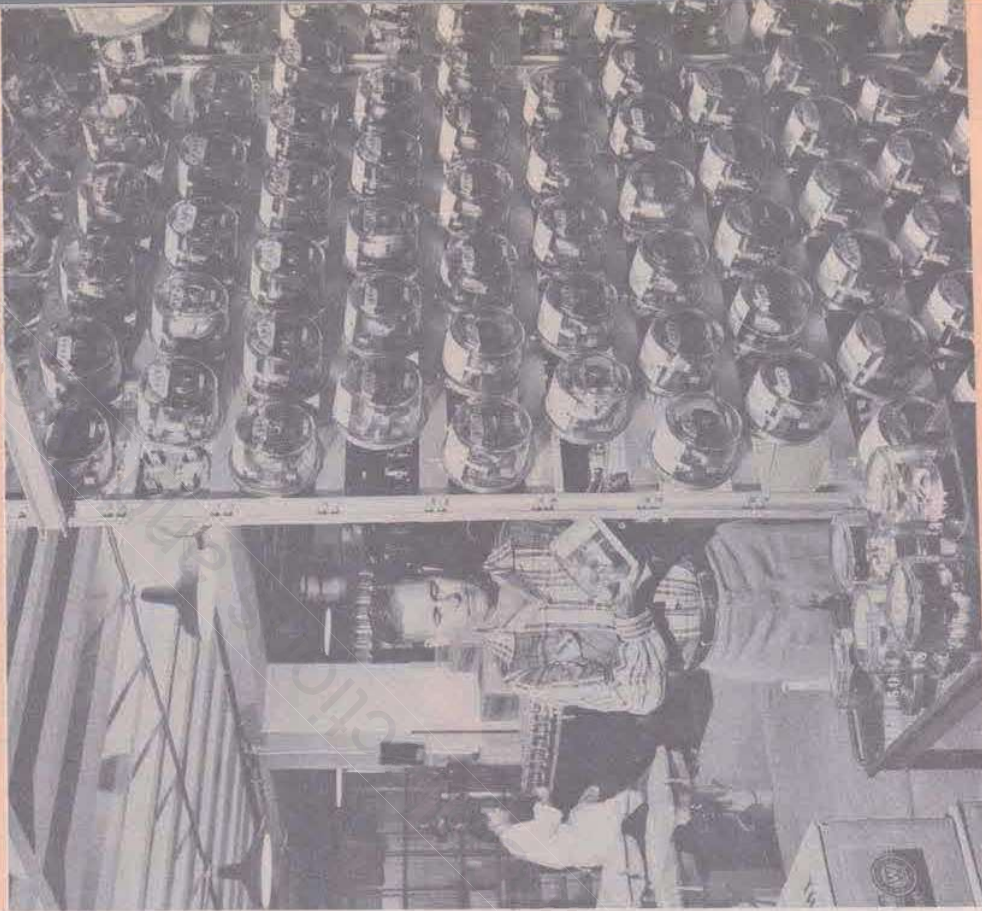
The utility agreement expired on August 31, 1952. A new one year agreement was signed effective September 1, 1952; it terminates on August 31, 1953. It applies to 750 physical and office workers and provides for a ten cent per hour wage increase, the minimum starting rate now being \$1.29 per hour.

The contract for non-utility operations expired on November 30, 1952. A new agreement was negotiated and became effective on December 1, 1952 and continues in effect until November 30, 1953. It applies to 187 office and physical workers and provided for a nine cent per hour wage increase.

Both agreements also include a minor modification to the Sickness Benefit Plan, inclusion of pensioners in the Hawaii Medical Service Association Plan, elimination of the first two steps of the salary schedule and clarification of overtime provisions and other non-cost items.

At the same time the Company made salary adjustments, exclusive of officers, to those employees not covered by the agreements. The salaried employees in the utility operations received an increase of 6.04%, and the salaried employees in the non-utility operations received an increase of 5.94%.

