

1957

ANNUAL
REPORT

THE HAWAIIAN ELECTRIC COMPLEX

THE HAWAIIAN ELECTRIC CO., LTD.





Views



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BOARD OF DIRECTORS

P. E. SEALDING.....Chairman of the Board
The Hawaiian Electric Company, Limited

J. B. AHERTON.....President-Manager
Hawaiian Telephone Company

T. A. COOKE.....Trustee of Estates

G. W. FISHER.....President
Bishop Trust Company, Limited

L. A. HICKS.....President
The Hawaiian Electric Company, Limited

GEORGE HOGG.....Vice President, Treasurer
The Hawaiian Electric Company, Limited

RALPH B. JOHNSON.....Executive Vice President
The Hawaiian Electric Company, Limited

DUDLEY C. LEWIS.....Attorney-at-Law
Lewis, Buck & Saunders

J. SCOTT B. PRATT, III.....Executive Vice President
Hawaiian Trust Company, Limited

H. M. RICHARDS.....Assistant Secretary
Castle & Cooke, Limited

A. E. STEADMAN.....President
Cooke Trust Company, Limited

H. V. VON HOLT.....Estate Management

HEATON L. WRENN.....Attorney-at-Law
Anderson, Wrenn & Jenks

HIGHLIGHTS

1957

EARNINGS

Earnings applicable to common stock for 1957 were \$2,638,600, or \$3.12 per share on the 847,000 shares of common stock outstanding at the year end—the same per share earnings reported for 1956.

DIVIDENDS

Quarterly dividends of 57½¢ per share were paid on the common stock in the first two quarters of the year and a dividend of 62½¢ per share was paid in the last two quarters. An additional dividend of 10¢ per share was paid in December, making the total for the year \$2.50 per share.

ADDITIONAL CAPACITY

A new 50,000 kw Westinghouse generator with 60,000 kw capacity determined by test was put into commercial use in December. Two similar units have been ordered for installation at our Waiiau power plant site, the first one being scheduled for commercial operation in 1959.

PERMANENT FINANCING

The Company on March 15, 1957 sold \$7,000,000 of first mortgage bonds, Series J, 4.70%. Total bonded indebtedness of the Company at December 31 was \$35,000,000 or 47.6% of the total capitalization.

CUSTOMERS

At year end there were 102,909 customers being served—an increase of 3,775 for the year. Average use of electricity by our residential customers was 4,225 kwh, which is one-third above the national average.

THE YEAR'S GROWTH

kwh sales.....	970,745,580	up	9.7%
Peak load—kw.....	227,000	up	11.3%
Operating revenues.....	\$23,867,585	up	13.1%
Net income.....	\$ 3,230,275	up	5.0%
Customers.....	102,909	up	3.8%
Utility plant.....	\$85,103,367	up	9.5%
Payroll and benefits.....	\$ 7,128,983	up	12.0%
Taxes.....	\$ 4,628,521	up	4.6%

LETTER FROM THE PRESIDENT

To Shareholders, Employees and Friends

It is a pleasure to report significant growth of the company and of the area we serve. Electric sales increased 9.7% and approached the one billion kilowatt hour mark.

Growth of our business community, which started on a sharp upswing in 1953, climbed to new heights in 1957, and the outlook for 1958 is excellent. Patches of gloom which are shadowing some of the mainland business scene probably will have little over-all effect upon us out here in the Pacific during 1958. This is true chiefly because our economy is at present riding on a building boom. Local construction amounted to approximately \$135,000,000 in 1957—an increase of 19% over 1956—and indications are that it will reach \$180,000,000 in 1958.

Since World War II the military's contribution to our local economy has outranked all other supports, and it is likely to remain at a very high level for years to come. Agriculture has provided the second largest source of income for many years, followed by the tourist business.

The number of tourists and their spending have increased approximately 50% in the last two years, creating a pressing need for more rooms. Many additional hotels are under construction and being planned. It is estimated that by 1965 we should have double the number of rooms we have at present.

These are the main supports to our economy, but they do not tell the whole story. During 1957 there were encouraging signs that further diversification is close at hand. Industrial development has become a much heard term, and interest in Hawaii as a place to invest capital is increasing year by year. We still face a lack of reasonably priced land close to the harbor and the industrial downtown district. Two possible

solutions are an industrial park site on Sand Island and the filling and development of reefs adjacent the industrial area. Significant changes were made in the Territorial tax structure in 1957. One which is of special interest to our stockholders is the repeal of the 2% withholding tax on dividends.

During the past year statehood assumed increasing importance as an economic issue. There is no doubt that the climate for long-range capital investment would be improved under statehood. The local taxpayers' plight under the new Federal Highway Program, to which they contribute \$2,000,000 annually but receive nothing in return, is the kind of situation that would not exist under statehood. Hawaii currently pays more in Federal taxes than nine of the 48 states.

In November our merchandising subsidiary, Honolulu Electrical Products Company, moved into its new quarters, completing its physical separation from the utility operation. Because of the importance of this move and in order to portray the new facilities and operations adequately, a separate report has been prepared as a supplement to this one.

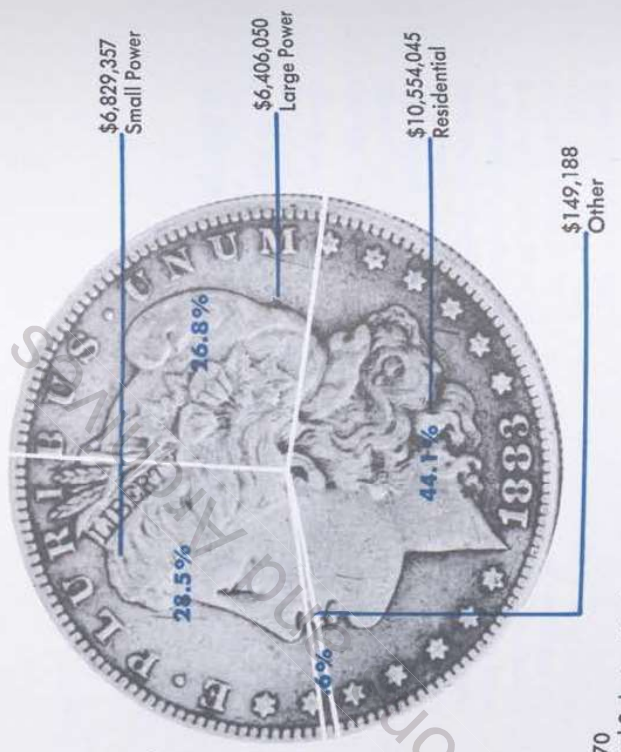
Also in November there was a special ceremony at which our newest power plant was named the Leslie A. Hicks Power Plant. This is the highest honor that could have been accorded to me and I am deeply grateful. This beautiful plant is a symbol of the contributions made by many employees throughout the history of the company, which have brought our facilities and service to their present high state of efficiency.



L. A. Hicks, President

March, 1958

SOURCE AND DISPOSITION OF 1957 REVENUE DOLLAR

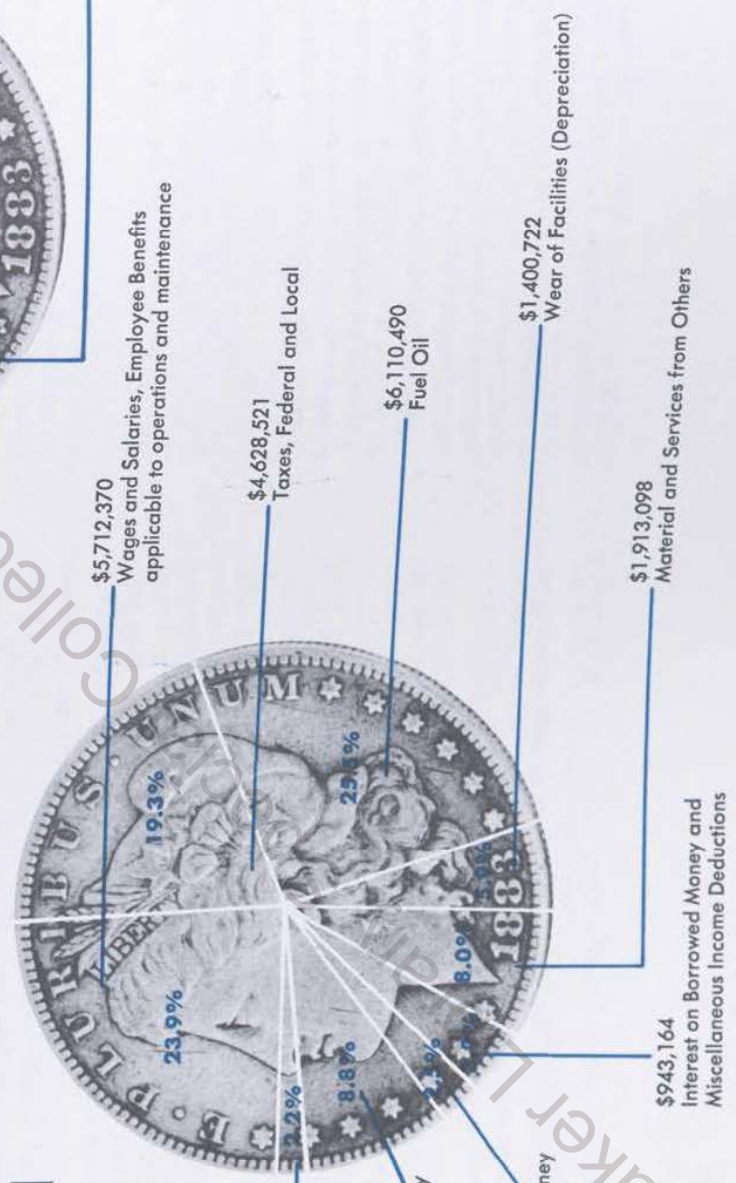



SOURCE

Electric Sales to Customers
\$23,938,640

DISPOSITION

Expenses:
\$23,938,640



DIGEST OF THE YEAR

PREPARING FOR GREATER SERVICE

Net plant additions at a cost of \$7,399,692 were installed during 1957 to provide adequate capability and facilities to meet the ever increasing demand for electric power. Total investment in utility plant was increased by 9.5% to \$85,103,367.

The largest single project completed in 1957 was addition of the second Westinghouse generating unit in the Leslie A. Hicks Power Plant. This unit is one of most successful installations. It contains a number of innovations, some of which can be incorporated in other units to improve their efficiency.

The second unit went into commercial operation on schedule in December and carries the same name plate rating as its companion unit put into service in December 1954. The new machine was guaranteed to have a maximum capability of 50,000 kw, but on operating tests it produced in excess of 60,000 kw. The boiler, closely regulated as to temperature and pressure, provides more than its guaranteed rated output of steam.

Ljunstrom air preheaters were used in place of tubular preheaters to reduce maintenance cost and save on building space. Equipment to eliminate thermal stresses was installed to make it possible to shut the unit down overnight without damage to the turbine upon rapid startup.

The \$16,130,000 Leslie A. Hicks Power Plant, pictured on the front cover of our report, having a capability of 115,000 kw determined by test, represents one-third of our generating capacity. Units No. 8 and No. 9, tested at 50,000 kw each, had a heat rate of 10,581 BTU per net kilowatt hour.

Reliable Power

Sixty-four per cent of our generating plant is less than ten years old, and all of our facilities are in excellent condition. The most modern controls and automatic devices are in use in our power plants. Substations are the modern, completely automatic unit type.

