

# Hawaiian Electric Company 1974 Annual Report

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Cover Photo

*Sunshine breaks  
through early morning  
clouds over a  
portion of windward  
Oahu spreading below  
the peak of famous  
Nuuanu Pali.*

# Hawaiian Electric

Hawaiian Electric is one of the nation's oldest operating electric utilities, originally incorporated under the laws of the Kingdom of Hawaii on October 13, 1891. The mid-Pacific Islands of Hawaii thereafter passed quickly from monarchy to republic and, before the end of the century, had become a territory of the United States. Statehood came in 1959.

For more than three-quarters of a century our company served the one Island of Oahu, seat of state government and the focal point of the islands' industry, commerce and population. Today, with two wholly-owned subsidiaries, we serve 96 per cent of the state's total population of 846,850. The islands that make up our service area have a combined land area approximately equal to the states of Connecticut and Rhode Island.

Our subsidiaries are Maui Electric Company (acquired in November 1968), serving the Islands of Maui and Lanai, and Hawaii Electric Light Company (acquired in February 1970), serving the Big Island of Hawaii. Based on projections of economic growth, resident populations on Maui and the

Big Island are expected to increase approximately 18 and 15 per cent, respectively, within the next five years.

The company enjoys widespread acceptance of its securities. Prior to statehood in 1959, non-Hawaii residents held less than 10 per cent of the shares. Within five years after statehood, that percentage had increased to 30. Today, ten years after listing on the New York and Pacific Coast Stock Exchanges, the amount held by non-Hawaii residents has increased to 63 per cent.

Hawaii's geographic position and traditional ties with both East and West give it unique advantages as our world seeks greater international understanding and peace. It is our pleasure to serve the Aloha State and participate in its continued development.


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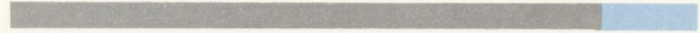
## Highlights

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**Sales.** Consolidated kilowatt-hour sales of the company and its two subsidiaries rose to 5 billion, an increase of 5.2 per cent over 1973.

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**Revenues.** Consolidated operating revenues amounted to \$142.2 million, an increase of 18.8 per cent over the previous year.

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**Earnings.** Earnings per share of common stock amounted to \$2.73, up 9 cents over 1973, an increase of 3.4 per cent.

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**Dividends.** Dividends paid on common stock totaled \$1.59 a share, up 3 cents over 1973.

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**Capital Expenditures.** The company and its subsidiaries spent a total of \$70.2 million for new plant, 8 per cent more than in 1973.

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**Utility Plant.** Total investment in utility plant at year end was \$577 million, an increase of 13 per cent over 1973.

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**Generating Capability.** A fifth steam turbine generator went into operation at Kahe. It has an estimated capability of 141,000 kilowatts and raises capability of the Oahu system to 1,209,400 kilowatts, an increase of 13 per cent.

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**Customers.** The company and its subsidiaries were serving a total of 241,831 customers at the end of 1974, 3.8 per cent more than at the end of 1973.

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## To Our Shareholders



Overall results for 1974 show the company's ability to maintain balance in the midst of rapidly changing economic and financial conditions.

The common dividend paid per annum has increased every year since 1964. Earnings for common stock supported a fourth quarter dividend increase of three cents a share, raising the annual rate from \$1.56 to \$1.68 per share.

In setting new electric rates on Oahu, effective August 19, the Hawaii regulatory commission allowed a higher return on common equity than it had ever allowed before. We will continue to work towards increasing this still further, in recognition of today's conditions. The commission set 8.6 per cent as an allowable return on rate base and a 13.25 per cent return on common equity. In 1975 we will be filing a rate increase application for each of our subsidiaries.

As a consequence of the Mideast oil embargo, a noticeable reduction in energy use per customer began in late 1973 and continued through 1974. However, that was more than offset by growth in our number of customers. Coupled with two large new loads, it produced a total increase in kilowatt-hour sales of 5.2 per cent.

At present our generating equipment is oil-burning, and we have favorable long-term contracts covering the requirements of our major units. Last month, application of the Oahu contracts' escalation clauses resulted in a 74 per cent price increase, bringing the average cost per barrel for our Oahu system to \$8.75, which is still considerably below the prices currently paid by most other utilities.

With the cost of energy and virtually every commodity rising at the same time, we anticipate a growth rate in kilowatt-hour sales of five to five-and-a-half per cent, which is below our normal rate of recent years.

Revised electric load forecasts permit deferral of construction on some major transmission lines, major substations and our sixth generating unit at Kahe (originally scheduled for operation in 1976). To match a temporary decline in the growth curve, we reduced our five-year capital budget approximately 36 per cent and our 1975 projected budget from \$55 million to \$37 million.

For the immediate future, this reduces the amount of long-term funds needed from financial markets. In 1975 the company will be able to fund nearly all of the \$26.5 million capital budget for the Oahu system from internal sources. We do plan a private placement sale of \$7 million of bonds and \$1 million of preferred stock by our subsidiaries.

Hawaiian Electric and its subsidiary companies completed the planned sale of bonds and preferred stock in 1974, although the financing costs were considerably higher than we had expected. Financing for the Oahu system was carried out in September with the sale of \$35 million of bonds, bearing 11.25 per cent, and \$15 million of preferred stock at 12 per cent. The proceeds were used to retire \$18 million of 5-year 9 per cent Series P bonds and to finance our construction program.

In the spring a financing package was arranged for our subsidiaries. A total of \$5 million of bonds and \$3.5 million of preferred stock was sold at annual interest and dividend rates of 8.875 per cent.

The new economics of our business (discussed on page 16 of this report) is having a strong effect on our operating procedures. In a series of small discussion group meetings in December, employees were told of the need to economize in every way possible.

Adequate energy supplies are vital to continued economic development and peace in our world, and our company is making adjustments to help carry Hawaii through the dynamic transition period that lies ahead.

*Carl H. Williams*

Carl H. Williams, President  
February 6, 1975



## Year in Review



Hawaii is one of the faster growing areas in the nation. The economy in 1974 did not move at the rate of the previous year, but it did remain strong and continued to advance.

Resident population in Hawaii in mid-1974 was an estimated 846,850, an increase of 25 per cent over the 1960 census, compared with the national population growth rate of 15 per cent during the same period. In the next five years, population increases on the three major islands forming our service area are projected to be 10 per cent on Oahu, 18 per cent on Maui and 15 per cent on Hawaii.

The local economy has some built-in stabilizers provided by major agricultural crops and the military presence. This, plus the fact that Hawaii lacks heavy industry, partially insulates this island state from Mainland economic downturns.

The visitor industry, military spending, agriculture and diversified manufacturing are major segments of the state's

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*Navy Service Force Pacific ships docked at Pearl Harbor bristle with gear for transferring oil to the combat fleet at sea. Headquarters command of the Army, Navy, Marines and Air Force for the entire Pacific area is located on Oahu, where kilowatt-hour sales to the military represented 15 per cent of the total. **Opposite page:** Convention group at the Sheraton-Waikiki Hotel pauses for a morning coffee break. In 1974 approximately 188,000 attended major meetings at various hotel convention facilities on all islands, an increase of 18 per cent over the previous year.*

economy. The construction industry and federal, state and local governments also are large sources of income and employment.

**Island Visitors.** Hawaii, with its scenic beauty and unsurpassed climate, remains a strong tourist attraction. An estimated 2.8 million visitors came in 1974, an increase of about 6 per cent over 1973 and almost five times the 1964 total of 564,000.

The length of stay remained about the same and, based on the past method of calculating, this suggests that visitor spending probably amounted to about \$945 million compared with an estimated \$890 million in 1973. However, the Hawaii Visitors Bureau is releasing no information on this until April when they will have worked into their estimate the results of a detailed visitor spending survey conducted in 1974.

**Military Spending.** National defense operations are an important stabilizer in the state's economy. They can be expected to remain strong because of Hawaii's strategic geographic position.

Military spending reached an estimated \$900 million, an increase of about 7 per cent over 1973 when it climbed 13 per cent above the previous year. During the past decade, the average yearly increase has been 9 per cent.

Approximately 58,500 armed forces personnel are stationed or home ported in Hawaii. Nearly all, with their estimated 68,000 dependents, are on the Island of Oahu.

**Sugar and Pineapple.** Sugar cane has been a basic agricultural crop in the islands for more than a century, and pineapple has been the second principal crop for more than 70 years.

Sugar and pineapple contributed a total of approximately \$855 million to the economy in 1974. Sugar alone supplied close to \$740 million, compared with \$230 million in 1973, almost entirely as a result of high sugar prices.

Production and canning of pineapple were hampered by strikes, but prices were so much higher as a result of high demand in a world-wide shortage of fruit that profitability for the pineapple industry was much improved over the previous year. Production of fruit for canning purposes around the world is expected to fall short again in 1975, so this should keep prices firm and help Hawaii's pineapple industry.

**Diversified Agriculture.** The state government is doing a number of things to encourage diversified agriculture and assure continuance of a strong agricultural base. The sales value of all









agricultural products other than sugar and pineapple is estimated to be close to \$100 million, slightly higher than in 1973 when it showed a 20 per cent increase over the previous year.

Livestock production accounts for about two-thirds of all revenue from diversified agriculture. Flowers, papayas, macadamia nuts, coffee, vegetables, melons and seed corn are other important contributors to this part of the economy.

**Manufacturing.** Diversified manufacturing sales amounted to an estimated \$385 million, compared with \$369 million in 1973.

Hawaii has little to make it an industrial society. In planning which began in the mid-1950s for economic development, deliberate efforts were made to attract industries that would be compatible with maintaining the islands' natural beauty and charm. There is only a limited amount of manufacturing, mainly for local consumption. The Hawaiian garment industry, however, has developed a large market overseas as well as locally.

**New Construction.** The value of construction projects completed was approximately 12 per cent higher than in 1973, surpassing \$1 billion for the first time. This growth occurred in spite of strikes early in the year and unfavorable money conditions. The average

monthly employment in construction for the first ten months was 27,900, 6 per cent above the corresponding period in 1973.

**Electric Sales Growth.** Our energy sales rose to 5 billion kilowatt-hours, an increase of 5.2 per cent, compared with the national average of about 0.6 per cent.