The elimination of the two steps in the salary schedule in both agreements and one and one-half cents per hour for the utility physical workers are now awaiting approval by the Wage Stabilization Board. Upon receipt of the Board's approval, these changes will be retroactive to September 1, 1952 for the utility employees and to December 1, 1952 for the non-utility employees.



Before installation, meters are serviced, calibrated. At end of 1952, 85,200 were in service throughout Oahu.


Payroll and Benefits

Employees at December 31.....	1952 1,242	1951 1,187
Wages:		
For productive work.....	\$4,609,353	\$4,238,942
Non-productive wages:		
Vacations.....	190,676	178,623
Holidays.....	182,390	150,447
Sickness.....	89,073	82,819
Excused Absence, etc.....	17,491	14,173
Total Payroll.....	\$ 479,630	\$ 426,062
	\$5,088,983	\$4,665,004
Benefits Paid by Company:		
Annuity, Life Insurance.....	\$ 151,121	\$ 110,151
Medical Aid Dues.....	102,021	98,867
Social Security Insurance.....	60,174	57,722
Unemployment Insurance.....	10,611	12,306
Total Benefits.....	\$ 323,927	\$ 279,046
Total Payroll and Benefits.....	\$5,412,910	\$4,944,050

The Company now has 1242 employees; of this total 937 are covered by union agreements — 750 in the utility and 187 in the non-utility.

Relations with the union have been friendly throughout the year and justify the Company's policy of direct negotiation with its employees. Close attention to the settlement of grievances has made this possible.

Educational Program — In December applications were accepted from employees for the apprenticeship program operating in the utility departments and 72 of the applicants have taken entrance tests for apprenticeship given by the Department of Public Instruction. The outstanding course in the after-hours self improvement program was the Westinghouse