Total efficiency of our plants in 1957 was 529 kilowatts per barrel of fuel oil, or 12,182 BTU per net kwh, which is considered good by national standards. The load factor for the year was 59.2%. We anticipate a continued increase in efficiency as additional units are installed.

As part of our long-range expansion program, plant in service and under construction has increased by \$47,116,051 during the past ten years. Generating capability, at 340,000 kw, is today double what it was in 1947.

Studies and forecasts made by our engineers, by Stanford Research Institute and Bechtel Corporation call for a capital expenditure in excess of \$50,000,000 with the next five years.

Financing for Expansion

The company will be required to obtain capital for plant expansion by selling bonds, preferred stock and possibly common stock on the mainland. Early in 1957 the Company sponsored a visit of twenty security analysts and investment bankers for a briefing on the Hawaiian economy and our company. The keen interest of our visitors and the articles which have appeared in financial reports and in trade journals show a closer relationship between Hawaii and the mainland which will assist in our capital expenditure requirements.

Building Plans

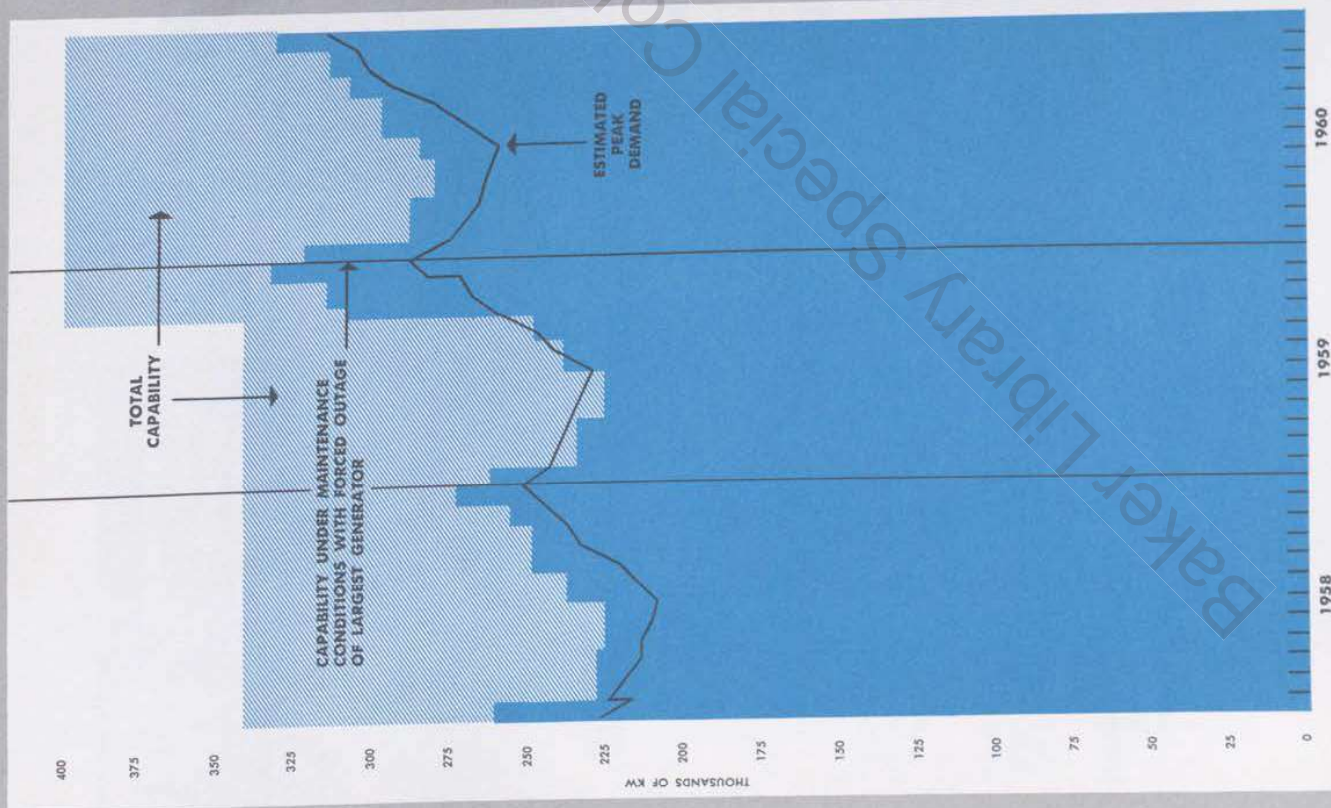
Because of our insular position, this company does not have interconnections with any other electric utility. Therefore, in order to provide the required capability for continuity of service, it is our policy to maintain sufficient reserve capacity to cover the loss of our largest operating unit at a time when any other unit is down for routine maintenance.

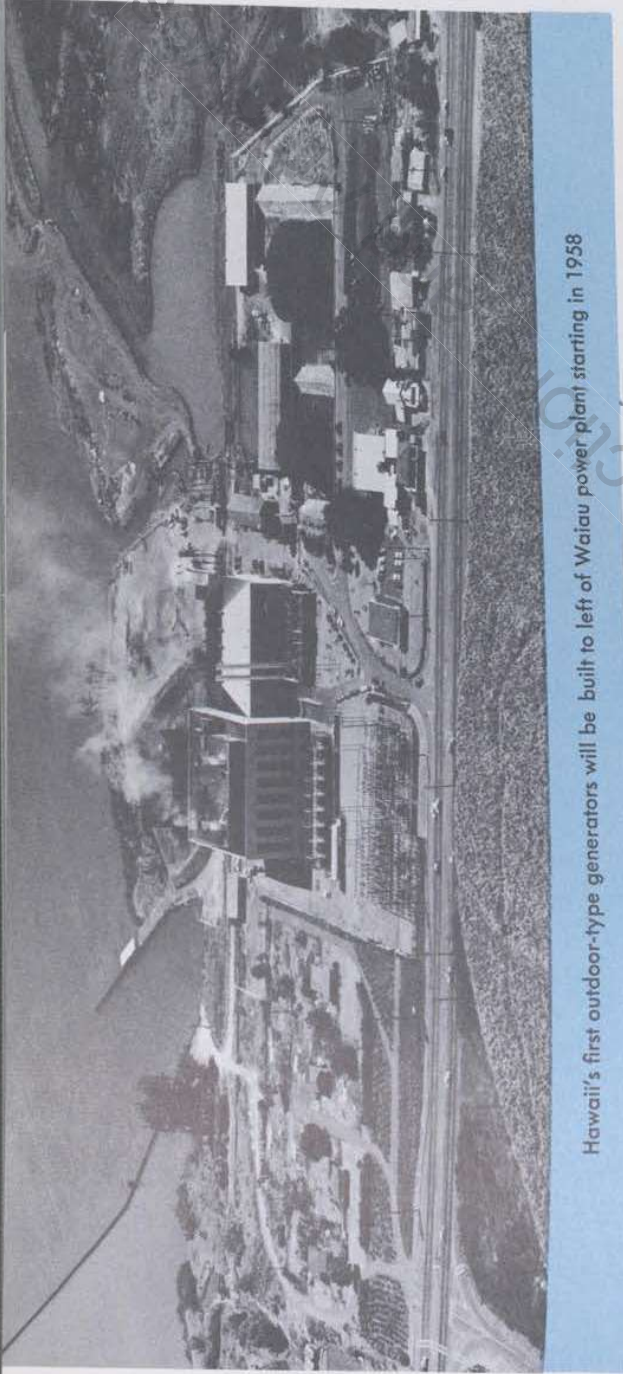
1958 will see the start of construction on a new power plant at Waiau to house two generating units, No. 5 and No. 6, similar to Unit No. 9 in Honolulu. Design work has been completed by Bechtel Corporation. Excavation has begun and bids are out for construction of Waiau Unit No. 5.

The accompanying chart shows the anticipated peak demand for service and the reserve capacity of the company's system. Unit No. 5 is scheduled to go into operation in 1959. Present plans call for Waiau Unit No. 6 to be installed in 1961.

To reduce construction and maintenance cost, the plans call for the boiler, feedwater heaters, FD fans, circulating water pumps and many other auxiliaries to be completely outdoors. The turbo generators will be on a deck with a minimum of housing; boiler feed pumps, condensate pumps and certain other equipment will be located under the turbine deck.

The structure will be neat and pleasing in appearance, and the planting of trees and shrubbery will make this power plant site one of our most attractive.





Hawaii's first outdoor-type generators will be built to left of Waiau power plant starting in 1958

Higher Transmission Voltage

Construction of a new transmission line from the Waiau Power Plant to the Koolau Substation will begin in June 1958. This new line, designed for transmission of 138,000 volts rather than the 44,000 volts used in the past, will provide the means of greatly increasing an efficient, economical supply of electric power to the windward side of the Island and to the Waialae-Koko Head area.

The job of acquiring necessary land rights of way is progressing satisfactorily, and 90% of the engineering design work was completed by December.

Consolidation of Purchasing and Stores

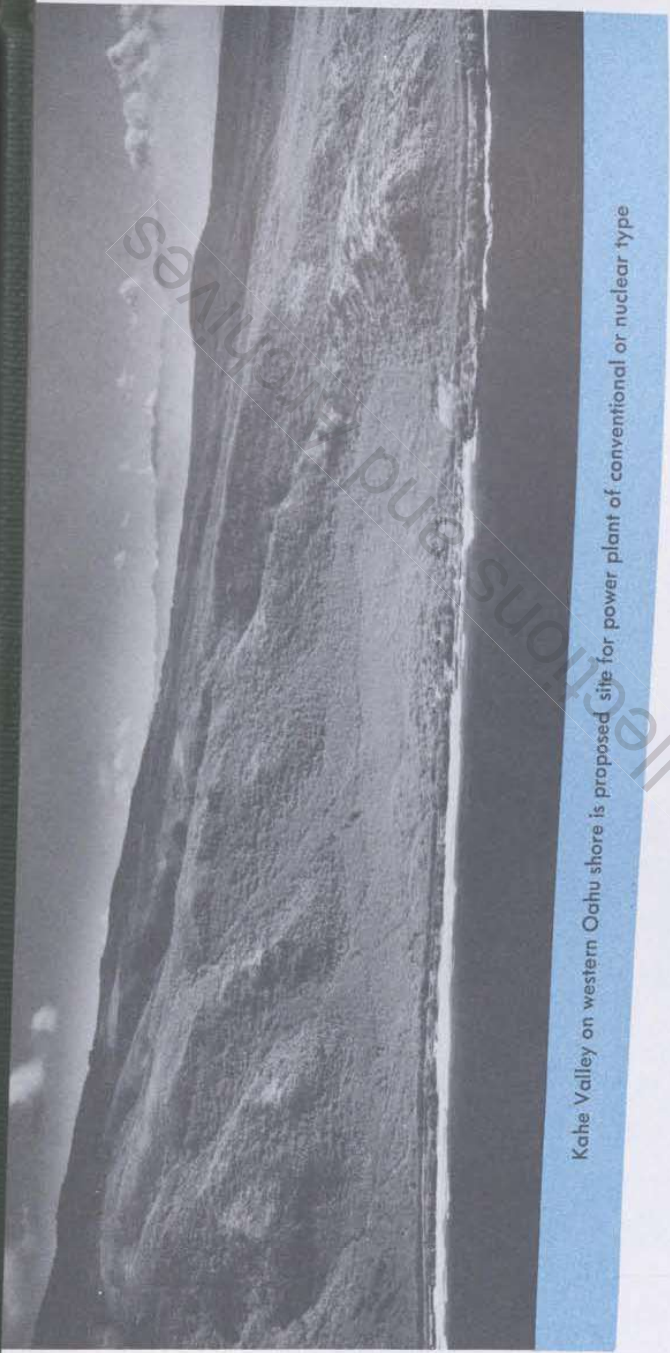
Increasing complexity and the growing importance of purchasing functions, coupled with greater volume of materials required for operations, led to the establishment in September of a new Purchasing and Stores Department. Combined in this new department were the Purchasing Division, formerly a part of the Engineering Department, and the Stores

Division, previously an operation of the Distribution Department.