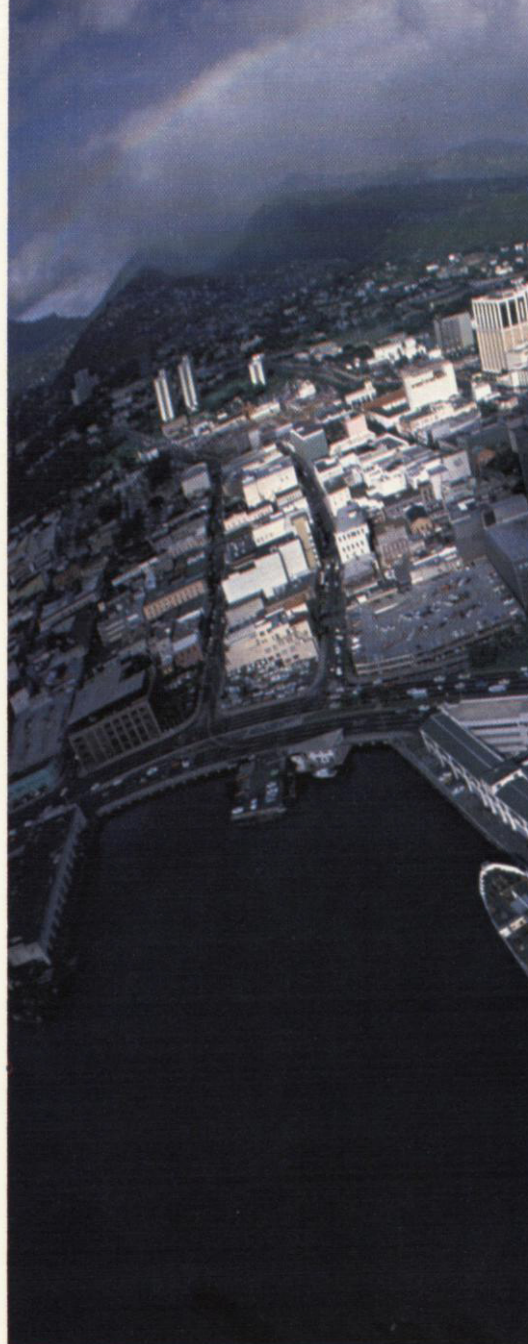
The increase is considerably below our normal average annual growth rate of recent years. It reflects a slower rate of economic growth and conservation in the use of electricity prompted by the nation's energy problems and higher bills that result primarily from rising fuel prices.

Housing and a developing economy to support an enlarged population will demand increasing amounts of electric energy in our service area.

The number of residential customers increased 3.9 per cent on Oahu, 6.5 per cent on Maui and 4.4 per cent on Hawaii. On Oahu, where 89 per cent of the company's total kilowatt-hour sales occur, average annual residential use remained higher than the national average for investor-owned utilities. There is no need for space heating, but the majority of homes are all-electric.

Average annual kilowatt-hour residential use was 8,110 on Oahu and 5,949 on the islands served by our subsidiaries. As a result of the growing use of electricity for home heating on the Mainland, the investor-owned national average residential use continues to rise, standing at approximately 7,700 kilowatt-hours in 1974.

An important contributor to kilowatt-hour sales growth was operation of a 14,000-horsepower electric dredge for construction of a two and a half mile peninsula to support an additional runway for the Honolulu International



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*City spreads outward and upward from the protected deep-water Port of Honolulu, where the volume of transpacific and interisland cargo has doubled since 1968 and is now close to 10 million tons a year. Seventy-five per cent of all office space in the state is in downtown Honolulu.*

**Right:** *The \$20 million Cultural Plaza on River Street near downtown Honolulu's business district was opened in December. The Plaza has space for 86 shops, more than a dozen restaurants and several places of entertainment, all representing the Far East and other Pacific Basin countries.*









Airport. This project, started in late 1973, will continue through 1975. Except for short periods of maintenance, the dredge runs round the clock throughout the year.

**High Load Factor.** Year to year for some time, there has been improvement in the load factor on our Oahu system, and this continues.

Improvement in 1974 came partially as a result of preparations started during the year that will enable the Navy Shipyard at Pearl Harbor to shut down practically all of its own generation gradually in a permanent shift to our system. The Navy is our largest customer. All other branches of the military have always obtained their normal power supply from the company.

In 1973 the Navy was purchasing about half of its required electric energy from Hawaiian Electric. In 1974 it purchased about 10 per cent more. In 1975 the Navy will take approximately 68 per cent of its required electric energy from the company, and by late 1976, virtually all of its requirements. The Navy is taking this step to economize on fuel and labor.

**Marketing Activities.** In response to inflationary pressures on our business and the environmental movement, the company has for several years been putting greater emphasis on loads that provide more revenue without significantly raising peak demand on our system.

In the present fuel oil situation, our marketing programs are built around consumer education and service. All cooperative advertising with appliance dealers and strong promotional programs have been suspended.

In addition to institutional advertising, consumer ads were placed to explain the proper care, use and safety of the five major appliances that most improve the company's load factor. This type of information for the homemaker and other consumer information also is

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*An award for outstanding systems achievement went to the new kitchen at Henry J. Kaiser High School. One of 21 centralized school kitchens in the state, it prepares 2,200 lunches daily for three schools. Hawaiian Electric helped the personnel learn how to use and care for the all-electric kitchen's 11 ovens, 7 steam kettles, 2 steamers and other equipment. **Opposite page:** Club View Gardens on windward Oahu is typical of the many new townhouse developments throughout the state.*

carried in a weekly newspaper column prepared by our home economists.

We maintain our long-established practice of calling on dealers, distributors, contractors, builders, consulting engineers, architects and developers. We give them the latest and best information available on wise and efficient electrical use which they, in turn, may pass on to the public.

In 1974 a new activity was started to provide energy management information through seminars to various consumer groups. The first one, for large power users, attracted an attendance of 250. Others, tailored to the interests of department store managers, farmers and the food service industry, were staged throughout the year. Eleven such meetings were held. In addition, marketing employees made nearly 3,000 personal calls on primary and large use customers to offer assistance and discuss all aspects of our service.

This expanded program of personal contacts supplements the long-standing programs carried out by company home economists who, in these energy-conscious times, have intensified their efforts to help homemakers, dealers and food service managers. Their activities included more than 1,000 home calls for demonstration of appliances and participation in ethnic festivals with special food preparations for the Chinese, Japanese, Portuguese, Koreans and Filipinos.

One of the home economists' fastest growing programs — and perhaps the one with greatest value for the future — is with the schools, both public and private. For children and youth from kindergarten through university, they present lessons on electricity in addition to classes on the use, care and safety of appliances, which formed the basis of the school program at its inception. In 1974 more than half of the approximately 40,000 personal contacts made by our home economists were in the schools.

**Residential Construction.** Apartment units added on Oahu totaled 8,600 compared with 6,524 added during the previous year, a 32 per cent increase. The majority were all-electric.

Townhouses completed on Oahu totaled 2,400 compared with 2,300 in 1973 when this segment of the housing market showed a rise of 43 per cent.

Historically, well over 90 per cent of new single-family homes in our service area have been all-electric. Growth in single-family home construction peaked on Oahu in 1969. Since then the growth







rate in single-family homes has been more moderate as emphasis shifted to apartments and townhouses.

It is clear that multi-family housing will dominate and be centered mainly on Oahu. Building permits were issued in 1974 for 11,534 multi-family units, compared with 10,057 in 1973, an increase of 14.7 per cent. In addition, the state government is going heavily into the construction of housing, mostly apartments, on all the islands to help fill the need for low- and moderate-income units.

**Commercial Load Growth.** Electrical load was added for many new business and public facilities as well as for major expansion in the operations of existing customers.

On Oahu, large new loads were mainly from newly opened shopping centers and other commercial operations. Nearly half of the major service installations were for expansion. The expansion projects included housing by the Army and Navy, facilities for Hawaiian Telephone Company and the Board of Water Supply, a new rolling mill for Hawaiian Western Steel, and buildings on the University of Hawaii campus.

Seventy-two food service operations opened on Oahu. Electric equipment sales to these establishments enabled us to maintain our market position, which is more than 50 per cent. The largest additional load in this category is a new flight kitchen installed by Host International, which operates all the restaurants at Honolulu International Airport.

On Maui, several hotels, commercially metered condominiums and office buildings were added, and a larger number are scheduled for completion in 1975.

Heaviest development is the Kihei-Makena area, which includes the 1,450-acre Wailea resort community. In 1973 a clubhouse was completed for the first of two 18-hole golf courses at Wailea. In 1974 construction began on two hotels, the first of two condominium villages, and a tennis complex. Along the road approaching the Wailea community, 1,600 condominium units have been built, and 986 more are under construction.

Diversity of enterprises on the Big Island lends strength and stability to its further development. The largest additional load resulted from new buildings for the University of Hawaii on the Hilo campus. Condominiums, stores and other businesses were completed at

Hilo and Kona, contributing to Hawaii Electric Light Company's (formerly named Hilo Electric Light Company) growth in kilowatt-hour sales.

**Utility Plant Expansion.** Installed generating capacity of the Oahu system was raised to 1,209 megawatts in December with the completion of a fifth steam generating unit at the Kahe Power Station. Kahe 5, with an estimated capability of 141,000 kilowatts, is our largest generating unit and increases the available power on the island by 13 per cent.

With this new capacity and revised electric load forecasts, the companion unit originally planned for operation in 1976 has been rescheduled for 1979. No additional steam units are planned at either Honolulu or Waiau, the other plant sites on Oahu.

A new ten-mile 138,000-volt transmission line over the rugged Koolau Mountains was completed and put into service. This doubles our firm capacity to the windward side and the southeastern end of the Island of Oahu from Waikiki to Koko Head Crater.

Work continued on enlargement of the School Street Substation. A major portion was energized at 138 kv in November. When completed in 1975, this station will greatly increase our capacity for supplying power to the downtown Honolulu area.

Total capability of Hawaii Electric Light Company's system on the Big Island was raised to 102,300 kilowatts with completion of a 23,000-kilowatt steam-turbine generator at the Hill Plant in Hilo and two diesel-engine generators, each with a capability of 2,750 kilowatts, at Keahole near Kona

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*At Wailea, five crescent beaches, divided by intermittent rocky points, stretch two miles along Maui's western shoreline. Over the next 15 years a well planned resort and residential development will take shape on the adjacent 1,450 acres. An award-winning clubhouse was completed in 1973 for the first of two 18-hole golf courses. Under construction are two hotels, one- and two-story residential condominiums and a tennis complex with clubhouse.*

**Right:** *New generating plant at Hilo Coast Processing Company's Pepeekeo sugar mill supplies electricity for distribution by Hawaii Electric Light Company on the Big Island. Principal fuel is bagasse, finely chopped leaves and fibrous remains from the milling operation.*









on the western side of the island.