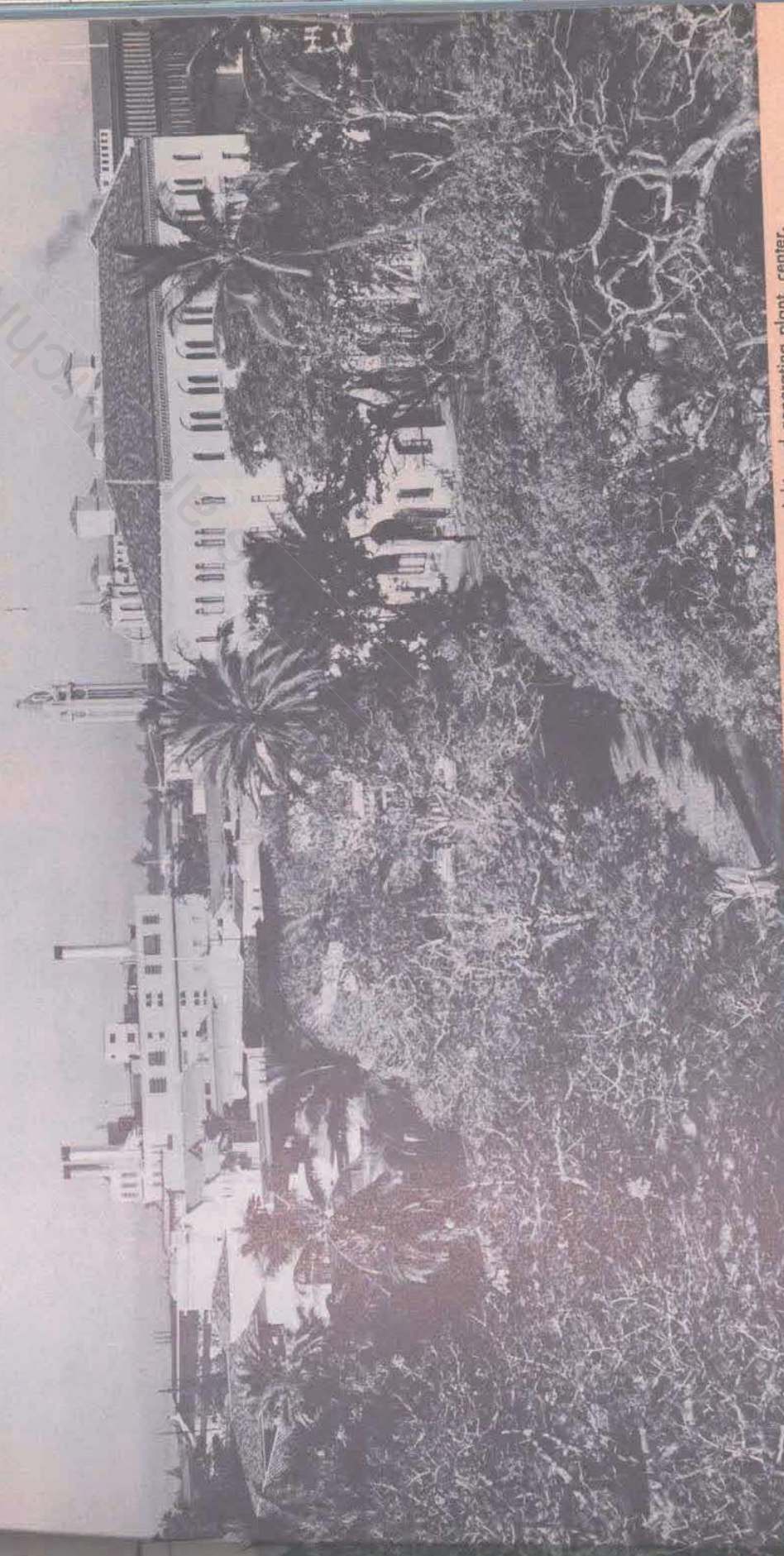


To his keen eyes, control room panel spots trouble in generating plant, enables him to get relief there fast.



Technician tends to precision work of calibrating and adjusting new meters, repairing old ones for service.

Archives



View from Honolulu's historic palace grounds towards Aloha Tower shows HECO headquarters at right and generating plant, center.

course, "Transformer Principles and Practices." Two hundred and seven employees completed this twelve-hour course. Eight other courses on subjects ranging from electrical mathematics to customer relations were given during the year. For satisfactory completion of these courses, 320 certificates were awarded.

On-the-job training courses in preparation for television were given in the Commercial Department and in the various sections of The Hawaiian Electric Supply Company. Employees in the merchandising operations attended a sales training course conducted by the Department of Public Instruction.

Departmental safety meetings have helped to educate the employees in safe methods of performing their work. As a result the 1952 accident rate of the Company has improved.

Recreation — Bowling was the most popular sport for employees in 1952. Other activities included a golf club, inter-departmental basketball and mountainball leagues, a camera club and a fishing club. A total of 575 employees took part in these activities.

Employee Service Record

	Number of Employees	Percentage
Less than 1 year.....	125	10.06
1 year to 5 years.....	325	26.17
6 years to 10 years.....	261	21.02
11 years to 20 years.....	314	25.28
21 years to 30 years.....	153	12.32
31 years and over.....	64	5.15
Total	1242	100.00

Employee Benefits — The group life insurance plan with the Prudential Insurance Company of America covers 1245 employees and pensioners for an aggregate amount of \$7,782,485. Claims paid during 1952 amounted to \$62,500.

The Company's Sickness Benefit Plan paid employees \$89,073 for time lost through illness.

MANAGEMENT CHANGES

In February the Board of Directors made important changes in the management structure of the Company. Mr. Louis A. Buese was made Senior Vice President and relinquished his title of Executive Engineer to Mr. Lewis Lengenick. Mr. Ralph B. Johnson was made Administrative Vice President. In addition to his regular duties of Secretary, he administers the commercial, promotional and industrial relations activities of the Company which will continue under the direct management of their respective officers. Mr. R. L. Summers was appointed an Assistant Secretary.

L. A. HICKS
President

July 11, 1952 was marked by the death of Mr. Louis A. Buese, a Director and Vice President of the Company since June 19, 1945. The Company and the community will feel the loss of such a distinguished engineer, executive and leader in business, social and economic progress. His wise guidance, farseeing planning and constructive ability which he contributed as an executive and officer of the Company for the past fifteen years to its progress and development will be missed.