The enlarged scope of the Purchasing Division encompasses the procurement of all materials and supplies for the company's operations. The Stores Division maintains a complete stock of operating supplies and materials required by the Distribution Department and stores all special equipment items for enlarging our system until they can be delivered to the job site for installation.

In April a headquarters was completed on the windward side of the Island for crews working in that area. There are a large storeroom, office space, a room for safety meetings and shower and locker facilities. This installation, together with outdoor storage for vehicles and poles, provides most of the operating supplies for distribution activities on the windward side of the Island.

A similar headquarters and supply center is located at Waiau for the crews working at that end of the Island.



Kahe Valley on western Oahu shore is proposed site for power plant of conventional or nuclear type

Atomic Power

Recent developments in the construction of nuclear reactor power plants indicate that the time is approaching when electricity can be generated from atomic fuels at a cost competitive with that of conventional fuels.

Vast technical resources of American enterprise are working on many types of reactors, and the past year has seen marked progress. Many problems lie ahead but none are insurmountable.

The Company has employed the Bechtel Corporation to make a comprehensive study of the economic and engineering feasibility of adding a nuclear-reactor-powered generating plant to its system. The study is expected to be completed within a year.

Nuclear power will probably prove to be economical in Hawaii earlier than in some parts of the United States which have an abundant local supply of low-cost fuel. We use a

heavy fuel oil (600 SSF viscosity) which at the present time is imported from the West Coast.

Improved Design

The company is continually striving to improve the appearance of its overhead system. In 1956 a program was started to reduce the number of poles on the existing system and keep them to a minimum in new installations by spinning aluminum secondary cable on a messenger and making mid-span taps for service. This not only improves appearance, but is more economical. During the year as changes were made, 120 poles were installed and 232 poles were removed for a net decrease of 112 poles.

Another way in which the company strives to make its facilities a pleasing part of the Hawaiian scene is in planning its substations. We employ building and landscape architects to make them attractive additions to the residential areas in which they are installed.

GROWING DEMAND FOR SERVICE

Population of our service area, exclusive of the military, has increased approximately 26% since 1950. It is significant that nearly 45% of our population is under 21, which means that a large segment is approaching the family-forming stage and that construction of living units will continue to be heavy.

Fifty-eight subdivisions containing 1,926 home lots were completed during 1957, and 62 subdivisions for 4,156 lots are in various stages of development. A total of 3,748 new homes were added to our system. Apartment building is moving at a rapid pace, with 116 constructed during 1957, providing 777 units, 605 of which are all-electric; 91 others have electric ranges. Sixty-four apartments are under construction or proposed, which will provide nearly 2,000 additional units.

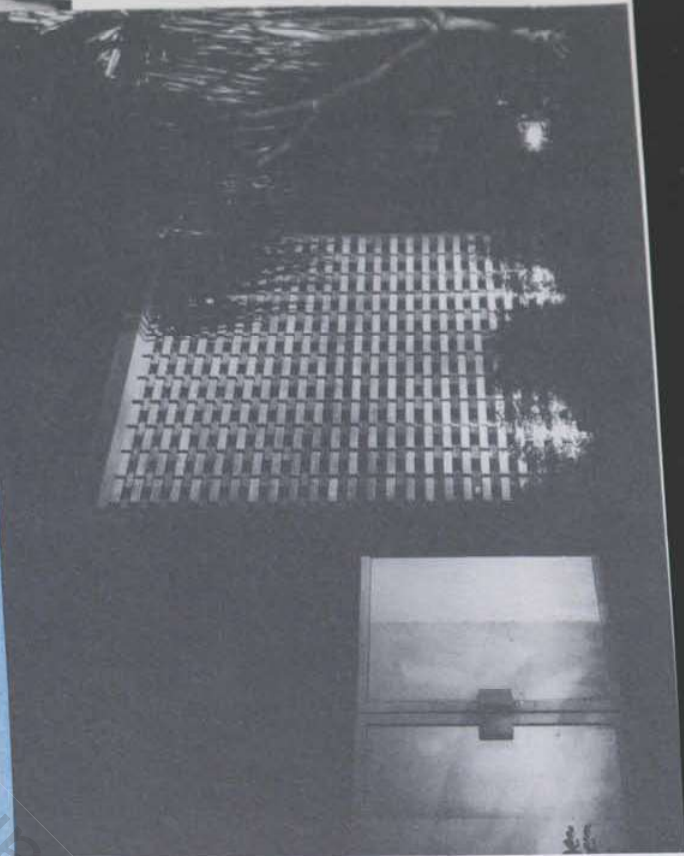
The military represents approximately 9% of the population in our service area and since the merging of the U. S. Pacific and Far East Commands at Pearl Harbor last summer, housing for military personnel and their families has been a major activity. The Navy contracted \$60,000,000 for construction of homes in 1957 and, under the Capehart program, will add 2,000 more units in 1958. The Army will add approximately the same number, 1,500 of which are part of the Capehart program. The Capehart program will also provide 600 units for the Air Force.

The only major hotel construction completed in 1957 was a 267-room addition at Kaiser's Hawaiian Village, where another hotel with 150 rooms has just been completed. The Reef Towers, with 240 rooms, is under construction, and the Hawaiian Queen with 730 rooms is being planned at the present time. There was a 24% increase in the number of visitors to Hawaii in 1957 over the number in 1956 which had been a record year.



Use of mid-span taps advanced program to improve appearance of overhead system, minimize poles. Number was reduced by 112 during year

Architectural design enhanced by landscaping and night lighting make substations blend into Hawaiian scene, as typified by Waikiki unit





entries from the United States and Canada, the company received: a first award on an advertisement promoting the use of electricity; a first award on newspaper advertising promoting electric merchandise; and a second award on the complete program.

SPECIAL CUSTOMER SERVICES

Complete electric service to our customers is one of the company's main objectives. We not only provide reliable electric power, but we also have a number of special services to help our customers put this power to its fullest and most economical use.

There was an increased demand for assistance with both garden and interior lighting. The company's lighting consultant prepared plans for new and remodeled homes. As a result of this service, many customers are enjoying better electrical living.

The company's three branch offices, located in Kailua, Wahiawa and Waipahu, did a record amount of business during the year. These branches have proved very convenient for our customers and have provided a means for the company to give more individualized service. The branches are staffed by employees who live in the area and are in a good position to understand local problems and give better service.

Home owners, architects, commercial cooking establishments, distributors, dealers and builders are assisted with any special problems. Commercial and industrial customers are regularly called upon by our electric sales representatives who give advice and help on electrical problems and make sure that the customer is given advantage of the best possible rate schedule.

Our program to promote adequate wiring in old and new homes was given added impetus this year by a "Certified Home Wiring" campaign. To qualify for this certificate, the home must have a minimum of 100-ampere service-entrance equipment and sufficient wiring for present and future appliances. This program met with good success.

PROMOTION OF SALES

In all segments of the electrical industry, 1957 was a busy promotional year. With national programs such as "Live Better Electrically," HOUSEPOWER and the Edison Electric Institute Campaign Calendar to lead the way, local electrical appliance dealers, distributors and the company completed many successful programs.

Promotion of the all-electric home has been stimulated by close cooperation with homeowners, realtors, contractors, architects and building supply houses. The company participated in the Home Show and the Freezer School which were held at the Kaiser Dome and in the "Parade of Homes" sponsored by The Honolulu Advertiser, the Home Builders Association of Hawaii and the Pacific Coast Electrical Association.

Advantages of modern electrical living have been continuously brought to the attention of present and future customers through newspaper, radio and TV programs and through the work of our home economists.

For the eleventh consecutive year, Hawaiian Electric received national recognition for the excellence of its advertising program. This recognition came in the form of three awards in the Better Copy Contest of the Public Utilities Advertising Association. In competition with more than 2,000



Home Service staff join Erma Boyen in appreciation of achievement award given department for training work

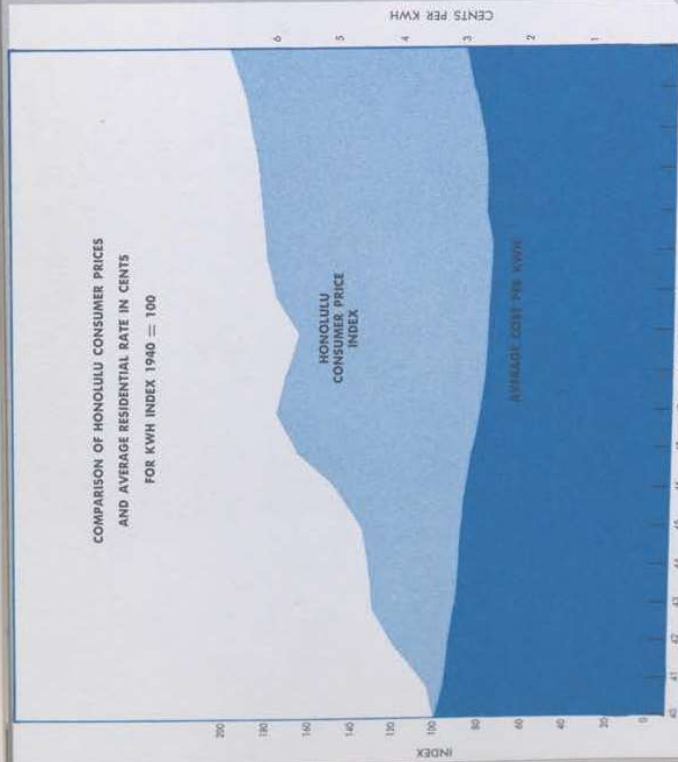
the Freezer School and in model homes; and kitchen plans were drawn for homes, churches, schools and stores.

A new activity last summer, called "On the Job Recruitment," was a six-week training course in our Home Service Department for college students majoring in home economics. Mrs. Boyen, Home Service Director, was named one of five national winners of the 1957 Laura McCall Annual Award for Home Service Achievement. She was selected for the establishment of this training program.

HOME ECONOMISTS

Our home economists did a splendid job on many fronts throughout the year. Classes in cooking, home lighting and laundering were held almost daily for the general public, school children, Girl Scouts, salesmen, dealers and many other groups. Recipes were developed and distributed at the classes and by mail; home calls were made on all makes of appliances; demonstrations were given at the Home Show,

COMPARISON OF HONOLULU CONSUMER PRICES
AND AVERAGE RESIDENTIAL RATE IN CENTS
FOR KWH INDEX 1940 = 100



RESIDENTIAL USE OF ELECTRICITY

The average use of electricity by our residential customers increased during 1957 to 4,225 kw. This is one-third above the national average.

The average revenue per kilowatt hour from our residential customers increased from 2.854 to 2.932 cents, reflecting the rise in the cost of fuel oil during the year from \$2.92 to \$3.24 per barrel. The fuel oil clause in our rate schedules provides that an increase or decrease in fuel oil costs will be reflected in customers' bills.