The company has agreements with two sugar mill operations, Puna Sugar Company and Hilo Coast Processing Company, for the purchase of 170 million kilowatt-hours per year generated primarily from burning of bagasse, the residue from milling of sugar cane.

Seven miles of new 69,000-volt transmission line from the Keahole diesel plant to the Hawaii Belt Road went into service in September.

A 28-mile addition to the 69,000-volt transmission system is planned between Kawaihae and Keahole. It will be in a utility corridor 3,000 feet inland from the new Queen Kaahumanu coastal highway. An aerial archeological survey of the transmission right of way was completed in 1974. Land in the area is covered with old lava flows, making it impractical to do a survey on foot.

Total installed generating capability of Maui Electric Company is 60,570 kilowatts. At year end, work was nearing completion on a newly installed 6,160-kilowatt diesel unit at Maalaea.

Construction continued on the 69,000-volt transmission lines that will form a 41-mile loop from Kahului through Pukalani, Kula, Wailea, Kihei and back to Maalaea. A portion of this loop will be energized early in 1975 upon completion of expansion work at the Maalaea and Pukalani Substations.

**Fuel Supply.** The company's major generating equipment is designed to burn residual oil, and we have an adequate source of supply. Long-term contracts cover deliveries for our largest plants, the earliest expiration date being in 1979 and the latest, in 1983. It is not practical to convert our existing equipment to burn coal.

Hawaii depends almost entirely on petroleum products for its energy. Standard Oil Company of California is the major petroleum supplier in the state, and the refinery they established on Oahu in 1960 is designed to supply

Hawaiian Electric Company's needs for residual fuel.

**Fuel Costs.** Our major contract extending through 1980 provides for price escalation, but it is tied to indexes instead of directly to crude oil prices or those posted by the oil companies. The indexes have not increased as fast as crude oil prices, so the company and its customers on Oahu have been shielded from the full impact of rapidly mounting oil prices.

Our power plants on Oahu consumed nearly 8 million barrels of oil in 1974 at a cost of more than \$35 million, approximately 31 per cent of the total revenue from customers on the Oahu system.

Because oil is such a large factor in our operations, rate schedules for electric service provide that changes in the cost of fuel oil will be reflected in our billing. As a result of a recent rate decision, fuel oil adjustments in our billings on Oahu become effective on the date of the increase or decrease in our cost.

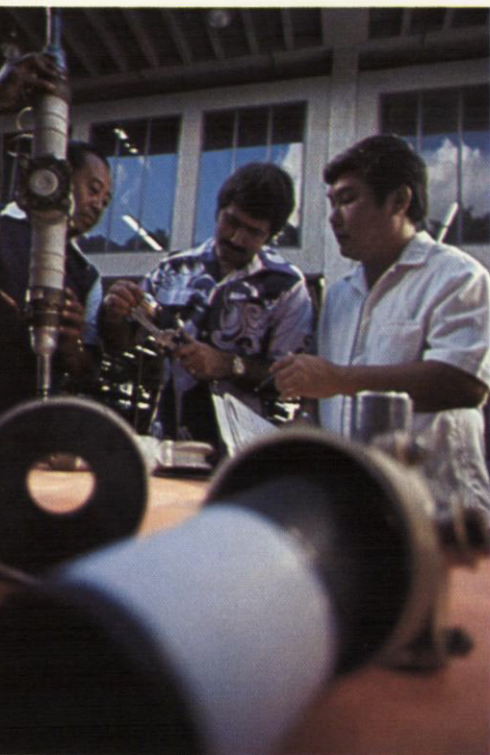
On July 1, as a result of a 15.2 per cent fuel oil price increase by our supplier, Oahu residential electric bills of average-use customers using 700 kilowatt-hours per month increased about 3.6 per cent.

Under pricing clauses of the Oahu contracts, the cost of oil increased on January 1, 1975 from \$5.03 to \$8.75 per barrel. The increased charge for a home using 700 kilowatt-hours a month was \$5.20, or 22 per cent, a month. Bills for business and industrial customers were increased by 20 to 43 per cent. Additional fuel costs are passed on to all customers on an equal per-kilowatt-hour basis.

A series of newspaper advertisements starting January 3, 1975 explained the situation to our Oahu customers. The ads pointed out that our oil costs are still about one-third less than those of most of the nation's utilities.

To minimize the company's use of oil, each of our generating units is continuously under automatic computer control so that electricity is supplied at all times from the units that can generate it most economically.

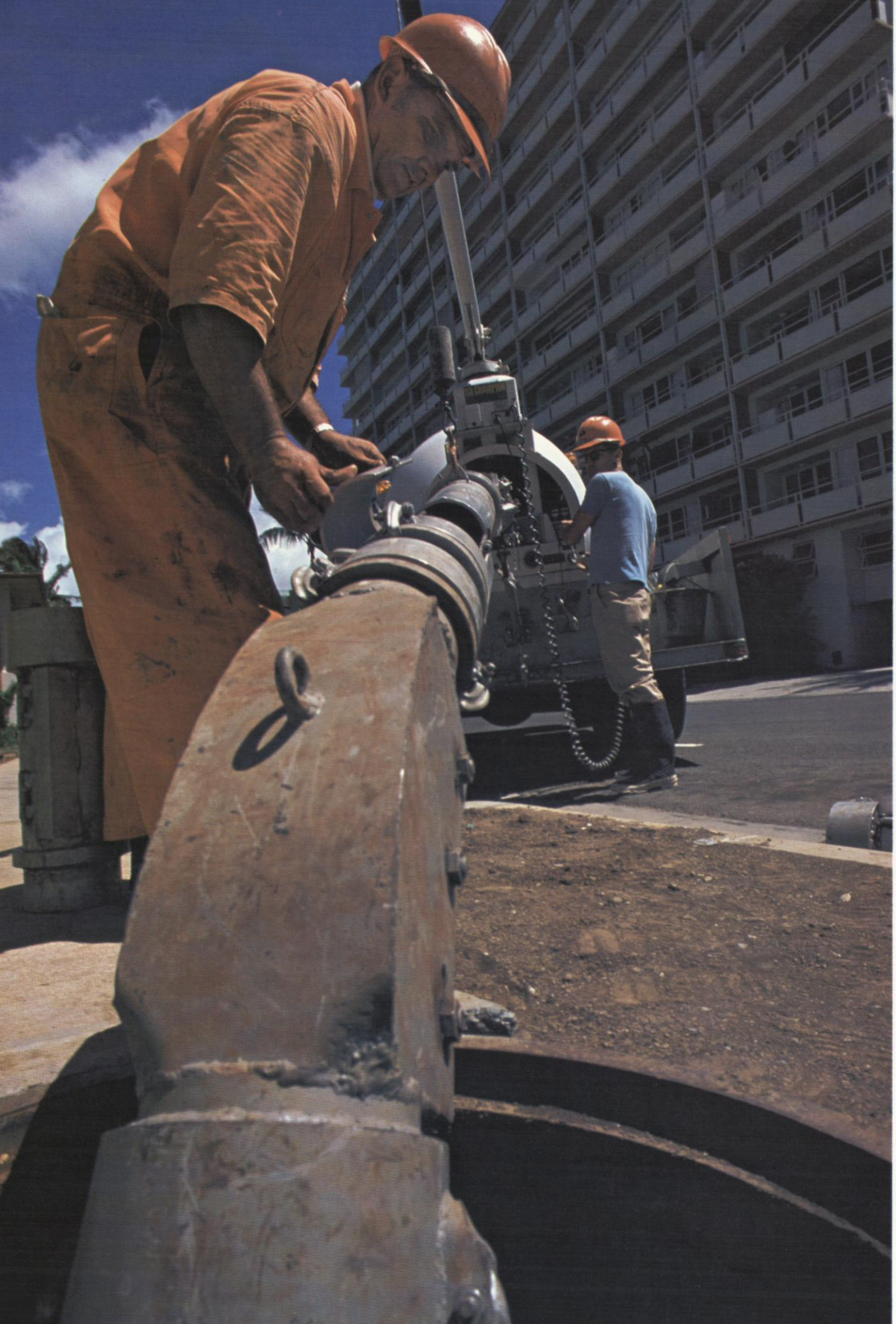
Maui Electric Company's Kahului Plant is burning industrial fuel oil under a variance from the state. The company has taken steps for reconsideration of conditions of the variance, which calls for modification of the facilities for burning of low sulfur oil by May 1, 1976. If the effort is unsuccessful, we will have to obtain a new supply of low



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*Special labor-saving splice for underground cable is studied by member of the company's research division. Working closely with all areas of the company's physical operations, the division helps develop improved methods and design. **Opposite page:** Employees install underground cable with the aid of a Champion rodder-puller in the Waikiki apartment district. This new equipment "fishes" the duct line and pulls back the cable in a single operation, reducing time and manpower.*







sulfur oil, as well as make a costly conversion of plant, thus increasing the cost of electricity on Maui.

**Alternate Fuel Sources.** Research and development programs are under way today for new utilization of basic energy sources such as the sun, wind and oceans, but world experts in this field agree that these will not be commercially practical for many years.

Nuclear energy is very important for the mainland United States, but present technology makes it appear to be a long way off in Hawaii. Electric energy demand on the islands is too small for nuclear generation.

Testing for geothermal power on the Big Island is being pressed by the University of Hawaii with financial assistance from the National Science Foundation. Hawaiian Electric is working in an advisory capacity and has contributed financial support. It appears that large pockets of dry steam may not be found, but the project directors hope to locate hot water. If there is hot water, it will take additional research and development on heat exchangers and the binary cycle before a plant can be built to produce electricity.

The state and Hawaii County governments recently committed funds for the establishment of a laboratory on the Big Island to study ocean thermal energy conversion as a potential electrical energy source. The theory is that thermal energy can be extracted from the ocean by temperature differential between surface waters and the cold water beneath.

Hawaiian Electric is contributing to a feasibility study of a steam generating plant on Oahu that would utilize, as fuel, garbage now incinerated by the city and county government and trash from sugar cane processing at a mill on the island. If it materializes, that plant might generate as much as 35 megawatts, equal to approximately 3 per cent of Hawaiian Electric's projected capability on Oahu in 1980, the earliest date that a plant could be in operation.

At present the most useful alternate energy source in Hawaii is the sugar cane stalk after the juice has been extracted. The finely ground fibrous remains are called bagasse. In heat content, one ton of bagasse is approximately equal to a barrel of fuel oil. The plantations have found it economical to make electricity from bagasse to operate their mills and irrigation pumps and for other purposes.