Fishing was good and good fishing reaped rewards for 4 HECO clubmen in trophies and for the rest in good fun.



20 teams of Kilowatt Keglers kept the ball rolling for HECO—down the alley. Bowling attracts the ladies too.



Matches with Hilo Electric players were a highlight of HECO golf team's year. Winners show pride in prizes.



Popularity of mountain ball was proved by ten departmental teams which played each other in big tournament.

T H E H A W A I I A N E L E C T R I C C O M P A N Y , L I M I T E D

BALANCE SHEET

December 31, 1952

ASSETS AND OTHER DEBITS

FIXED ASSETS:		
Utility plant in service.....	\$53,005,275	
Utility construction in progress.....	453,526	\$53,458,801
Non-Utility plant:		
Merchandise Department	801,704	
Total fixed assets.....		801,704
Less, reserves for depreciation.....		\$54,260,505
INVESTMENT—REAL ESTATE:		13,278,861
At cost less amortization.....		\$40,981,644
CURRENT AND ACCRUED ASSETS:		
Cash on hand and in banks.....	\$ 1,413,874	
Temporary cash investment.....	3,000,000	
Installment notes receivable.....	407,842	
Accounts receivable:		
Electric energy	\$ 1,207,496	
Merchandise	1,042,514	
Other	98,055	
Less, reserves for uncollectible accounts.....	\$ 2,348,065	
Merchandise and supplies:	144,393	
Utility supplies	\$ 1,286,494	
Non-Utility merchandise	2,033,992	
Prepaid insurance, rent, taxes.....	3,320,486	
CONSIGNED MERCHANDISE	132,979	10,478,853
(Contra	\$193,581)	
DEFERRED DEBITS:		
Unamortized debt expense.....	\$ 217,239	
Other work in progress.....	82,481	
Clearing accounts	34,230	
Claims on manufacturers and carriers.....	43,053	
Other deferred debits.....	8,932	
CAPITAL STOCK EXPENSE.....		385,935
		448,453
		<u>\$52,527,089</u>

BALANCE SHEET

December 31, 1952

LIABILITIES AND OTHER CREDITS

CAPITAL STOCK:		
Common capital stock, outstanding 550,000 shares, par value \$20.....		\$11,000,000
Cumulative preferred stock, par value \$20, outstanding:		
Series "B", 5% 100,000 shares.....		2,000,000
Series "C", 4 1/2% 150,000 shares.....		3,000,000
Series "D", 5% 50,000 shares.....		1,000,000
Series "E", 5% 150,000 shares.....		3,000,000
LONG TERM DEBT:		\$20,000,000
First Mortgage Bonds, 3 1/2% series "D", due 1964.....		\$ 5,000,000
First Mortgage Bonds, 3 1/8% series "E", due 1970.....		5,000,000
First Mortgage Bonds, 3% series "F", due 1977.....		5,000,000
First Mortgage Bonds, 3 1/2% series "G", due 1981.....		3,000,000
First Mortgage Bonds, 3 1/2% series "H", due 1982.....		4,000,000
CURRENT AND ACCRUED LIABILITIES:		
Accounts payable.....	\$ 599,065	
Customers' deposits and interest thereon.....	114,053	
Accrued taxes.....	1,678,572	
Interest accrued on long term debt.....	192,596	
Accrued payroll.....	156,650	
Other current and accrued liabilities.....	152	
CONSIGNED MERCHANDISE LIABILITY		2,740,888
(Contra	\$193,581)	
DEFERRED CREDITS:		
Unamortized premium on debt.....	\$ 236,050	
Customers' advances for construction.....	10,517	
Deferred customers' deposits.....	11,948	
Unearned interest on sales agreements.....	56,644	
Customers' credit balances.....	20,726	
Other deferred credits.....	15,659	
RESERVES:		351,544
Injuries and damages to others.....	\$ 25,000	
Workmen's compensation liability.....	77,094	
Sales agreement repossession.....	22,048	
Inventory.....	176,502	
Tax contingency.....	112,505	
CONTRIBUTIONS IN AID OF CONSTRUCTION.....		413,149
EARNINGS REINVESTED IN BUSINESS.....		1,319,938
		5,501,570
		<u>\$52,527,089</u>