The accompanying price index chart shows that, even with the small increase in cost per kilowatt hour, the customer receives much more for his dollar spent on electricity than he can get for his dollar spent on other commodities.

COMPANY OWNERSHIP

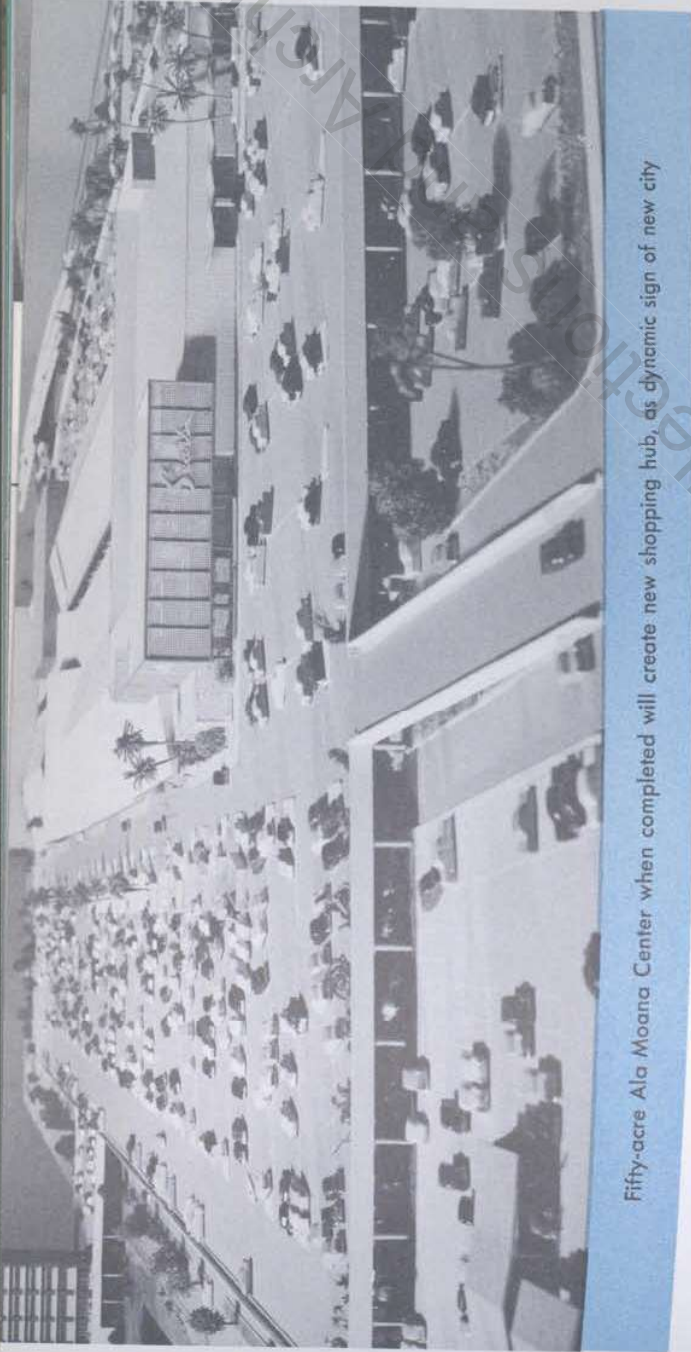
In the last five years, the number of owners of our common stock has increased 64%—from 2,865 to 4,698. During 1957 the number was increased by 237. A majority of the stock is held by individuals and institutions residing in the Territory of Hawaii. The largest single holding is by an eleemosynary trust which owns less than 3% of the voting securities (common stock) of the company.

The management appreciates the fine support given the company by the shareholders, and we endeavor to keep them fully informed on the operation of the company. As the company expands its plant we are called upon to raise funds by the issuance of bonds and preferred stock on the mainland in addition to the sale of our common stock. Our acceptance in the mainland money markets has been good. We foster this relationship by supplying our bondholders, financial analysts, banks and others with financial and operating data.

DISTRIBUTION OF COMMON STOCK

Holders	Number of Shareholders	Shares Held
Male.....	1,027	184,803
Female.....	1,628	273,611
Joint accounts.....	1,351	135,269
Fiduciaries—individuals.....	546	148,033
Institutions and all other.....	146	103,284
Total.....	4,698	847,000

Geographical	Number of Shareholders	Shares Held
Residence		
Territory of Hawaii.....	4,016	766,942
Mainland United States.....	676	75,823
Foreign.....	6	4,235
Total.....	4,698	847,000



Fifty-acre Ala Moana Center when completed will create new shopping hub, as dynamic sign of new city

PLANNING FOR ECONOMIC GROWTH

Long-range planning has been a vital factor in the Company's ability to fully serve our customers' needs. Similarly, a community must make long-range plans for economic development to fulfill the needs of the people. During 1957-encouraging progress was made in the establishment of planning and action groups to further the economic growth of Hawaii.

The Territory's Economic Planning and Coordination Authority was reorganized by the 1957 Territorial Legislature to emphasize promotion of mainland investment in industrial development in Hawaii. The Legislature also created a Territorial Planning Office "to provide a planned, coordinated program for developing the economic potentials of the Territory." In the latter part of the year, the Governor created a Neighbor Island Development Council. This is privately financed and is the first real effort to further economic vitality on the neighbor islands. The Chamber of Commerce of

Honolulu has established for the first time an Industrial Development Council and will make industrial development a major objective.

Finding suitable sites on Oahu for new industry received considerable attention. Two large tracts of land were zoned for industrial use. Trustees of the Campbell Estate obtained zoning of 1,257 acres of its land at Barber's Point for industrial purposes. In Kahului Valley the Dillingham Investment Company had 556 acres zoned for noxious industry and 141 adjoining acres for semi-industrial use.

With this widespread interest in economic development, suitable industrial sites and a young population, the outlook for continued industrial growth in the years ahead is most encouraging.

Our own Industrial Development Section is working closely with all groups of the community interested in advancement of our economic growth. It provides direct service to investors interested in establishing industries in Hawaii.

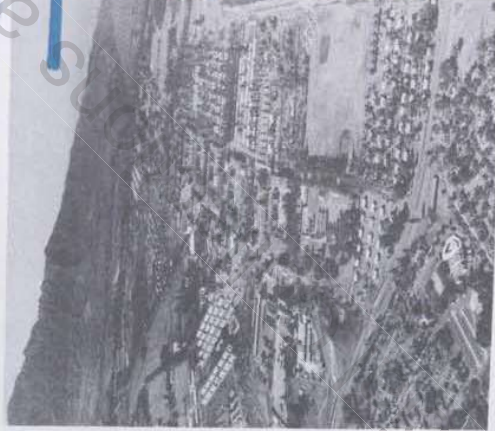


8.1% population rise indicates tempo of isle growth

As the year 1958 dawned Honolulu entered a new metropolitan class as a city of more than 300,000 population — actually 302,497. The county of Honolulu, embracing all the island of Oahu, reached a new high of 433,109. While the increase in Honolulu City was 7.1 per cent over January 1, 1957, the rise in Honolulu County (Oahu) was 8.1 per cent. This indicates greater suburban than city growth. Or to consider it another way, the growth in rural Oahu communities, which reached 10 per cent over the preceding year, was the biggest gain in all the islands. Honolulu thus follows the national trend to the suburbs. Hawaii's population is young. Sixty-one per cent are under 29 years of age; 43 per cent younger than 19. This is a promise of sound community growth continuing well into the future. The photographs placed around the Oahu map show the principal areas of greatest growth served throughout Oahu by the Hawaiian Electric Company.



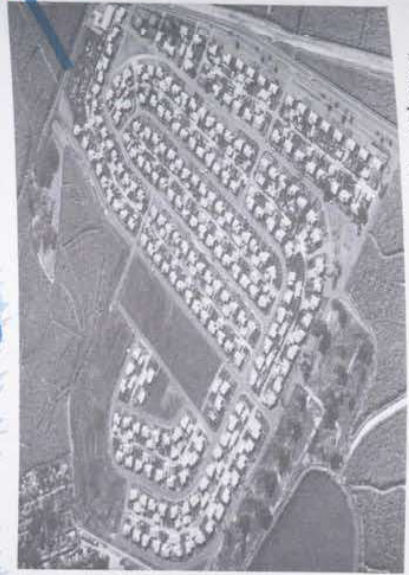
Wahiawa, beside Schofield, in heart of plantations, typifies national trend toward suburbs



Capehart housing will partly answer need at Schofield Barracks, home of the 25th Division



Post-war communities of homes have risen along heights dramatically overlooking Pearl Harbor



Sugar cane lands fringe new residential area at Ewa near Barber's Point Naval Air Station





of planta-
rd suburbs



mes have risen along
looking Pearl Harbor



al area
Station



Golden Gate, financial canyon of Honolulu,
is Hawaii's business and industrial heart



Commuters' tunnels through Koolau cliffs open
almost limitless future for Windward Oahu shore



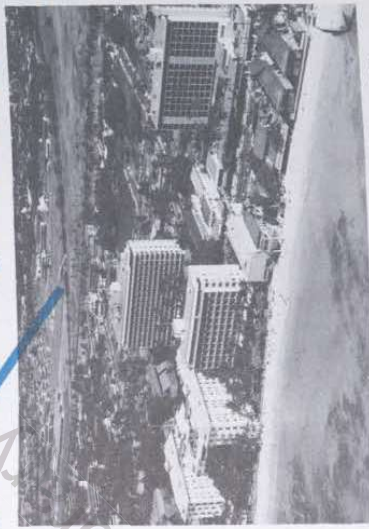
Bayside Kaneohe across Pali attracts converts
to suburban life close to water sports and golf



Suburbia to many Honoluluans is Kailua, largest
of thriving Windward Oahu home-business areas



Since war's end Aiea Haina has grown from pas-
tures and fish pond to new residential valley



Waikiki was center for a new high of 163,000
visitors to Hawaii, 22.3 per cent over 1956



Oahu Special Collections
er Lib

WORKING TOGETHER

Employees of the company constitute one of its most important assets. The quality of service we are able to provide depends to a great extent upon the skill with which our employees perform their jobs and upon the cooperation they achieve among themselves and with the general public.

We receive many indications that our service is considered good. One of the most significant came from surveys conducted by independent research organizations which showed that our company is very highly regarded in the community and is considered an excellent place to work.

Our employees are carefully selected, because our ability to keep pace with the rapid growth of our community will depend largely upon the ability of our employees to handle the many new problems which lie ahead.

We have a total of 1,133 employees—six more than in 1956. They are a relatively young group, the average age

being 40. At the same time, the average length of service throughout the company as a whole is 13 years. Average length of service in the supervisory group is 22 years, and among the officers it is 26.