Hawaiian Electric purchases from the plantations the electric power they

produce beyond their own requirements. On Oahu, where much irrigation pumping is necessary, bagasse supplies less than one-tenth of one per cent of our total generation.

On the Big Island, however, the largest sugar producing island in the state, rainfall is heavier and less irrigation is required. Hawaii Electric Light has had a purchase power agreement with Puna Sugar Company since 1969. In 1974 the company began receiving power from Hilo Coast Processing Company under a similar agreement. From these two sources, the Big Island subsidiary purchases 170 million kilowatt-hours per year. This means that almost half of the total energy generated on the island is now produced by sugar mill generating units. This proportion will shrink as population and electric consumption increase, but sugar's contribution to the saving of fossil fuel will continue to be important on the Island of Hawaii.

**Environmental Regulations.** The company and its subsidiaries are subject to federal and state regulations pertaining to water and air quality control.

We have asked the Public Utilities Commission to approve inclusion of an environmental control clause in our rate schedules. This would allow the company to add a surcharge to utility bills to cover the cost of environmental control facilities required by law. Public hearings have been held on the clause, and economic hearings are scheduled for February 27, 1975.

Salt water from the ocean is used in cooling the condensers of the company's steam-electric-generating plants. It is discharged back into the ocean about 10 degrees warmer. State and federal water quality standards require, in general, that the discharge not harm the marine environment.

To conform with federal law, we submitted a plan to the EPA for construction of an offshore cooling water system in the ocean at Kahe. After a

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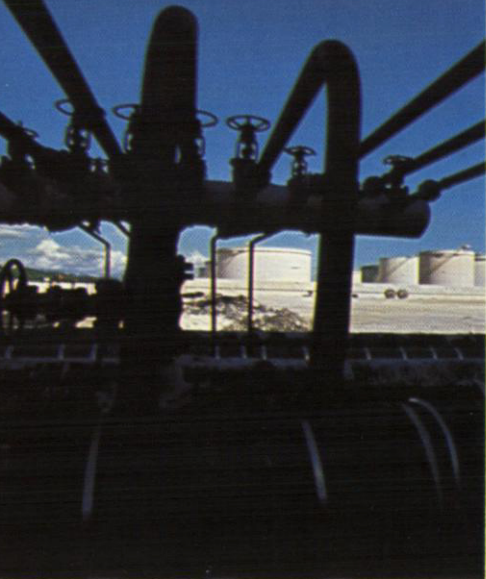
*New regional shopping centers continue to appear on all islands. Pearlridge on Oahu, one of the newest and largest, is completely enclosed and air-conditioned. Right: Recent developments in electronic data processing help us improve service, control costs and plan for the future. Here, employee mounts computer-generated magnetic tape in a special unit for conversion to microfilm.*











prolonged and difficult period of review, the plan was approved in December.

EPA regulations with respect to emission standards for new fossil fueled steam generating units do not affect Hawaiian Electric at present. The first unit subject to those regulations will be Kahe 6, scheduled to go into service in 1979.

Our urban power plants on Oahu, at Honolulu and Waiiau, have used fuel of one-half of 1 per cent sulfur content for several years. A state regulation that became effective June 1, 1974 would have required the use of this extremely low sulfur oil at all Oahu plants, including Kahe. The Kahe Plant



**Top:** Fuel oil for Hawaiian Electric and its subsidiaries comes from the major supplier in the state, Standard Oil Company of California. We utilize the residual product produced at their refinery on Oahu, which started operations in 1960 as the first tenant in Campbell Industrial Park. **Above:** The company's first woman equipment operator in the generation department likes the exercise and variety of the job after years at a desk. **Opposite page:** Employee at the Waiiau machine shop aligns a pump and motor shafts. Power plant equipment requiring specialty repair is serviced at the Waiiau shop for Hawaiian Electric and both subsidiaries.

is situated in an isolated valley owned by the company on the Waianae Coast. Most of the time, trade winds carry stack emissions directly out to sea.

On the basis of testimony presented by the company and its consultants, as well as a supporting statement from the Hawaii Public Utilities Commission, the Department of Health granted a variance for continued use of a maximum 2 per cent sulfur content oil at Kahe. The variance is for one year after June 1, 1974 and may be renewed annually by the Department without further public hearings for a period of four years.

**New Electric Rates.** Times have changed. For many years, Hawaiian Electric, in company with the rest of the electric utility industry, was able to produce more and better service at lower cost per kilowatt-hour, thus benefiting an ever-increasing number of customers. The average cost per kilowatt-hour declined year by year, while the consumer price index on other commodities was climbing.

Toward the end of the 1960s, as a result of inflationary pressures and the environmental movement, the economics of our business began to change. Many companies found it necessary to obtain general rate increases from their commissions. These increases, combined with rising fuel prices, dramatically increased electric bills.

In the 1960s, inflation across the country remained at an average of less than 2 per cent per year until 1968 when it started increasing at a higher rate. It averaged about four and a half per cent per year during the five-year period 1968 through 1972, and it rose to 6.2 per cent in 1973. In 1974 it jumped to an average of 11 per cent for the year, although there were many months when the annualized rate for the month was over 12 per cent.

By the end of the 1960s the cost of new utility equipment and the cost of installing it had moved up to the point where new facilities cost more per kilowatt than the average cost per kilowatt of the facilities in service. At the same time, inflation has adversely affected all of the operating costs. The problem has been accentuated by a tremendous increase in the cost of borrowed money to pay for higher-cost equipment.

The company is making strong efforts to control expenses, but economic realities are making it necessary to obtain rate increases at frequent intervals. The Hawaii Public Utilities Commission rendered two rate case







decisions for us in 1974. The first was for the Big Island and the second, for Oahu.

Hawaii Electric Light Company put an increase of 9.5 per cent into effect June 1 on the Island of Hawaii. The PUC Decision and Order was based on an 8.95 per cent return on rate base and a 13 per cent return on common equity.

On August 19 the Commission ruled on our application for an increase for Oahu. As a result, the company put into immediate effect a general increase averaging 14.6 per cent. The Commission used a year-end rate base and set 8.6 per cent as an allowable return on rate base and a 13.25 per cent return on common equity.

In addition to use of the year-end rate base, another action in the Oahu proceedings that will help company earnings was authorization to include the effect of revenue taxes in our fuel oil adjustment clause. In the past, the company recovered from customers its increased cost of fuel oil but not the taxes it had to pay on the additional revenue generated by the clause.

The Commission also took into consideration a wage increase scheduled for December 1, 1974 by authorizing an additional rate increase of 1 per cent as of that date.

The rate increase on Oahu, which accounts for 89 per cent of the consolidated kilowatt-hours sold, improved fourth quarter financial results and will be fully reflected in 1975.

**Labor Agreements.** Seventy-five per cent of the employees of Hawaiian Electric and both subsidiaries are covered by agreements with the International

Brotherhood of Electrical Workers.

Current contracts extend from November 1, 1973 to February 29, 1976. The final wage increase under the contracts was 8 per cent based on wage rates in effect October 31, 1973, and it went into effect December 1, 1974.

In 1973 negotiations, a separate contract was drawn covering increased benefits at all companies. It extends to October 31, 1977 and provides benefits that go into effect at intervals over the four-year period. They relate to improvements in the retirement, group insurance and health plans and to establishment of fully-paid drug, optical and long-term disability insurance plans.

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*Construction of a two and a half mile offshore reef runway for Honolulu International Airport was started in October 1973 and will be completed in the spring of 1976. Dredging, land filling and grading are in progress. The runway dredge (bright orange) uses more Hawaiian Electric power per month than the Honolulu Board of Water Supply. Pictured close up is a barge used to deposit boulders in a protective berm oceanside of the runway.*









# Financial Review of 1974

## Earnings and Dividends

Earnings and dividends increased for the eleventh consecutive year.

Earnings per share were \$2.73 — 9 cents higher than in 1973. Net earnings for common stock increased by \$1,677,000 or 13 per cent, but it was apportioned among 9.3 per cent more average common shares.

Fourth quarter earnings were 94 cents per share compared to 60 cents for the last quarter of 1973 and 66 cents for the same quarter of 1972. The effect of periodic rate increases can

materially distort quarterly earnings comparisons.

Dividends on common stock were 39 cents per share for the first three quarters and were increased to 42 cents per share for the fourth quarter. This totaled \$1.59 per share in 1974.

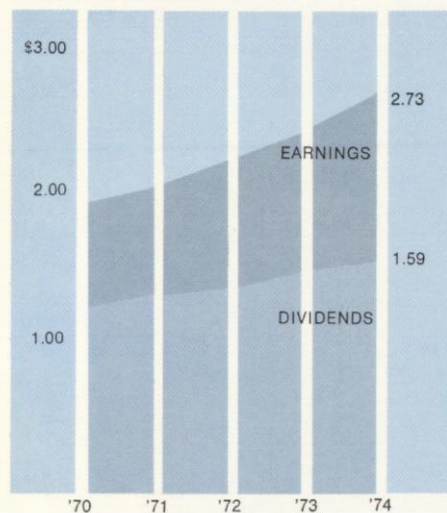
As previously reported to stockholders by letter, all dividends received by stockholders in 1974 are taxable dividend income for federal income tax purposes. The company estimates that 55 per cent of the common stock dividends received may be excluded from 1974 Hawaii State income tax returns.