STATEMENT OF INCOME AND SURPLUS

For the Year Ended December 31, 1952

UTILITY OPERATING REVENUES:		
Sales of electric energy.....	\$13,020,555	
Other electric revenues.....	121,529	\$13,142,082
UTILITY OPERATING COSTS:		
Operating expenses.....	\$ 7,787,991	
Depreciation.....	1,165,737	
Taxes.....	2,087,736	
	\$11,041,464	
Less, taxes charged to construction.....	1,625	11,039,839
Utility operating income.....		\$ 2,102,243
OTHER INCOME:		
Merchandise Department:		
Gross revenue.....	\$ 5,772,490	
Cost of sales.....	4,329,933	
Gross profit.....	\$ 1,442,557	
Interest on sales agreements.....	154,575	
Sub-total.....	\$ 1,597,132	
Expenses:		
Operating.....	\$1,124,796	
Depreciation.....	30,015	
Taxes.....	295,095	
	1,449,906	
Net Merchandise Department Income.....	\$ 147,226	
Miscellaneous interest.....	8,163	
Gross income.....	155,389	
		\$ 2,257,632
INCOME DEDUCTIONS:		
Interest on long term debt.....	\$ 609,583	
Amortization of debt expense.....	9,681	
Amortization of premium on debt—credit.....	(15,185)	
Other interest charges.....	13,909	
Interest charged to construction—credit.....	(3,250)	
Donations.....	37,343	
Miscellaneous other deductions.....	6,497	
Net income for the year.....		\$ 1,599,054
EARNED SURPLUS ACCOUNT:		
Earned surplus, January 1, 1952.....		5,355,016
Gross surplus.....		\$ 6,954,070
DEDUCTIONS FROM SURPLUS:		
Cash dividends on preferred stock.....	\$ 427,500	
Cash dividends on common stock.....	1,025,000	
EARNED SURPLUS AT END OF YEAR.....		\$ 5,501,570

AUDITOR'S OPINION

We have examined the balance sheet of The Hawaiian Electric Company, Limited as of December 31, 1952 and the related statement of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Contingent liabilities of the Company as of December 31, 1952 consisted of the following:

Purchase commitments of approximately \$3,500,000.00 in connection with the \$10,000,000.00 power plant expansion program scheduled for completion in 1955.

Guarantor's liability, in the amount of \$727,417.00, on installment notes receivable sold to the Bank of Hawaii under guaranties of repurchase.

The Company has been granted a rate increase by the Public Utilities Commission of the Territory of Hawaii, effective as of January 13, 1953. It is estimated that this rate increase will result in an increase in revenue from the sales of electric energy approximating \$1,125,000.00 per annum. Further comments regarding the rate increase together with comments on certain adjustments to plant and depreciation accounts agreed to by the Company and the Public Utilities Commission in connection therewith are contained in the President's Report, preceding.

In our opinion, the accompanying balance sheet and statement of income and surplus present fairly the financial position of The Hawaiian Electric Company, Limited at December 31, 1952, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Very truly yours,
HENRY DAVIS AUDIT COMPANY
/signed/ R. L. Allen

Honolulu, Hawaii
February 4, 1953

RETIREMENTS

Joseph Garcia (23 years, 9 months)
Started as a Laborer in the T. & D. Department on June 29, 1936, and was a Utilityman in the Maintenance Shop at the time of retirement on January 23, 1952.

Joseph Mohika (10 years, 11 months)
Started as a Laborer in the Construction Department on March 27, 1941, and was a Helper in the Maintenance Shop at the time of retirement on March 1, 1952.