Training Program

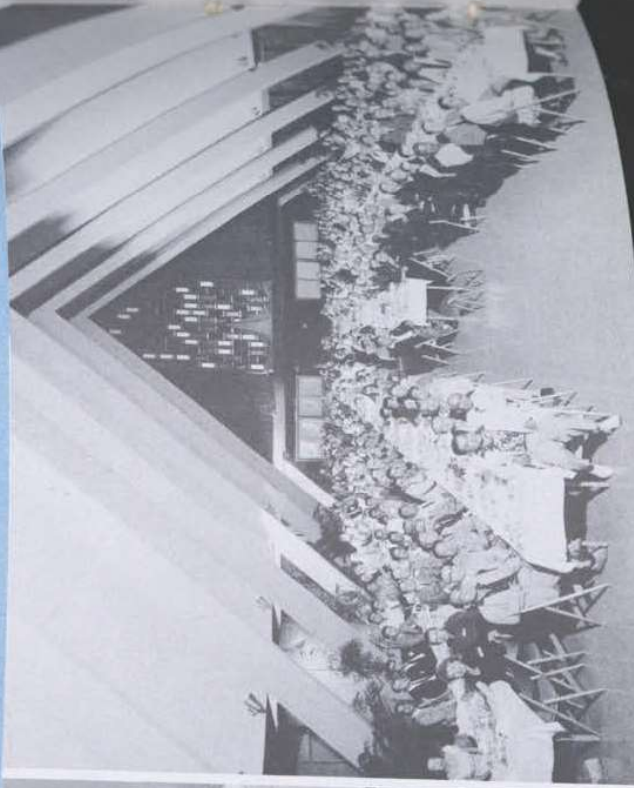
Special technical skills are needed by a utility, and it is important for many of our men to be more highly trained than their counterparts in other industries. In 1946 we launched an indentured apprenticeship program to develop journeymen, which calls for approximately four years of applied work and 576 hours of related training. There are 37 men training in ten different trades at the present time. During 1957 fifteen apprentices received certificates and became eligible for journeyman ratings. Thirteen new apprentices were accepted for training during the year.

The related study courses are open to all employees of the company who have the educational qualifications for the sub-

Hawaiian Electric celebrates annual Aloha Week with employee mumukou-
aloha shirt contests as company participation in community observances



Annual service awards dinner honors employees for records starting
at ten years. Hawaiian Village Long House was scene of 1957 feast



jects. During 1957 fifty-eight employees other than apprentices attended these classes on a self-improvement basis.

Labor Relations

The International Brotherhood of Electrical Workers, Local 1260, AFL-CIO, represents 73 1/2% of our employees. The present contract went into effect on September 1, 1956 and will continue until February 28, 1959. This contract calls for three wage and salary increases, averaging 3.88% each. This agreement also calls for a modified union shop. Only three minor changes to the long-term contract have been necessary. Mutual respect and a cooperative attitude by the company and the union have resulted in stable labor relations over the years.

Payroll and Benefits

Present average hourly rate of pay is \$2.39, which compares favorably with the mainland utility average. Our em-

ployees are provided good working conditions, and our personnel policies are well defined and liberal.

Hospital and medical insurance coverage for employees and their families is provided entirely at company expense. The company has contributory group life insurance and group annuity contracts with The Prudential Insurance Company of America.

Since its adoption, certain amendments have been made to improve the pension plan. One important modification has been liberalization of retirement benefits to provide that only 50% (instead of 100%) of Social Security Benefits payable under the law in effect on September 1, 1956 shall be deducted in computing the amount of retirement income to which a participant will be entitled. Another amendment provides for early retirement at age 50 after 15 years of service.

Payroll and Benefits

	1957	1956
Employees at December 31.....	1,133	1,127
Wages:		
For productive work.....	\$ 5,509,681	\$ 5,112,459
Non-productive wages:		
Vacations	243,019	224,798
Holidays	198,405	205,571
Sickness	156,400	135,397
Excused absence, etc.	29,232	26,760
	\$ 627,056	\$ 592,526
Total payroll	\$ 6,136,737	\$ 5,704,985
Benefits paid by Company:		
Annuity and life insurance.....	721,250	\$ 408,654
Medical aid dues.....	158,145	129,280
Social Security insurance.....	102,433	87,940
Unemployment insurance.....	10,418	32,742
	\$ 992,246	\$ 658,616
Total payroll and benefits.....	\$ 7,128,983	\$ 6,363,601

Carefully chosen apprentices learn lines instead of ropes. Teacher and pupil here work on dummy pole before going out on real live one



FINANCIAL REVIEW

Total operating revenue for the year was \$23,867,585, an increase of \$2,755,470 and 13.1% over the comparable 1956 figure. This increase reflects not only substantial gains in residential and industrial sales but also additional revenue through operation of the fuel oil clauses in our rate schedule.

Operating Expense

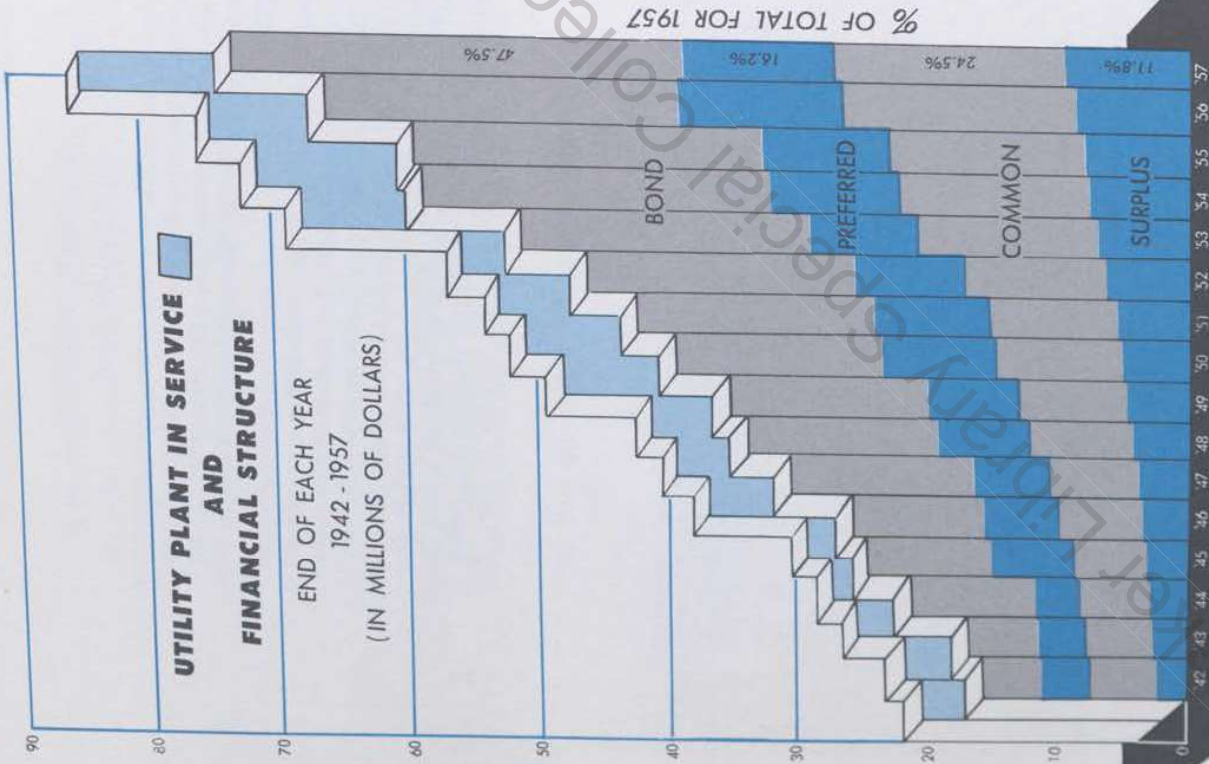
Expense of operation, including taxes and depreciation, was \$19,705,382 which is an increase of \$2,648,519, or 15.5%, over the comparable 1956 figure. The cost of fuel oil alone increased \$1,642,838 to a total of \$6,110,490—36.8% above 1956. Other expenses were: \$5,680,702 for wages, employees' benefits, insurance, rents, services, etc., required to operate the business; Federal and Territorial taxes amounting to \$4,628,521; \$1,884,948 for maintaining the company's facilities in first-class condition; and depreciation in the amount of \$1,400,721.

Earnings

Corporate net income for 1957 was \$3,230,275 as compared with \$3,076,349 for 1956, an increase of 5.0%. Common stock earnings were \$3.12 per share on the 847,000 shares outstanding at December 31, 1957. 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 \$591,675 and to owners of common stock, \$2,117,500. After the payment of dividends, the company had remaining \$521,100 which was reinvested in the business. Interest on our first mortgage bonds was earned 3.5 times, and dividends on our preferred stock, 5.5 times.

Taxes

Taxes of all kind continue to increase. Federal and Territorial taxes applying against the current year's operations totaled \$4,728,693. Of this amount, \$4,628,521 was a direct charge against income, and \$100,172 was charged through plant and other accounts.



	1957	1956
<i>Federal</i>		
Income	\$2,347,175	\$2,338,336
Payroll and other	114,452	98,953
	<u>\$2,461,627</u>	<u>\$2,437,289</u>
<i>Territorial</i>		
Income	\$ 331,753	\$ 326,232
Public Utility	1,283,029	1,121,170
Franchise Royalty	587,045	517,936
Other	65,239	78,301
	<u>\$2,267,066</u>	<u>\$2,043,639</u>
	<u>\$4,728,693</u>	<u>\$4,480,928</u>

heavy fuel oil (600 SSF viscosity) we burned in generating 1,045,808,420 net kilowatt hours. Our fuel costs rose from a price of \$2.16 per barrel in March 1955 to \$2.92 in December 1956. By July 1, 1957 they had risen to the all-time high of \$3.24 per barrel—an increase of 50% in a little over two years.

Since 1953 all rate schedules have been based upon an oil price of \$2 per barrel and adjusted as the price varies from \$2. In 1957 the average price paid by the Company was \$3.09 per barrel.

Depreciation

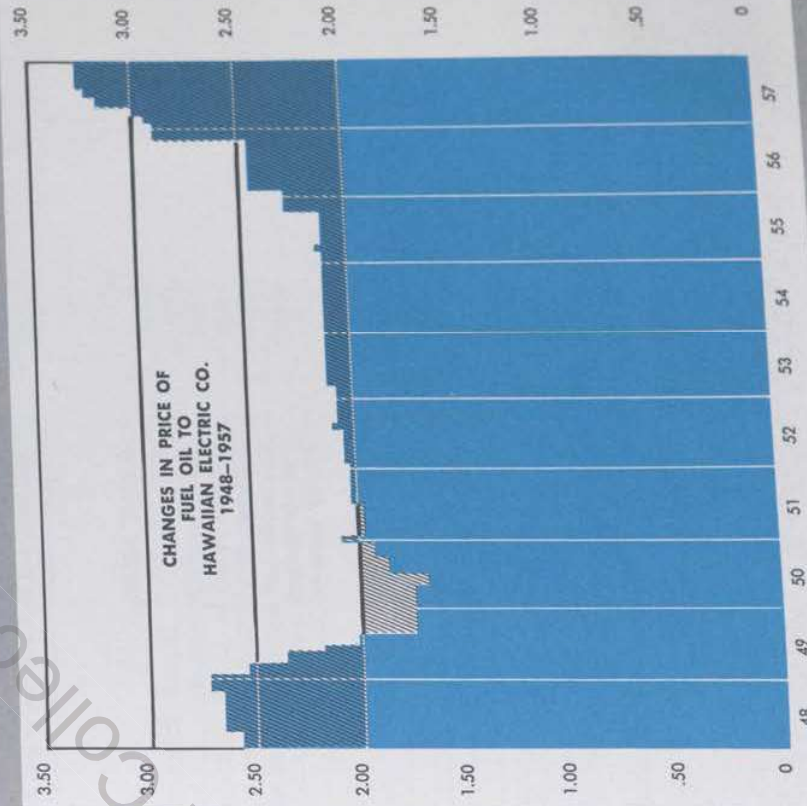
The company continued on the 4% sinking fund basis of depreciation, using remaining life principles, as ordered by the Public Utilities Commission of the Territory of Hawaii in May of 1955. The company appealed from the remaining life portion of this order, believing that it should be placed on a whole life basis so that none of the depreciation reserve is amortized through reductions in annual depreciation expense. On December 10, 1957 the Supreme Court of the Territory of Hawaii affirmed the Commission's order.