## Quarterly Earnings, Dividends and Market Prices Per Share For 1973 and 1974

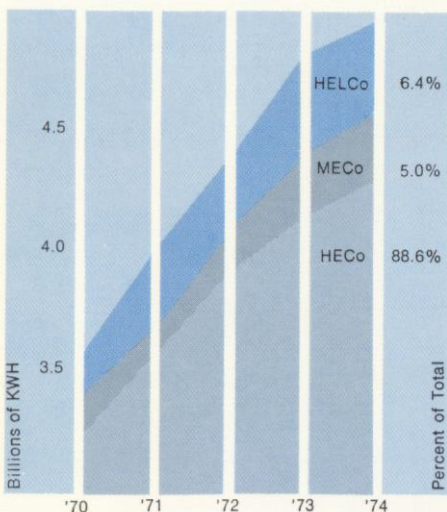
Quarter	Primary Earnings Per Share	Market Price Range Per Share				Dividends Per Common Share
		Common (NYSE)*		Convertible Preferred (HSE)*		
		Hi	Lo	Hi	Lo	
1st	\$ .59	34	-27 <sup>7</sup> / <sub>8</sub>	27 <sup>3</sup> / <sub>4</sub>	-27 <sup>3</sup> / <sub>4</sub>	\$ .39
2nd	.69	29 <sup>1</sup> / <sub>4</sub>	-26 <sup>1</sup> / <sub>8</sub>	25 <sup>1</sup> / <sub>2</sub>	-24 <sup>1</sup> / <sub>2</sub>	.39
3rd	.76	27 <sup>1</sup> / <sub>2</sub>	-25	24	-23 <sup>1</sup> / <sub>4</sub>	.39
4th	.60	27	-18 <sup>1</sup> / <sub>2</sub>	24	-18 <sup>1</sup> / <sub>2</sub>	.39
1973	\$2.64	34	-18 <sup>1</sup> / <sub>2</sub>	27 <sup>3</sup> / <sub>4</sub>	-18 <sup>1</sup> / <sub>2</sub>	\$1.56
1st	\$ .52	23 <sup>3</sup> / <sub>8</sub>	-19 <sup>5</sup> / <sub>8</sub>	No Sales		\$ .39
2nd	.55	20 <sup>3</sup> / <sub>4</sub>	-16 <sup>3</sup> / <sub>4</sub>	15	-15	.39
3rd	.72	17 <sup>5</sup> / <sub>8</sub>	-14 <sup>1</sup> / <sub>8</sub>	14 <sup>1</sup> / <sub>2</sub>	-14 <sup>1</sup> / <sub>2</sub>	.39
4th	.94	17 <sup>3</sup> / <sub>4</sub>	-14 <sup>5</sup> / <sub>8</sub>	15 <sup>1</sup> / <sub>2</sub>	-13 <sup>1</sup> / <sub>2</sub>	.42
1974	\$2.73	23 <sup>3</sup> / <sub>8</sub>	-14 <sup>1</sup> / <sub>8</sub>	15 <sup>1</sup> / <sub>2</sub>	-13 <sup>1</sup> / <sub>2</sub>	\$1.59

\* NYSE, New York Stock Exchange; HSE, Honolulu Stock Exchange

## Earnings and Dividends Per Share



## KWH Sales



## Revenue and Sales

Consolidated revenues were \$142,200,000, up 19 per cent from 1973.

Growth in kilowatt-hour sales accounted for approximately one-third of the growth in revenues. Sales of electric energy increased 5.2 per cent to 5 billion kilowatt-hours. Commercial and industrial sales increased 6.1 per cent, and sales to residential customers increased 3.5 per cent. The average use per residential customer decreased for the first time, falling 1 per cent from the previous year.

Approximately one-third of the growth in revenues was produced by general rate increases on the Islands of Oahu and Hawaii. A general rate increase of 9.5 per cent was put into effect on June 1 for the Island of Hawaii. On August 19 a general rate increase averaging 14.6 per cent went into effect on Oahu, and an additional 1 per cent

increase went into effect on December 1.

Through the fuel oil clauses in all the company's rate schedules, higher fuel prices caused approximately one-third of the increase in revenue. Fuel oil clauses permit us to adjust electric rates according to changes in fuel oil prices. On January 1, 1975 the price of fuel oil for our Oahu system increased by 74 per cent. This will cause even greater inflation in revenues in 1975.

## Operating Expenses

As explained under the section on new electric rates (page 16), inflation has had a strong impact on the company's operating expenses.

**Fuel Oil.** Thirty-two per cent of the revenue from our customers in 1974 was used to pay for fuel oil. The total amount paid for fuel oil in 1974 increased 31 per cent in one year to \$46,200,000. Eighty-seven per cent of the increase



resulted from higher fuel prices.

Long-term contracts covering 75 per cent of the oil we burn are subject to significant change only on January 1 of each year, based on certain price indexes during the previous year. Therefore, the average price paid for fuel oil in 1974 did not fully reflect the sharp increase in world prices in 1974.

**Labor.** Total wages and benefits charged to operations and plant projects amounted to \$36,304,000, 8 per cent more than in 1973. The number of employees decreased 1.6 per cent to 1,893 at year end. The increased labor costs were chiefly the result of negotiated increases in wages and benefits that went into effect in late 1973 and in 1974.

The cost of labor and benefits to operate and maintain the system was \$20,942,000, 10 per cent higher than in 1973.

**Depreciation.** Charges against income to provide for depreciation amounted to \$12,610,000 in 1974, up 16 per cent from a year earlier. This was the result of higher than normal additions to plant during the previous year.

**Taxes.** Taxes charged to income totaled \$24,252,000, an increase of 12 per cent over 1973. Income taxes increased as a result of higher earnings. Taxes other than income taxes, most of which are based on revenue, increased 17 per cent, as a result of higher revenues. Taxes charged to income in 1974 amounted to \$4.52 per common share.

**Interest Expense.** Unprecedented high interest rates on both short-term and long-term borrowings increased total interest charges to \$15,606,000, 21 per cent more than in 1973. During 1974 we paid an average interest rate of 11 per cent on short-term borrowings and in September we sold 30-year first mortgage bonds at an interest rate of 11.25 per cent.

**Preferred Dividends.** As a result of the sale of new preferred stock by the company and both subsidiaries, preferred dividends were 23 per cent more in 1974 than in 1973.

### Construction Expenditures and Financing

Expenditures for new plant and improvements to existing facilities totaled \$70 million, \$5 million more than in 1973. As explained in the President's Letter (page 3 of this report), revised electric load forecasts led to an intensive review during 1974 of future

construction plans. Accordingly, the 1975 capital expenditures budget was reduced to \$37.1 million from the \$55 million projected earlier.

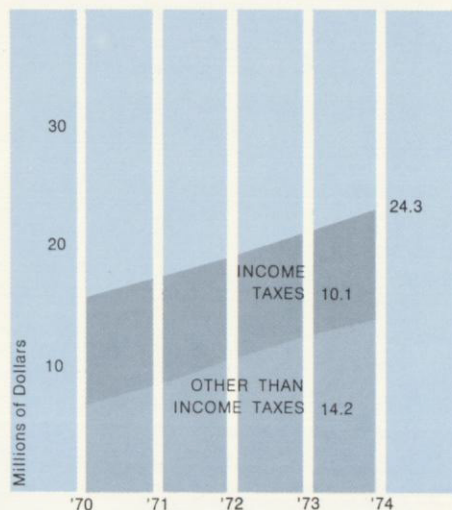
One-third of the financing for 1974 construction expenditures came from internal sources. With lower capital expenditure requirements in 1975, we expect to fund approximately three-fourths of the construction program from internal sources.

In April our subsidiaries raised a total of \$10.5 million through the sale of bonds and preferred stock. Hawaii Electric Light sold \$4 million of bonds and \$3 million of preferred stock. Maui Electric sold \$2.5 million of bonds and \$1 million of preferred stock. The interest rates on the bonds and the dividend rates on the preferred stock were 8.875 for all issues.

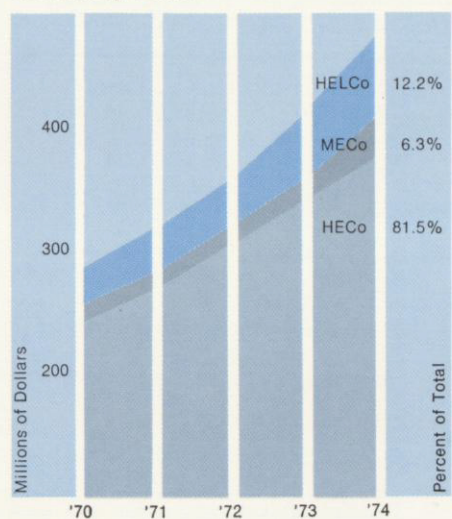
Through a negotiated public offering in September, the company sold \$35 million of 30-year First Mortgage Bonds, Series U, bearing 11.25 per cent interest, with delivery of \$10,950,000 delayed to March 31, 1975. At the same time the company sold \$15 million of preferred stock, Series N, at 12 per cent. Similarly, \$4,400,000 of the preferred stock issue was sold on a delayed delivery basis. A sinking fund provision, under which the company will redeem a portion of the Series N preferred stock each year beginning in 1979, will cause the \$15 million issue to be outstanding for an average of approximately 15 years, unless additional redemption provisions are exercised by the company.

Proceeds from the sale of these securities were used to retire \$18 million of 5-year 9 per cent Series P First Mortgage Bonds on December 1 and to pay short-term borrowings which were used to finance the 1974 construction program.

### Taxes



### Net Utility Plant





# A Five-Year Review, 1970 through 1974

During the past five years the electric utility industry has had to adjust to more serious negative external influences than ever before in its history. Inflation, the oil cartel, environmentalism, conservation, and growing distrust of business were the underlying causes of many new challenges to the industry.

The effect of these challenges on Hawaiian Electric can be seen in the consolidated financial and operating statistics appearing on pages 30 and 31. The figures show that the Company has met its challenges and, at the same time, continued to increase earnings and dividends on common stock. During this difficult five-year period the company's earnings on common stockholders' equity have been consistent at or near 11.7 per cent, although management believes that a fair and reasonable return is somewhat higher.

Through 1972 the company's sales were increasing by 10 per cent per year. In 1973, kilowatt-hour sales increased by 6.6 per cent and in 1974 by only 5.2 per cent. The change in the sales growth rate is discussed on page 6.

In the subject five-year period the average price the company paid for fuel oil increased 124 per cent. The Mideast oil embargo was the major cause of higher oil prices. In 1974 it took more than \$46 million to pay the fuel bill compared with less than \$14 million just five years earlier. Fuel costs are discussed further on page 12.

Inflation and environmental concerns combined to drastically increase the cost of replacing equipment and adding new facilities needed to serve our customers. In the five years, our investment in plant increased 59 per cent to \$2,384 per customer at the end of 1974.

Compounding the effect of higher construction costs was the higher cost of obtaining funds from investors to finance capital expenditures. Five years ago the average interest and dividend rate the company was paying on outstanding bonds and preferred stock was 5.2 per cent. Since 1970 the sale of new issues at between 7.625 per cent and 12 per cent has increased the average rate to 7.3 per cent at the end of 1974. The amount of money required to pay interest charges and preferred dividends increased from \$7,907,000 five years ago to \$18,259,000 in 1974.

The higher cost of new facilities was also reflected in higher depreciation

expense. It increased 61 per cent during the past five years.