Raul G. Fallau (23 years, 9 months)
Started as a Laborer in the T. & D. Department on June 1, 1928, and was a Utilityman at the time of retirement on March 3, 1952.

Genta Kitamura (29 years, 4 months)
Started as a Helper in the Power Plant on July 9, 1920, and was a Helper in the Substation Division-System Operation at the time of retirement on June 20, 1952.

Andrew Davidson (36 years, 4 months)
Started as a Clerk in the Collection Division of the Merchandise Department on April 5, 1916, and was Head Bookkeeper in the General Accounting Department at the time of retirement on June 31, 1952.

Kame Shimabukuro (5 years, 7 months)
Employed as a Janitor in the Generation Department from March 18, 1947, until retirement on October 6, 1952.

Nasario Palagan (28 years, 4 months)
Started as a Laborer in the Power Plant on June 23, 1924, and was a Utilityman at the time of retirement on November 1, 1952.

Charles W. Weatherwax (42 years, 6 months)
Started as a Wireman in the Wiring Department in June, 1909. He resigned in 1910 and returned to the Wiring Department in 1911. At the time of his retirement he was a Commercial Engineer in the Commercial Department. He was retired on December 4, 1952.

IN MEMORIAM

DEATHS—1952

- Gaskell Jacobs**, Vice President and Treasurer
Retired December 31, 1947
Died in San Francisco on February 22, 1952
- Frank Yannell**, Fireman—Honolulu Power Plant
Retired January 1, 1938
Died in San Leandro, Calif., on June 17, 1952
- George A. Sasaki**, Utilityman 2/c—Generation Dept.
Died June 25, 1952
- Louis A. Buese**, Senior Vice President
Died July 11, 1952
- Peter V. Garcia**, Electrician 1/c—Generation Dept.
Died August 6, 1952
- Manuel O. Moniz**, Machinist 1/c—Generation Dept.
Died September 10, 1952
- John Ayala**, Turbine Operator—Generation Dept.
Died September 17, 1952
- James F. Fenwick**, Assistant General Manager
Retired May 1, 1939
Died September 24, 1952
- Manuel D. Perry**, Utilityman 1/c—Generation Dept.
Retired December 16, 1949
Died December 7, 1952

The Officers and Directors

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1952

DIRECTORS

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

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

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

*Died July 11, 1952.

OFFICERS

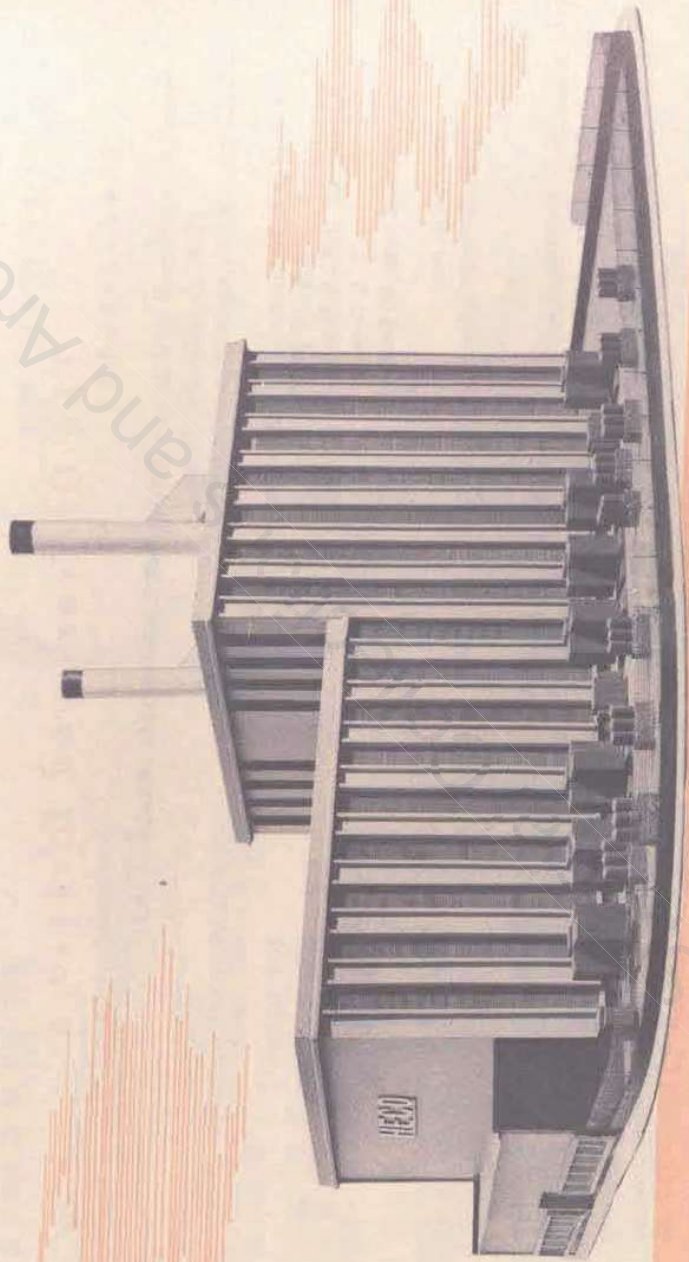
P. E. SPALDING..... *Chairman of the Board*
 L. A. HICKS..... *President*
 *L. A. BUESE..... *Senior Vice-President*
 RALPH B. JOHNSON..... *Administrative Vice-President and Secretary*
 GEORGE HOGG..... *Vice-President and Treasurer*