Funds for Expansion

On March 15, 1957 the Company sold to underwriters \$7,000,000 of its First Mortgage Bonds, Series J, 4.70% due March 15, 1987. We were also able to obtain \$1,958,711 in 1957 from such sources as depreciation, consumer contributions, sale of assets and deferred Federal income taxes.

Fuel Oil

Fuel oil is the largest single item of operation expense. In 1957 we spent \$6,110,490 for the 1,977,834 barrels of



BALANCE SHEET

ASSETS

December 31, 1957

(With comparative figures for the previous year)

	1957	1956	Increase (Decrease)
UTILITY PLANT (Note 1):			
In service.....	\$83,773,541	\$74,021,642	\$ 9,751,899
Construction in progress.....	1,329,826	3,682,033	(2,352,207)
	\$85,103,367	\$77,703,675	\$ 7,399,692
Less: accumulated depreciation (Note 2).....	13,488,274	12,564,948	923,326
	\$71,615,093	\$65,138,727	\$ 6,476,366
INVESTMENTS:			
Capital stock of wholly-owned subsidiary, at cost (Note 3).....	3,000,000	3,000,000	
Real estate and improvements, at cost less accumulated depreciation.....	344,302	263,511	80,791
	\$ 3,344,302	\$ 3,263,511	\$ 80,791
CURRENT ASSETS:			
Cash.....	901,210	1,419,643	(518,433)
Temporary cash investments.....	1,600,000	1,600,000
Accounts receivable.....	2,459,612	2,211,305	248,307
Allowance for uncollectible accounts.....	(68,958)	(70,729)	1,771
Construction and operating materials and supplies, at average cost.....	1,608,145	1,452,905	155,240
Prepaid expenses.....	89,292	89,788	(496)
	\$ 6,589,301	\$ 5,102,912	\$ 1,486,389
DEFERRED CHARGES:			
Unamortized debt expense.....	339,152	227,609	111,543
Unamortized rate hearing expense.....	55,413	110,826	(55,413)
Clearing accounts.....	112,742	118,001	(5,259)
Other.....	13,817	20,982	(7,165)
	\$ 521,124	\$ 477,418	\$ 43,706
CAPITAL STOCK EXPENSE			
(no provision made for amortization).....	689,319	684,872	4,447
	\$82,759,139	\$74,667,440	\$ 8,091,699

STATEMENT OF INCOME

For the Year Ended December 31, 1957
(With comparative figures for the previous year)

	1957	1956	Increase (Decrease)
OPERATING REVENUES:			
Sales of electric energy.....	\$23,789,452	\$20,957,554	\$ 2,831,898
Other electric revenues.....	78,133	154,562	(76,429)
	<u>\$23,867,585</u>	<u>\$21,112,116</u>	<u>\$ 2,755,469</u>
OPERATING COSTS:			
Fuel oil.....	6,110,490	4,467,652	1,642,838
Other operating expenses.....	5,680,701	4,973,214	707,487
Maintenance.....	1,884,948	1,884,638	310
Depreciation.....	1,488,721	1,395,927	92,794
Taxes.....	4,628,522	4,423,432	205,090
Amortization of depreciation adjustment.....	(88,000)	(88,000)	—
	<u>\$19,705,382</u>	<u>\$17,056,863</u>	<u>\$ 2,648,519</u>
OPERATING INCOME.....	\$ 4,162,203	\$ 4,055,253	\$ 106,950
OTHER INCOME:			
Interest.....	64,300	92	64,208
Miscellaneous.....	6,755	2,459	4,296
	<u>\$ 71,055</u>	<u>\$ 2,551</u>	<u>\$ 68,504</u>
GROSS INCOME.....	\$ 4,233,258	\$ 4,057,804	\$ 175,454
INCOME DEDUCTIONS:			
Interest on long-term debt.....	1,184,569	933,250	251,319
Amortization of premium on debt.....	(15,185)	(15,185)	—
Amortization of debt expense.....	16,907	13,071	3,836
Other interest charges.....	9,713	58,631	(48,918)
Interest charged to construction.....	(251,119)	(63,523)	(187,596)
Donations.....	51,062	48,889	2,173
Miscellaneous other deductions.....	7,036	6,322	714
	<u>\$ 1,002,983</u>	<u>\$ 981,455</u>	<u>\$ 21,528</u>
NET INCOME FOR THE YEAR.....	\$ 3,230,275	\$ 3,076,349	\$ 153,926

STATEMENT OF EARNINGS REINVESTED IN BUSINESS

For the Year Ended December 31, 1957

BALANCE, JANUARY 1, 1957.....	\$ 8,111,607
((\$665,029 restricted).....)	—
	<u>\$ 8,111,607</u>
ADD:	
Net income for the year.....	\$3,230,275
Transfer from contributions in aid of construction (contributions held over 23 years).....	5,808
Prior period adjustments, net (after related tax effects).....	20,193
	<u>3,256,276</u>
	<u>\$11,367,883</u>
DEDUCT:	
Cash dividends:	
Preferred stock.....	\$ 591,675
Common stock (\$2.50 a share).....	2,117,500
	<u>2,709,175</u>
BALANCE, DECEMBER 31, 1957.....	\$ 8,658,708
((\$630,507 restricted—Note 4).....)	—

NOTES TO FINANCIAL STATEMENTS

NOTE 1—UTILITY PLANT

Plant constructed by the company is stated at cost of construction, which includes indirect costs and, in certain instances, a mark-on allowed the company's subsidiary on materials and equipment obtained through the subsidiary. During the year the company purchased materials aggregating \$1,780,238 from its wholly-owned subsidiary, the major portion of which related to capital additions. A subsidiary's mark-on on these purchases amounted to \$409,302, less related gross income taxes of \$112,928. The actual amount of inter-company profit on these transactions is ascertainable due to the ability to determine the amount of applicable expenses of the subsidiary but after deducting such expenses, it is not considered to be material in relation to total utility plant expenditures.

NOTE 2—ACCUMULATED DEPRECIATION

The company, since January 1, 1955, has computed depreciation on a four per cent, sinking fund, group method utilizing the remaining life principle. In reporting for federal taxes on income, the company has taken deductions for depreciation on the straight-line method, except that the deductions for depreciation on new additions, December 31, 1954, have been computed under the accelerated depreciation provisions of the 1954 Internal Revenue Code. The deductions for depreciation taken for federal income tax purposes exceeded the amounts provided for in the accounts by \$10,113 in 1957 and \$1,121,770 in 1956, which amounts included approximately \$420,000 and \$350,000 of accelerated depreciation.

NOTE 3—INVESTMENT IN CAPITAL STOCK OF WHOLLY-OWNED SUBSIDIARY

As of December 31, 1957, the company's equity in the net assets of the subsidiary amounted to \$3,307,874. Net income of the subsidiary for 1957 amounted to \$98,879. The accounts of the company and the subsidiary have not been consolidated on the accompanying financial statements.

NOTE 4—EARNINGS REINVESTED IN THE BUSINESS

The restriction on earnings reinvested in the business was created in January 1953, through a credit to surplus of \$817,009 arising from the adjustment of the utility plant to agree with the historical cost used by the Public Utilities Commission. The restricted reinvested earnings are reduced as the evaluated assets are retired from service and accordingly the amount so restricted as to payment of dividends had been reduced to \$630,507 as of December 31, 1957.

NOTE 5—PREFERRED STOCK

The following series of preferred stock were outstanding as at December 31, 1957:

Authorized and issued:	Shares	Par Value
Series B, 5%	100,000	\$ 2,000,000
Series C, 4 1/2%	150,000	3,000,000
Series D, 5%	50,000	1,000,000
Series E, 5%	150,000	3,000,000
Series F, 5 1/2%	147,000	2,940,000
Less: Reacquired Series F Shares	597,000	\$11,940,000
Outstanding	1,206	23,920
	595,704	\$11,914,080

In accordance with the terms of the issue, 3,000 shares of Series F preferred stock with a par value of \$60,000 are required to be retired annually.

NOTE 6—FIRST MORTGAGE BONDS

The following series of first mortgage bonds were outstanding as of December 31, 1957:

Series D, 3 1/2%, due 1964	\$ 5,000,000
Series E, 3 1/2%, due 1970	5,000,000
Series F, 5%, due 1977	5,000,000
Series G, 3 1/2%, due 1981	3,000,000
Series H, 3 1/2%, due 1982	4,000,000
Series I, 3 1/2%, due 1984	6,000,000
Series J, 4 1/2%, due 1987	7,000,000
	\$35,000,000

These bonds are secured by a trust indenture which by its terms purports to be a lien on all of the property of the company. Counsel for the company have expressed no opinion as to the validity of the indenture.

NOTE 7—RESERVE FOR FUTURE FEDERAL TAXES ON INCOME

Provision has been granted by the Public Utilities Commission of the Territory of Hawaii to charge to the income amounts equal to tax reductions arising from accelerated depreciation deductions and a reserve for "future federal taxes on income." was credited with \$218,373 for 1957 and \$185,822 in 1956.

NOTE 8—PENSION PLANS

Pension costs for past services under the company's supplementary pension plan which had not been funded otherwise provided for at December 31, 1957, are estimated to amount to approximately \$4,035,000. Although the pension plans remained unchanged, the required contributions for past service and current service costs increased from \$383,000 in 1956 to \$655,000 in 1957.

NOTE 9—COMMITMENTS

At December 31, 1957, the company had purchase commitments approximating \$5,650,000 in connection with its plant expansion program.

AUDITOR'S OPINION

PEARL MARWICK MITCHELL & Co.
CERTIFIED PUBLIC ACCOUNTANTS
(INCORPORATED IN CALIFORNIA, TENNESSEE & ILLINOIS)
TRUSTCO BUILDING
P. O. BOX 38266
HONOLULU 11, HAWAII

February 6, 1958

The Stockholders
The Hawaiian Electric Company, Limited
Honolulu, Hawaii

We have examined the balance sheets of The Hawaiian Electric Company, Limited, and its wholly-owned subsidiary, Honolulu Electrical Products Co., Ltd., as of December 31, 1957, and the related statements of income and earnings reinvested in the business 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.

In our opinion, the accompanying balance sheets and statements of income and earnings reinvested in the business present fairly the financial position of The Hawaiian Electric Company, Limited, and its wholly-owned subsidiary, Honolulu Electrical Products Co., Ltd., as of December 31, 1957, and the results of their respective operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Pearl Marwick Mitchell & Co.