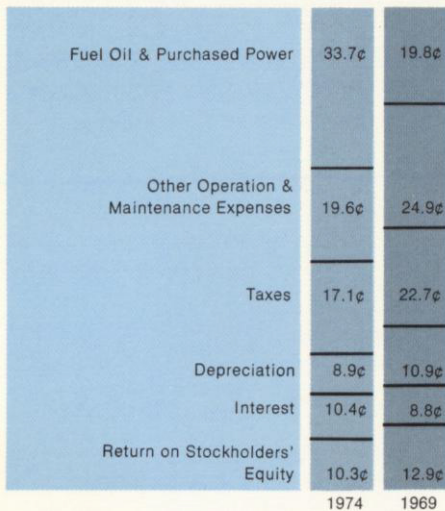
As a result of the higher costs of providing electric service, the company, with approval of the Hawaii Public Utilities Commission, has had to increase rates to customers during the five years ending with 1974 by an average of 33 per cent. Most of the increases in electric rates occurred without formal rate hearings because they were entirely the result of higher fuel oil prices which were passed along to customers through application of the fuel clauses in the rate schedules. However, to meet other increased costs that could not be offset by increases in productivity, management has had to present extensive justification to the Hawaii Public Utilities Commission for four general rate increases during the past five years — two for the Island of Oahu and two for the Island of Hawaii. Prior to 1972 there had not been a general rate increase on Oahu for 17 years.

Management intends to continue to make whatever adjustments are necessary to maintain a financially sound company so that the needs of its customers and investors are met.

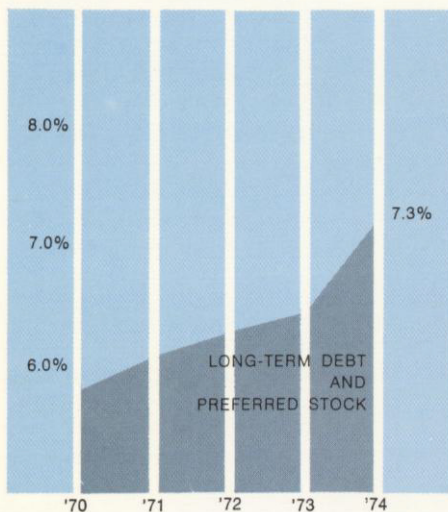
First of all, management is looking within to be sure that the company is operating as efficiently as possible. For example, in late 1974 the company's construction plans were intensively reviewed. As a result of that review and revised forecasts of the kilowatt-hour sales growth rate, capital expenditure forecasts for the next five years were reduced significantly.

When necessary improvements in earnings cannot be accomplished without decreasing the quality of service to unacceptable levels, higher electric rates will be requested. In the case of the Island of Hawaii, this step of last resort was taken on January 30, 1975 when HELCO applied for a 20.3 per cent general rate increase.

## Use of Our Revenue Dollar



## Embedded Cost of Money





## Accounting Policies

The accounting records of the company and its subsidiaries are maintained in accordance with the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners, as ordered by the Hawaii Public Utilities Commission.

Consolidation. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Hawaii Electric Light Company, Inc. (HELCo), formerly Hilo Electric Light Company, Limited, and Maui Electric Company, Limited (MECo). In consolidation, all significant inter-company transactions and accounts have been eliminated.

Utility Plant. All plant is recorded at its cost. For plant constructed by the company and its subsidiaries, this includes applicable engineering, supervision, administrative, and general expenses in addition to an allowance for the cost of funds used during the construction period.

Allowance for Funds Used During Construction. Allowance for funds used during construction (ADC) is an accounting procedure whereby the net composite interest and equity costs of capital funds used to finance construction are transferred from the income statement to construction work in progress in the balance sheet. This procedure is intended to remove the effect of the cost of financing construction activity from the income statement and results in treating such cost in the same manner as construction labor and material costs. The annual rate used to calculate ADC was 8 per cent in 1974 and 1973.

Revenues. Revenues are recorded at the time the customers are billed. Residential customers are billed bi-monthly and all other customers are billed monthly. All rate increases and decreases are prorated in billing so that the new rates are applied to power consumed on and after the effective date authorized by the regulatory commission.

Depreciation. The Company utilizes the straight-line remaining life method of computing depreciation on plant placed in service after December 31, 1967. For earlier plant in service, the Company continues to use the 4 per cent compound interest remaining life method. HELCo's depreciation is based on the straight-line method, while MECo uses the straight-line remaining life method.

Contributions in Aid of Construction. The Company and its subsidiaries receive contributions for special construction requirements of certain customers. As directed by the Hawaii Public Utilities Commission, the contributions are amortized over 30 years as an offset against depreciation expense on the facilities for which the contributions were received.

Income Taxes. Depreciation expense for income tax purposes is calculated by applying an accelerated depreciation method on qualifying properties and the straight-line method on the remaining plant. The use of accelerated depreciation and shorter service lives results in reductions in taxes currently payable. The reductions are "normalized" by charging the amount of the tax reduction against income through a provision for deferred income taxes.

The Company and its subsidiaries make no similar provision for deferred income taxes for reductions in taxes currently payable resulting from the use of the straight-line method rather than the compound interest method of computing depreciation for plant placed in service prior to January 1, 1968 and from taking certain overhead expenses and removal costs charged to plant as deductions in computing current income taxes (See Note 5 to the Consolidated Financial Statements).

Investment Tax Credits. The Company and its subsidiaries have elected to amortize the amount of the Federal investment tax credits over 30 years (the estimated useful lives of the properties which qualified for the credits). Accordingly, equivalent charges have been made against income to offset the reduction in income tax expense resulting from investment tax credits.

Pension Plan. Pension costs are accounted for on the basis of an acceptable actuarial method and are charged to operating expenses, utility plant and other accounts. The policy is to fund pension cost accrued. Past service costs are being funded over a period of 40 years commencing January 1, 1967 (See Note 7 to the Consolidated Financial Statements).

Debt Premium, Discount and Expense. The expenses of issuing long-term debt securities and the premium or discount at which they were sold are amortized against income over the lives of the securities involved.



# Consolidated Balance Sheets

Hawaiian Electric Company, Inc. and Subsidiaries

<b>Assets</b>	December 31	
	1974	1973
	(In Thousands)	
<b>Utility Plant at Cost:</b>		
Land .....	\$ 16,542	\$ 12,935
Plant and Equipment .....	540,816	461,007
Less — Accumulated Depreciation .....	(103,552)	(93,315)
Plant Acquisition Adjustment .....	445	479
Construction in Progress .....	18,743	35,458
	<b>472,994</b>	<b>416,564</b>
<b>Other Property and Improvements, at Cost Less</b>		
Accumulated Depreciation of \$85,000 (\$78,000 in 1973) . . . .	<b>191</b>	<b>198</b>
<b>Current Assets:</b>		
Cash .....	3,130	2,209
Temporary Cash Investments .....	—	2,545
Customer Accounts Receivable, Net .....	15,557	11,676
Other Accounts Receivable .....	1,355	519
Materials and Supplies, at Average Cost .....	9,376	6,431
Prepayments .....	340	381
	<b>29,758</b>	<b>23,761</b>
<b>Other Assets:</b>		
Unamortized Debt Expense .....	2,343	2,018
Long-Term Receivables and Other .....	2,317	1,830
	<b>4,660</b>	<b>3,848</b>
	<b>\$507,603</b>	<b>\$444,371</b>

## Capitalization and Liabilities

<b>Capitalization</b> (see Consolidated Statements of Capitalization):		
Common Stock Equity (Note 1) .....	\$128,313	\$120,989
Preferred Stock (Note 2) .....	48,846	35,760
Long-Term Debt (Note 3) .....	218,123	186,974
	<b>395,282</b>	<b>343,723</b>
<b>Current Liabilities:</b>		
Long-Term Debt Due Within One Year .....	240	18,193
Notes Payable (Note 4) .....	17,101	1,300
Accounts and Drafts Payable .....	15,726	11,814
Interest and Preferred Dividends Payable .....	3,817	3,177
Taxes Accrued .....	4,912	3,944
Other .....	2,081	3,687
	<b>43,877</b>	<b>42,115</b>
<b>Deferred Credits:</b>		
Deferred Income Taxes .....	35,080	29,764
Unamortized Investment Tax Credits .....	9,366	6,802
Other .....	4,356	3,939
	<b>48,802</b>	<b>40,505</b>
<b>Contributions in Aid of Construction</b> .....	<b>19,642</b>	<b>18,028</b>
<b>Commitments and Contingent Liabilities</b> (Notes 7 and 8)	<b>\$507,603</b>	<b>\$444,371</b>

See accompanying Accounting Policies and Notes to Consolidated Financial Statements.



# Consolidated Statements of Income

Hawaiian Electric Company, Inc. and Subsidiaries

	1974	1973
	(In Thousands)	
<b>Operating Revenues</b> .....	<b>\$142,217</b>	<b>\$119,757</b>
<b>Operating Expenses:</b>		
Fuel Oil .....	46,162	35,268
Other Operation .....	23,594	20,684
Maintenance .....	6,253	5,491
Depreciation and Amortization .....	12,610	10,875
Taxes, Other than Income Taxes .....	14,211	12,161
Investment Tax Credits Deferred (Net) .....	2,564	1,430
Federal Income Taxes (Note 5):		
Currently Payable .....	1,599	3,211
Deferred .....	4,684	3,657
State Income Taxes (Note 5):		
Currently Payable .....	561	654
Deferred .....	632	490
	<b>112,870</b>	<b>93,921</b>
<b>Operating Income</b> .....	<b>29,347</b>	<b>25,836</b>
<b>Other Income and Deductions:</b>		
Allowance for Funds Used During Construction .....	3,555	2,340
Other, Net .....	8	(144)
	<b>3,563</b>	<b>2,196</b>
<b>Income Before Interest and Other Charges</b> .....	<b>32,910</b>	<b>28,032</b>
<b>Interest and Other Charges:</b>		
Interest on Long-Term Debt .....	14,250	12,006
Amortization of Net Bond Premium and Expense .....	119	110
Other Interest Charges .....	1,237	791
Preferred Stock Dividends of Subsidiaries .....	370	160
	<b>15,976</b>	<b>13,067</b>
<b>Net Income</b> .....	<b>16,934</b>	<b>14,965</b>
Preferred Stock Dividends of Company .....	2,283	1,991
<b>Net Income for Common Stock</b> .....	<b>\$ 14,651</b>	<b>\$ 12,974</b>
 <b>Common Stock:</b>		
Average Number of Shares for Period .....	5,367,326	4,911,768
<b>Primary Earnings Per Share</b> (Note 6) .....	<b>\$2.73</b>	<b>\$2.64</b>
Fully Diluted Earnings Per Share (Note 6) .....	\$2.61	\$2.52
<b>Dividends Per Share</b> .....	<b>\$1.59</b>	<b>\$1.56</b>