CARL J. SCHIEFFERS..... *Vice-President and Assistant Secretary*
 PAUL H. ANDERSON..... *Vice-President*
 H. P. FIELD..... *Vice-President*
 C. E. NOLAN..... *Vice-President*
 JAMES H. WINK..... *Assistant Treasurer*
 R. L. SUMMERS..... *Assistant Secretary*

THE HAWAIIAN ELECTRIC COMPANY, LIMITED

900 RICHARDS STREET (PALACE SQUARE)
 HONOLULU, HAWAII

and Archives



New Power for Greater Oahu

Early in 1955 a new surge of power will go out to island consumers from this Hawaiian Electric plant, under construction in February, 1953. Architect's model shows building where first of two Westinghouse generating units with capabil-

ity of 50,000 kw each will be housed. It will occupy a site adjacent to the existing Honolulu plant. Photo on page 24 shows land being cleared. Honolulu's colorful waterfront fish market of the 1890's originally occupied these grounds.

HAWAIIAN ELECTRIC COMPANY, LIMITED
Department Managers

UTILITY OPERATIONS

MR. W. H. MCGEE
Cashier
 Cashier

MR. HERBERT W. HITCH
Manager
 System Operating Department

MR. E. S. MUSH
Inspector
 General Accounting Department

MR. R. E. JACOBSON
Manager
 Utility Credit & Collection Dept.

MR. W. B. JOHNSTONE, JR.
Budget Director
 General Office

MR. L. W. LENGNICK
Executive Engineer

MR. EMIL OLSON
Manager
 Generation Department

MERCHANDISE OPERATIONS
 THE HAWAIIAN ELECTRIC
 SUPPLY COMPANY

MR. C. A. LESER
Manager
 Personnel Department

MR. J. P. MICHELS
Manager
 Distribution Department

MR. D. M. MONCRIEF, JR.
General Supervisor
 Commercial Department

MR. E. A. MURTY
Statistician and Claims Agent
 Statistical Department

MR. W. L. McCABE
Manager
 General Service Department

MR. J. H. WINK
Chief Accountant
 General Accounting Department

MR. J. R. ZIEGLER
Manager
 Engineering Department

MR. PAUL H. ANDERSON
Manager

MR. L. W. CLIFFORD
Appliance Sales Manager

MR. R. C. COOPER
Service Manager

MR. V. A. NAHL
Retail Sales Manager

MR. D. I. SROAT
Credit Manager

MR. W. S. WILLIS
Supply Sales Manager

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