**HONOLULU ELECTRICAL
PRODUCTS CO., LTD.**

(A Wholly-Owned Subsidiary of
The Hawaiian Electric Company, Limited)

BALANCE SHEET
December 31, 1957

ASSETS	
CURRENT ASSETS:	
Cash	\$ 257,735
Receivables (less allowance of \$84,138 for uncollectible accounts)	1,059,184
Merchandise inventory, at approximate cost, not in excess of market (less provision of \$104,571 for losses)	2,132,307
Prepaid expenses	13,927
	<u>\$3,443,171</u>
PLANT, PROPERTY AND EQUIPMENT, at cost:	
Land	\$ 347,298
Building and equipment (less \$275,869 of accumulated depreciation)	1,705,896
	<u>4,513</u>
ORGANIZATION EXPENSE	<u>\$5,155,520</u>
	<u>\$1,096,380</u>
	<u>\$720,000</u>
	<u>23,685</u>
	<u>5,381</u>
	<u>\$3,307,874</u>
	<u>\$5,133,320</u>
	<u>\$1,760,936</u>
	<u>\$95,277</u>
	<u>63,995</u>
	<u>255,645</u>
	<u>35,273</u>
	<u>305,659</u>
	<u>\$ 167,379</u>
	<u>66,400</u>
	<u>\$ 98,879</u>

LIABILITIES

CURRENT LIABILITIES:	
Current portion of mortgage payable (below)	\$ 30,000
Accounts payable	963,785
Federal and territorial income taxes payable	38,290
Other current liabilities	64,305
	<u>\$1,096,380</u>

LONG-TERM DEBT:

Mortgage payable, 5 1/2%, \$30,000 payable annually, \$300,000 due April 30, 1972	\$ 750,000
Less: current portion (above)	30,000
	<u>\$720,000</u>

DEFERRED INCOME

	23,685
	<u>5,381</u>

PROVISION FOR FUTURE TAXES ON INCOME

	\$3,000,000
--	-------------

CAPITAL:

Common stock of \$20.00 par value a share	\$3,000,000
Authorized and outstanding, 150,000 shares	
Earnings retained for use in the business:	
Balance, January 1, 1957	\$208,995
Net earnings for the year	98,879
	<u>307,874</u>
	<u>\$3,307,874</u>
	<u>\$5,133,320</u>

STATEMENT OF INCOME

Year Ended December 31, 1957

INCOME:	
Sales of merchandise and services	\$9,697,993
Cost of sales	7,993,839
	<u>\$1,644,134</u>
Gross profit on sales	116,822
Other income	\$1,760,936
	<u>\$1,877,758</u>
OPERATING EXPENSES:	
Salaries and wages	\$ 935,277
Employee benefits	63,995
Taxes, other than taxes on income	255,645
Depreciation	35,273
Other expenses	305,659
	<u>\$ 1,600,854</u>
NET INCOME BEFORE INCOME TAXES	<u>\$ 276,904</u>
PROVISION FOR FEDERAL AND TERRITORIAL INCOME TAXES	<u>66,400</u>
NET INCOME FOR THE YEAR	<u>\$ 98,879</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1—GROSS PROFIT ON SALES

Included in sales and cost of sales are sales to the parent company and the related costs.
The gross profit on sales, \$1,644,134, includes \$409,302 of gross profit on these inter-company sales of merchandise. Gross income taxes amounting to \$112,928 which were directly attributable to these sales have not been deducted in computing the gross profit.

NOTE 2—INCOME TAXES

The company, for income tax reporting only, has adopted the declining-balance method of computing depreciation on property acquired in 1957. Reductions in income taxes arising from accelerated depreciation, \$5,581, have been charged to income and credited to provision for future federal taxes on income on the accompanying financial statements.

NOTE 3—CONTINGENT LIABILITIES

Pension costs for past services under the company's supplementary pension plan which had not been funded or otherwise provided for at December 31, 1957, are estimated to amount to approximately \$197,192.

THE HAWAIIAN ELECTRIC COMPANY, LTD.

OFFICERS



PHILIP E. SPALDING
Chairman of the Board of Directors
A Director since 1926. Vice President from 1927 to 1945 and Chairman of the Board since 1945.



LESLIE A. HICKS
President and Director
Joined company in 1919. Appointed General Manager in 1937 and Vice President in 1939. President since 1943.



RALPH B. JOHNSON
Executive Vice President and Director
Joined company in 1936. Appointed Vice President in 1943. Administrative Vice President in 1952 and Executive Vice President in 1957.



GEORGE HOGG
Vice President, Treasurer and Director
Joined company in 1921. Appointed Vice President and Treasurer in 1948. Director since 1953.



HARRY P. FIELD
Vice President and Commercial Manager
Joined company in 1926. Vice President and Commercial Manager since 1947.



LEWIS W. LENGNICK
Vice President and Executive Engineer
Joined company in 1941. Executive Engineer since 1952. Vice President since 1953.



CHARLES E. NOLAN
Vice President and Promotional Manager
Joined company in 1921. Vice President and Promotional Manager since 1947.



CARL J. SCHIFFERS
Vice President, Assistant Secretary and Industrial Relations Manager
Joined company in 1939. Vice President, Assistant Secretary and Industrial Relations Manager since 1947.



RICHARD L. SUMMERS
Secretary
Joined company in 1947. Appointed Assistant Secretary in 1952 and Secretary in 1956.



EUGENE A. HELBUSH
Assistant Secretary
Joined company in 1937. Became Internal Auditor in 1947 and Controller in 1957. Assistant Secretary since 1956.



WILL B. JOHNSTONE, JR.
Assistant Treasurer
Joined company in 1938. Became Budget Director in 1947 and Executive Assistant in 1955. Assistant Treasurer since 1956.



EDWARD A. MURTY
Assistant Treasurer
Joined company in 1927. Became Statistician in 1946. Appointed Assistant Treasurer and Budget Director in 1957.

TEN YEARS OF GROWTH:
Statistics for decade
from 1948 to 1957
show extent and rapidity
of Company's progress.



FINANCIAL STATISTICS

	1957	1956	1955	1954
Utility Plant in Service.....	\$83,773,544	\$74,021,642	\$71,224,120	\$68,447,623
Construction Work in Progress.....	1,329,826	3,682,033	508,214	193,132
TOTAL UTILITY PLANT.....	\$85,103,367	\$77,703,675	\$71,732,335	\$68,640,755
Depreciation Reserve.....	13,488,274	12,564,948	11,689,437	11,016,309
Capital Structure (Dec. 31)				
Bonds.....	35,000,000	28,000,000	26,000,000	26,000,000
Preferred Stock @ \$20.00 Par.....	11,914,080	12,000,000	9,000,000	9,000,000
Common Stock @ \$20.00 Par.....	16,940,000	16,940,000	14,000,000	14,000,000
Premiums on Capital Stock.....	1,078,000	1,078,000	8,776,877	8,776,877
Surplus.....	8,658,708	8,111,607	\$59,776,877	8,284,495
TOTAL.....	\$73,590,788	\$66,129,607	\$93,251,191	\$97,284,495
Bond Interest.....	1,184,569	933,250	933,250	877,475
Preferred Dividends.....	591,675	436,208	427,500	427,500
Common Dividends.....	2,117,500	1,951,950	1,750,000	1,325,000
Earned per Share Common*.....	3.12	3.12	3.16	2.65
Common Dividend Rate.....	2.50	2.50	2.50	2.00
Common Equity per Share.....	31.50	30.85	33.54	31.83

OPERATING STATISTICS

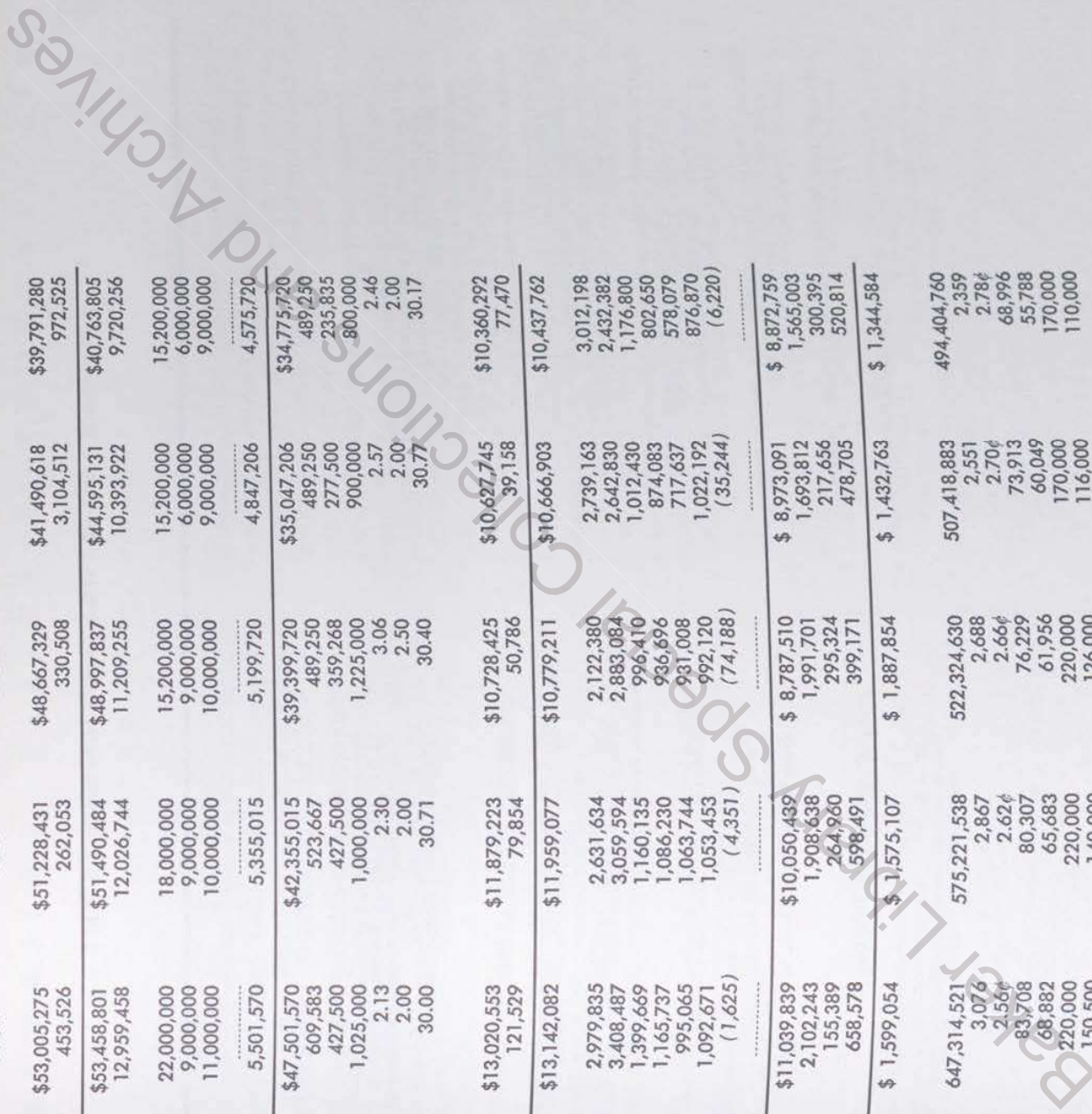
Electric Energy Sales.....	\$23,789,452	\$20,957,554	\$18,177,388	\$15,861,032
Other Utility Revenue.....	78,133	154,561	123,825	113,238
TOTAL UTILITY REVENUE.....	\$23,867,585	\$21,112,115	\$18,301,213	\$15,974,270
Operating Expenses:				
Fuel and Purchased Power.....	6,126,488	4,483,059	3,684,714	3,507,805
Other Operating.....	5,664,704	4,957,808	4,407,357	4,289,780
Maintenance.....	1,884,948	1,884,638	1,938,400	1,717,543
Depreciation.....	1,488,721	1,395,927	1,314,639	1,316,300
Federal Taxes†.....	2,373,623	2,423,619	1,881,301	1,422,715
Territorial Taxes†.....	2,254,898	2,031,574	1,578,252	1,590,380
Taxes to Construction.....	(88,000)	(31,762)	(3,189)	(161,559)
Depreciation Reserve Amortization.....	(88,000)	(88,000)	(88,000)	(88,000)
Utility Net Expense.....	\$19,705,382	\$17,056,863	\$14,778,874	\$13,164,964
Utility Operating Income.....	4,162,203	4,055,252	3,572,339	3,899,306
Other Income.....	71,055	2,551	71,905	83,940
Income Deductions.....	1,002,983	981,454	1,000,148	659,459
CORPORATE NET INCOME.....	\$ 3,230,275	\$ 3,076,349	\$ 2,642,095	\$ 2,283,787