## Consolidated Statements of Retained Earnings

Hawaiian Electric Company, Inc. and Subsidiaries

	1974	1973
	(In Thousands)	
<b>Balance at Beginning of Year</b> .....	<b>\$47,885</b>	<b>\$42,540</b>
Net Income for Common Stock .....	14,651	12,974
	62,536	55,514
Dividends Declared on Common Stock .....	8,544	7,629
<b>Balance at End of Year</b> .....	<b>\$53,992</b>	<b>\$47,885</b>

## Consolidated Statements of Sources of Funds for Construction

Hawaiian Electric Company, Inc. and Subsidiaries

	1974	1973
	(In Thousands)	
<b>SOURCES OF FUNDS:</b>		
<b>Funds From Operations:</b>		
Earnings Retained:		
Net Income for Common Stock .....	\$14,651	\$12,974
Less Common Stock Dividends .....	8,544	7,629
	6,107	5,345
Non-Cash Charges (Credits) to Income:		
Depreciation and Amortization .....	12,771	11,027
Deferred Income Taxes .....	5,316	4,116
Investment Tax Credits, Net .....	2,564	1,430
Allowance for Funds Used During Construction .....	(3,555)	(2,340)
	17,096	14,233
	<b>23,203</b>	<b>19,578</b>
<b>Other Sources and (Uses):</b>		
Contributions in Aid of Construction .....	2,233	2,586
Customer Advances for Construction, Net .....	297	361
Miscellaneous, Net .....	(5,213)	3,738
	<b>(2,683)</b>	<b>6,685</b>
<b>Funds From Financing:</b>		
Sale of First Mortgage Bonds .....	30,550	23,000
Sale of Preferred Stock .....	14,600	—
Sale of Common Stock .....	—	15,450
Other Long-Term Debt Increase or (Decrease) .....	839	—
Short-Term Debt Increase or (Decrease) .....	15,801	(1,600)
Retirement of Long-Term Debt .....	(18,193)	(188)
Temporary Investments (Increase) or Decrease .....	2,545	(245)
	<b>46,142</b>	<b>36,417</b>
Total Funds From Above Sources .....	66,662	62,680
Allowance for Funds Used During Construction .....	3,555	2,340
<b>CONSTRUCTION EXPENDITURES</b> .....	<b>\$70,217</b>	<b>\$65,020</b>

See accompanying Accounting Policies and Notes to Consolidated Financial Statements.



# Consolidated Statements of Capitalization

Hawaiian Electric Company, Inc. and Subsidiaries

	December 31	
	1974	1973
(In Thousands)		
<b>Common Stock Equity:</b>		
Common Stock of \$6 $\frac{2}{3}$ Par Value. Authorized 10,000,000 Shares.		
Outstanding 1974, 5,424,688 Shares; 1973, 5,352,145 Shares (Note 1) . . .	\$ 36,165	\$ 35,681
Premium on Capital Stock (Note 1) . . . . .	38,156	37,423
Retained Earnings . . . . .	53,992	47,885
<b>COMMON STOCK EQUITY</b> . . . . .	<b>128,313</b>	<b>120,989</b>
	<b>32.4%</b>	<b>33.4%</b>
<b>Cumulative Preferred Stock.</b> Authorized 1,348,735 Shares (\$20 Par Value) and 1,400,000 Shares (\$100 Par Value). Outstanding 1974, 1,458,289 Shares; 1973, 1,387,988 Shares (Note 2)		
Series      Par Value      Shares Outstanding		
C — 4 $\frac{1}{4}$ %      \$ 20      150,000 . . . . .	3,000	3,000
D — 5%      20      50,000 . . . . .	1,000	1,000
E — 5%      20      150,000 . . . . .	3,000	3,000
H — 5 $\frac{1}{4}$ %      20      250,000 . . . . .	5,000	5,000
I — 5%      20      89,657 . . . . .	1,793	1,793
J — 4 $\frac{3}{4}$ %      20      250,000 . . . . .	5,000	5,000
K — 4.65%      20      175,000 . . . . .	3,500	3,500
L — \$1.44      20 (Convertible)      97,632 . . . . .	1,953	3,467
M — \$8.05      100      80,000 . . . . .	8,000	8,000
N — 12%      100      106,000 . . . . .	10,600	—
A — 8 $\frac{7}{8}$ %      100 (HELCo)      30,000 . . . . .	3,000	—
A — 8%      100 (MECo)      20,000 . . . . .	2,000	2,000
B — 8 $\frac{7}{8}$ %      100 (MECo)      10,000 . . . . .	1,000	—
<b>PREFERRED STOCK</b> . . . . .	<b>48,846</b>	<b>35,760</b>
	<b>12.4%</b>	<b>9.9%</b>
<b>Long-Term Debt</b> (Note 3):		
First Mortgage Bonds — Company:		
Matured in 1974 — 9.0% . . . . .	—	18,000
Maturing 1975 through 1979 — 3.0% . . . . .	5,000	5,000
Maturing 1980 through 1984 — 3.45% to 3.5% . . . . .	13,000	13,000
Maturing 1985 through 1989 — 4.70% to 4.75% . . . . .	17,000	17,000
Maturing 1990 through 1994 — 4.45% to 4.65% . . . . .	28,000	28,000
Maturing 1995 through 1999 — 4.55% to 5.75% . . . . .	24,000	24,000
Maturing 2000 through 2004 — 7 $\frac{5}{8}$ % to 11 $\frac{1}{4}$ % . . . . .	87,050	63,000
	<u>174,050</u>	<u>168,000</u>
First Mortgage Bonds — Subsidiaries:		
Current Sinking Fund Requirements . . . . .	45	45
Maturing 1975 through 1979 — 4.0% to 4 $\frac{1}{4}$ % . . . . .	2,230	2,275
Maturing 1980 through 1984 — 6 $\frac{1}{4}$ % . . . . .	625	625
Maturing 1985 through 1989 — 4 $\frac{3}{4}$ % to 6.0% . . . . .	6,635	6,635
Maturing 1990 through 1994 — 5.1% to 7 $\frac{3}{4}$ % . . . . .	4,895	4,895
Maturing 2000 through 2004 — 7 $\frac{3}{4}$ % to 8 $\frac{7}{8}$ % . . . . .	21,000	14,500
	<u>35,430</u>	<u>28,975</u>
First Mortgage Bonds Total . . . . .	209,480	196,975
Convertible Debentures — Company, 4 $\frac{1}{8}$ %, due 1982 . . . . .	5,840	5,840
Convertible Subordinated Notes — HELCo, 6 $\frac{1}{2}$ %, due 1985 . . . . .	2,000	2,000
Other — 3.0% to 9 $\frac{1}{2}$ % . . . . .	1,043	352
<b>LONG-TERM DEBT</b> (Including Debt Due Within One Year) . . . . .	<b>218,363</b>	<b>205,167</b>
	<b>55.2%</b>	<b>56.7%</b>
	<b>100.0%</b>	<b>100.0%</b>
Less Long-Term Debt Due Within One Year . . . . .	240	18,193
<b>LONG-TERM DEBT</b> (Excluding Debt Due With One Year) . . . . .	<b>218,123</b>	<b>186,974</b>
<b>CAPITALIZATION</b> . . . . .	<b>\$395,282</b>	<b>\$343,723</b>



Hawaiian Electric Company, Inc. and Subsidiaries

**1. Common Stock and Premium on Capital Stock**

The following summarizes additions to common stock and premium on capital stock:

	Common Stock		Premium on Capital Stock	
	1974	1973	1974	1973
Sale .....	\$ —	\$4,000,000	\$ —	\$11,450,000
Conversions ...	484,000	183,000	1,028,000	441,000
Expense .....	—	—	(295,000)	(529,000)
	<u>\$484,000</u>	<u>\$4,183,000</u>	<u>\$ 733,000</u>	<u>\$11,362,000</u>

At December 31, 1974 and 1973, the Company had reserved 93,726 shares and 166,398 shares, respectively, of its common stock for conversion of Series L Convertible Preferred Stock and 186,700 shares for the conversion of the 4½% Convertible Debentures. In addition 56,818 shares of its common stock were reserved for the conversion of the 6½% Convertible Subordinated Notes of HELCo.

**2. Preferred Stock**

Series C, D, E, H, J, and K preferred stocks are redeemable on any dividend payment date at the option of the Company at par (in each instance \$20) plus a premium of \$1 per share.

The Series I preferred stock is redeemable on 30 days' notice at the option of the Company at par (\$20).

The Series L preferred stock is redeemable at \$38.50 a share at the option of the Company, and each share is convertible into .96 of a share of common stock at any time prior to redemption. Each share of Series L preferred stock has the same voting privileges as each share of common stock except on matters where class voting is required by statute.

Series M and N preferred stocks are redeemable on 30 days' notice at the option of the Company at par (\$100) plus a premium of \$8.05 to October 15, 1976 for Series M and \$12 to October 15, 1984 for Series N; reducing in five-year increments for Series M and three-year increments for Series N to no premium in 1986 and 1990, respectively. Series N also contains a mandatory sinking fund provision commencing on October 15, 1979.

MECo's Series A and B preferred stocks are redeemable on 30 days' notice at the option of MECo at par (\$100) plus a premium of \$8 to July 15, 1977 for Series A and \$8.88 to July 16, 1979 for Series B reducing in five-year increments to \$1 after July 15, 1987 and July 16, 1989, respectively.

HELCo's Series A preferred stock is redeemable on 30 days' notice at the option of HELCo at par (\$100) plus a premium of \$8.88 to July 16, 1979 reducing in five-year increments to \$1 after July 16, 1989.

The Company has obligated itself to make dividend, redemption, and liquidation payments on the preferred stocks if MECo and HELCo are unable to make such payments, provided that such obligation is subordinated to any obligation to make payments on the Company's own preferred stock.

Accrued and unpaid dividends are payable upon redemption of any of the foregoing series of preferred stock.

**3. Long-Term Debt**

The first mortgage bonds of the Company, HELCo, and MECo are secured by separate indentures which by their terms purport to be a lien on substantially all of the real and personal property, now owned or hereafter acquired, of the respective companies. The payment of the principal and interest on HELCo's Series I, J, K, and L bonds and MECo's Series G, H, and I bonds has been guaranteed by the Company.