MISCELLANEOUS STATISTICS

Kilowatt Hour Sales.....	970,745,580	885,045,654	814,095,540	78,522,988
KWH Annual Residential Use.....	4,225	3,983	3,798	3,501
Cents per Residential KWH.....	2.93¢	2.85¢	2.85¢	2.65¢
Customers (Dec. 31).....	102,909	99,134	94,915	90,576
Residential Customers (Dec. 31).....	86,928	83,309	78,348	75,274
Installed KW Capacity (Dec. 31).....	340,000	280,000	280,000	275,000
Peak KW Demand.....	227,000	204,000	193,000	172,000

	1954	1953	1952	1951	1950	1949	1948
	4,120	\$55,766,675	\$53,005,275	\$51,228,431	\$48,667,329	\$41,490,618	\$39,791,280
	8,216	4,732,984	453,526	262,053	330,508	3,104,512	972,525
	2,235	\$60,499,659	\$53,458,801	\$51,490,484	\$48,997,837	\$44,595,131	\$40,763,805
	59,437	10,558,766	12,959,458	12,026,744	11,209,255	10,393,922	9,720,256
	00,000	22,000,000	22,000,000	18,000,000	15,200,000	15,200,000	15,200,000
	00,000	9,000,000	9,000,000	9,000,000	9,000,000	6,000,000	6,000,000
	000,000	13,000,000	11,000,000	10,000,000	10,000,000	9,000,000	9,000,000
	776,877	7,703,892	5,501,570	5,355,015	5,199,720	4,847,206	4,575,720
	776,877	\$51,703,892	\$47,501,570	\$42,355,015	\$39,399,720	\$35,047,206	\$34,775,720
	933,259	726,250	609,583	523,667	489,250	489,250	489,250
	427,500	427,500	427,500	427,500	359,268	277,500	235,835
	750,000	1,150,000	1,025,000	1,000,000	1,225,000	900,000	800,000
	3.16	2.45	2.13	2.30	3.06	2.57	2.46
	2.50	2.00	2.00	2.00	2.50	2.00	2.00
	32.54	31.85	30.00	30.71	30.40	30.77	30.17
	1,177,388	\$14,909,080	\$13,020,553	\$11,879,223	\$10,728,425	\$10,627,745	\$10,360,292
	123,825	126,009	121,529	79,854	50,786	39,158	77,470
	8,301,213	\$15,035,089	\$13,142,082	\$11,959,077	\$10,779,211	\$10,666,903	\$10,437,762
	3,686,714	3,401,961	2,979,835	2,631,634	2,122,380	2,739,163	3,012,198
	4,420,757	3,794,163	3,408,487	3,059,594	2,883,084	2,642,830	2,432,382
	1,938,400	1,662,107	1,399,669	1,160,135	996,410	1,012,430	1,176,800
	1,314,659	1,248,268	1,165,737	1,086,230	936,696	874,083	802,650
	1,881,301	1,272,608	995,065	1,063,744	931,008	717,637	578,079
	1,578,252	1,248,211	1,092,671	1,053,453	992,120	1,022,192	876,870
	(3,189)	(53,456)	(1,625)	(4,351)	(74,188)	(35,244)	(6,220)
	(88,000)	(88,000)					
	4,728,874	\$12,485,862	\$11,039,839	\$10,050,439	\$ 8,787,510	\$ 8,973,091	\$ 8,872,759
	3,572,339	2,549,227	2,102,243	1,908,638	1,991,701	1,693,812	1,565,003
	71,905	148,543	155,389	264,960	295,324	217,656	300,395
	1,003,148	679,834	658,578	598,491	399,171	478,705	520,814
	2,642,096	\$ 2,017,936	\$ 1,599,054	\$ 1,575,107	\$ 1,887,854	\$ 1,432,763	\$ 1,344,584
	1,283,787	699,439,219	647,314,521	575,221,538	522,324,630	507,418,883	494,404,760
	14,090,647	3,242	3,076	2,867	2,688	2,551	2,359
	3,788	2,659	2,569	2,626	2,666	2,706	2,786
	2,771	86,593	83,708	80,307	76,229	73,913	68,996
	94,915	71,587	68,882	65,683	61,956	60,049	55,788
	79,348	220,000	220,000	220,000	220,000	170,000	170,000
	280,000	168,000	150,500	140,000	126,000	116,000	110,000
	193,000						

† Does not include taxes charged through clearing accounts or capitalized. ‡ 5,000 KW capability added by boiler improvements.



DEPARTMENTAL ORGANIZATION

PHYSICAL OPERATIONS

LEWIS W. LENGNICK, *Vice President and Executive Engineer*

CARL H. WILLIAMS, *Manager, Engineering Department*
John A. Rolling, Jr., *Principal Electrical Engineer*
Francis R. Montgomery, *Principal Mechanical Engineer*
Victor E. Larson, *Principal Structural Engineer*
Emil Olson, *Power Plant Construction Engineer*
John F. Richardson, Jr., *System Planning Engineer*
Frank Ah Kan Shim, *Principal Distribution Engineer*
James C. Zane, *Principal Cadastral Engineer*

JESSE R. ZEIGLER, *Manager, Generation Department*
W. Elmer Hatpham, *Supt. Electrical Maintenance and Operation*
James H. Yamane, Sr., *Supt. Mechanical Operation*
Frank R. Hicks, *Supt. Mechanical Maintenance*

HERBERT HEINRICH, *Manager, Distribution Department*
Eric L. Schlemmer, *Supt. General Maintenance Division*
Frederick K. Bartels, *Supt. Overhead Division*
Allen K. Daniels, *Supt. Substation Division*
Erling V. Schoenberg, *Supt. Underground Division*

WILLIAM J. FROOME, *Manager, System Operation Department*
John R. Britton, *Supt. Operating Division*
James S. Bunnell, *Supt. Meter Division*

JAMES P. MICHELS, *Special Consultant to the Vice President and Executive Engineer*

GEORGE M. WINSLEY, *Purchasing Agent and Manager, Purchasing and Stores Department*
Jack Weinberg, *Chief Buyer*
Lionel G. Lino, *Superintendent of Stores*

GENERAL ACCOUNTING DEPARTMENT

GEORGE HOGG, *Vice President and Treasurer*
Eugene A. Helbush, *Controller of Accounting*
Will B. Johnstone, Jr., *Executive's Assistant*
Roy E. Jacobson, *Utility Collection Manager*
Haller N. DeGaa, *Cashier*
Edward A. Murry, *Budget Director*

COMMERCIAL DEPARTMENT

HARRY P. FIELD, *Vice President and Commercial Manager*
Willard Angell, *Supervisor, Application Division*
Rollin C. Bacher, *Industrial Development Section*
Charles D. Horton, *Supervisor, Meter Reading Division*
Harry J. Palmer, *Supervisor, Electric Sales Division*

PROMOTIONAL DEPARTMENT

CHARLES E. NOLAN, *Vice President and Promotional Manager*
Francis H. Williams, *Sales Counsellor*
Bernard F. Young, *Commercial Electric Equipment Specialist*
Erma Meeks Boyen, *Home Service Director*

INDUSTRIAL RELATIONS

CARL J. SCHIFFERS, *Vice President and Industrial Relations Manager*
Curtin A. Lesser, *Manager, Personnel Department*
Dennis Brown, *Building Service Supervisor, Mailing and Telephone and King Street Building Service Divisions*

THE HAWAIIAN ELECTRIC COMPANY, LTD.
900 RICHARDS STREET (PALACE SQUARE)
HONOLULU, HAWAII

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 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 Public Utilities Commission of the Territory of Hawaii has regulatory jurisdiction with respect to the Company's electric utility operations. Under the laws of the Territory of Hawaii the Company has the right of eminent domain.

Honolulu Electrical Products Co., Ltd., a wholly-owned subsidiary of the Company, is engaged in the merchandising

of electrical equipment, fixtures, appliances and accessories, as well as the repairing of electric apparatus, and represents in the Territory of Hawaii approximately two hundred and fifty mainland manufacturers. Honolulu Electrical Products is the sole representative in the Territory for Westinghouse Electric Corporation, continuing a relationship that has existed since 1905 between The Hawaiian Electric Company, Limited and Westinghouse.

All 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. It 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 executed on December 1, 1938 to provide for the issuance of First Mortgage Bonds in series equally secured thereunder. Common Stock, Series B, C, D, E and F Preferred Stock and Series D, E and F Bonds of The Hawaiian Electric Company, Limited are listed on the Honolulu Stock Exchange.

TRANSFER AGENTS

Guaranty Trust Company
140 Broadway
New York 15, N. Y.

Wells Fargo Bank
Market Street at Montgomery
San Francisco 20, California

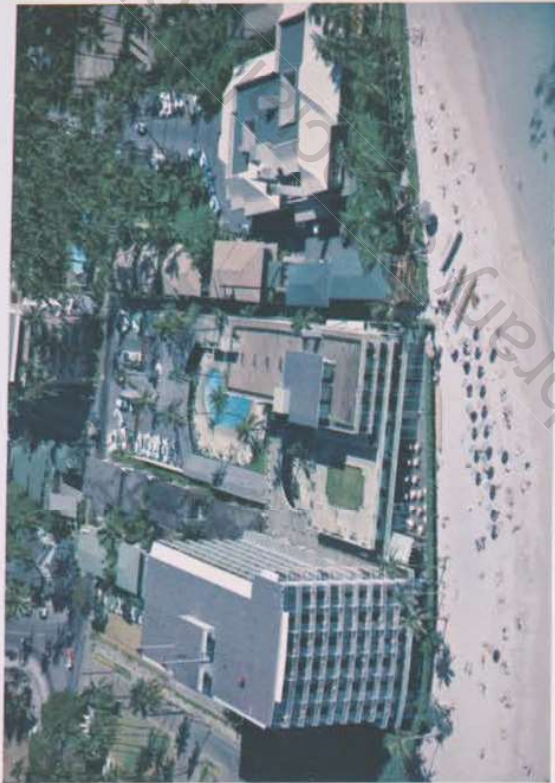
The Hawaiian Electric Company, Limited
900 Richards Street
Honolulu 13, Hawaii

REGISTRARS

J. P. Morgan & Co., Incorporated
23 Wall Street
New York 8, N. Y.

The Bank of California, National Association
400 California Street
San Francisco 20, California

Cooke Trust Company, Limited
926 Fort Street
Honolulu 13, Hawaii



Waikiki Beach, one of the world's tropical vacation meccas, offers today's visitors, not grass shacks, but modern luxury hotels. Spectacular postwar growth of tourism has meant economic gains for Hawaii and helped swell unprecedented demand for more electrical power.