The 4½% convertible debentures of the Company are convertible into common stock at \$31.28 a share and are redeemable at the option of the Company at their principal amount plus a premium of 1.77% to March 1, 1975, reducing annually thereafter to no premium in 1981. The 6½% convertible subordinated notes of HELCo are convertible into common stock of the Company at \$35.20 a share and are redeemable at the option of HELCo at their principal amount plus a premium of 4.64% to January 31, 1975, reducing annually thereafter to no premium in 1983.

**4. Notes Payable**

Of the \$17,101,000 of Notes Payable at December 31, 1974, \$15,350,000 will be repaid by April 1, 1975 with proceeds from the issue of an additional \$4,400,000 of Series N preferred stock and \$10,950,000 of Series U first mortgage bonds under delayed delivery contracts entered into at the time of the Company's sale of these series in September 1974.

**5. Income Taxes**

Deferred taxes and investment tax credits (ITC) were provided for differences in the recognition of the following items for tax and financial statement purposes:

	1974	1973
Excess of tax depreciation expenses over straight-line depreciation at book life rates .....	\$5,376,000	\$4,244,000
Investment tax credits, net .....	2,564,000	1,430,000
Other miscellaneous items .....	(60,000)	(97,000)
	<u>\$7,880,000</u>	<u>\$5,577,000</u>

The total of income taxes and ITC expensed on financial statements was \$10,040,000 in 1974 and \$9,442,000 in 1973. These were less than the amounts computed by applying the U.S. Federal income tax rate of 48% to income before income taxes and ITC. The reasons for the differences are as follows:

	1974	1973
Amount at the Federal tax rate .....	\$12,947,000	\$11,715,000
Allowance for funds used during construction not included in taxable income .....	(1,706,000)	(1,123,000)
Employee benefits expensed on tax returns and charged to plant on financial statements .....	(933,000)	(937,000)
State income taxes, net of effect on Federal income taxes .....	623,000	595,000
Other miscellaneous items .....	(891,000)	(808,000)
Actual tax expense .....	<u>\$10,040,000</u>	<u>\$ 9,442,000</u>



The undistributed retained earnings accounts of the subsidiaries were \$14,555,000 and \$12,035,000 at December 31, 1974 and 1973, respectively. No provision has been made for Federal income taxes that would result if undistributed earnings of the subsidiary companies were paid as dividends to the parent company, as such taxes would not be significant.

## 6. Earnings Per Share

Primary earnings per share were computed by dividing net income for common stock by the average daily number of common shares outstanding in each year. Fully diluted earnings per share were derived by including the dilutive effects on earnings per share if the Company's convertible debentures and Series L convertible preferred stock, and HELCo's convertible subordinated notes had been converted into common stock of the Company at the beginning of the year.

## 7. Pension Plan

The Company and its subsidiaries have pension plans covering substantially all of their employees. The total costs under these plans, including amounts charged to utility plant, for the years 1974 and 1973 were \$3,723,000 and \$3,277,000, respectively. Of these amounts \$2,433,000 and \$2,005,000 were charged to operating expenses for the respective years 1974 and 1973 and the remaining amounts were charged to utility plant and other accounts. At January 1, 1974, the date of the last determination, the actuarially computed value of vested benefits exceeded the pension funds by approximately \$16,765,000. This amount is composed primarily of unfunded prior service liability. The new pension law will have no significant effect on the Company's pension liability.

## 8. Commitments and Contingent Liabilities

At December 31, 1974 and 1973 the Company and its subsidiaries had commitments approximating \$25,500,000 and \$51,100,000, respectively, in connection with their plant expansion programs. There are no material commitments under long-term leases.

At December 31, 1974 the Company was the defendant in several lawsuits arising in the ordinary course of business, involving personal injury. In all but one case the demands are adequately covered by insurance. Outside legal counsel for the Company is of the opinion that the demand in the one case is excessive and unreasonable and that any loss the Company may sustain as a result of any award will be adequately covered by the Company's insurance.

In August, 1972 the Hawaii Public Utilities Commission approved a rate increase on Oahu designed to produce an annual sales revenue increase of \$4,867,900. These new rates were in effect from August 17, 1972 until August 19, 1974, when a later increase went into effect. An environmental group and its Executive Director have appealed the Commission's 1972 decision to the Hawaii Supreme Court. Outside legal counsel is of the opinion that the appeal is without merit.

## Opinion of Independent Certified Public Accountants

The Board of Directors and Shareholders  
Hawaiian Electric Company, Inc.:

We have examined the consolidated balance sheets and consolidated statements of capitalization of Hawaiian Electric Company, Inc. and subsidiaries as of December 31, 1974 and 1973, and the related consolidated statements of income, retained earnings, and sources of funds for construction for the years 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 aforementioned consolidated financial statements present fairly the financial position of Hawaiian Electric Company, Inc. and subsidiaries at December 31, 1974 and 1973, and the results of their operations and the sources of funds for construction for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Peat, Marwick, Mitchell & Co.*

Peat, Marwick, Mitchell & Co.

February 4, 1975



# Consolidated Summary of Operations and Financial Statistics

Hawaiian Electric Company, Inc. and Subsidiaries

	1974	1973	1972	1971	1970	1969
<b>Income Data</b> (Dollars in Thousands):						
Operating Revenues	\$142,217	\$119,757	\$103,178	\$ 93,355	\$ 79,701	\$ 71,882
Operating Expenses:						
Fuel	46,162	35,268	26,624	23,703	16,448	13,910
Other Operation	23,594	20,684	20,020	17,896	15,963	14,352
Maintenance	6,253	5,491	5,155	4,970	4,364	3,853
Depreciation	12,610	10,875	9,938	9,126	8,558	7,817
Taxes Currently Payable	16,371	16,026	14,271	14,572	14,246	14,111
Deferred Income Taxes, Net	5,316	4,147	3,518	2,742	1,966	2,028
Investment Tax Credits Deferred, Net	2,564	1,430	1,317	424	463	217
Total Operating Expenses	112,870	93,921	80,843	73,433	62,008	56,288
Operating Income	29,347	25,836	22,335	19,922	17,693	15,594
Allowance for Funds Used During Construction	3,555	2,340	1,678	888	1,216	505
Other, Net	8	(144)	(88)	(18)	(201)	(33)
Interest Charges and Preferred Dividends of Subsidiaries	15,976	13,067	11,145	9,892	8,246	6,468
Net Income	16,934	14,965	12,780	10,900	10,462	9,598
Preferred Dividends	2,283	1,991	2,035	1,562	1,419	1,439
Net Income for Common Stock	14,651	12,974	10,745	9,338	9,043	8,159
Common Stock Dividends	8,544	7,629	6,425	6,098	5,696	5,315
Earnings Retained	\$ 6,107	\$ 5,345	\$ 4,320	\$ 3,240	\$ 3,347	\$ 2,844
Ratio of Earnings to Fixed Charges	2.68	2.86	2.89	2.93	3.27	3.80
<b>Common Stock Data:</b>						
Primary Earnings Per Share	\$2.73	\$2.64	\$2.47	\$2.21	\$2.14	\$1.94
Fully Diluted Earnings Per Share	\$2.61	\$2.52	\$2.35	\$2.10	\$2.04	\$1.86
Dividends Paid Per Share	\$1.59	\$1.56	\$1.47	\$1.44	\$1.35	\$1.29
Book Value Per Share (Year End)	\$23.65	\$22.61	\$21.19	\$19.60	\$18.80	\$17.96
Market Price Range Per Share:						
High	23 <sup>3</sup> / <sub>8</sub>	34	34 <sup>1</sup> / <sub>2</sub>	33 <sup>3</sup> / <sub>8</sub>	31 <sup>3</sup> / <sub>4</sub>	37 <sup>1</sup> / <sub>8</sub>
Low	14 <sup>1</sup> / <sub>8</sub>	18 <sup>1</sup> / <sub>2</sub>	22 <sup>5</sup> / <sub>8</sub>	25	22 <sup>1</sup> / <sub>2</sub>	27 <sup>1</sup> / <sub>8</sub>
Year End	16 <sup>1</sup> / <sub>2</sub>	21 <sup>1</sup> / <sub>2</sub>	34	28 <sup>3</sup> / <sub>8</sub>	31 <sup>1</sup> / <sub>4</sub>	29
Price Earnings Ratio	6.0	8.1	13.8	12.8	14.6	14.9
Dividend Payout Ratio	58.3%	58.8%	59.8%	65.3%	63.0%	65.1%
Stockholders at Year End	17,272	15,829	14,556	13,862	13,887	14,327
Average Shares Outstanding (In Thousands)	5,367	4,912	4,343	4,235	4,219	4,200
Per Cent Earned on Average Common Equity	11.8	11.7	11.7	11.5	11.7	11.0
<b>Plant Data</b> (Dollars in Thousands):						
Gross Plant	\$576,546	\$509,879	\$446,955	\$401,575	\$363,462	\$328,832
Accumulated Depreciation	103,552	93,315	83,882	75,984	69,572	62,678
Net Plant	\$472,994	\$416,564	\$363,073	\$325,591	\$293,890	\$266,154
Ratio of Depreciation Expense to Depreciable Plant	3.0%	2.9%	2.8%	2.7%	2.9%	2.8%
Depreciation Reserve in % of Depreciable Plant	22.5%	22.7%	22.9%	21.9%	22.8%	21.6%
Investment in Gross Plant Per:						
Dollar Revenue	\$4.05	\$4.26	\$4.33	\$4.30	\$4.56	\$4.57
Employee	\$304,567	\$265,148	\$237,489	\$218,010	\$203,051	\$188,227
Customer	\$ 2,384	\$ 2,189	\$ 1,999	\$ 1,875	\$ 1,756	\$ 1,655
<b>Capitalization Data</b> (Dollars in Thousands):						
Common Equity	\$128,313	\$120,989	\$100,098	\$ 83,114	\$ 79,460	\$ 75,682
Preferred Stock	48,846	35,760	36,232	34,842	26,975	27,074
Long-Term Debt	218,363	205,167	182,507	169,482	154,190	133,106
Total	\$395,522	\$361,916	\$318,837	\$287,438	\$260,625	\$235,862
Capitalization Ratios (Per Cent):						
Common Equity	32.4	33.4	31.4	28.9	30.4	32.1
Preferred Stock	12.4	9.9	11.4	12.1	10.4	11.5
Long-Term Debt	55.2	56.7	57.2	59.0	59.2	56.4



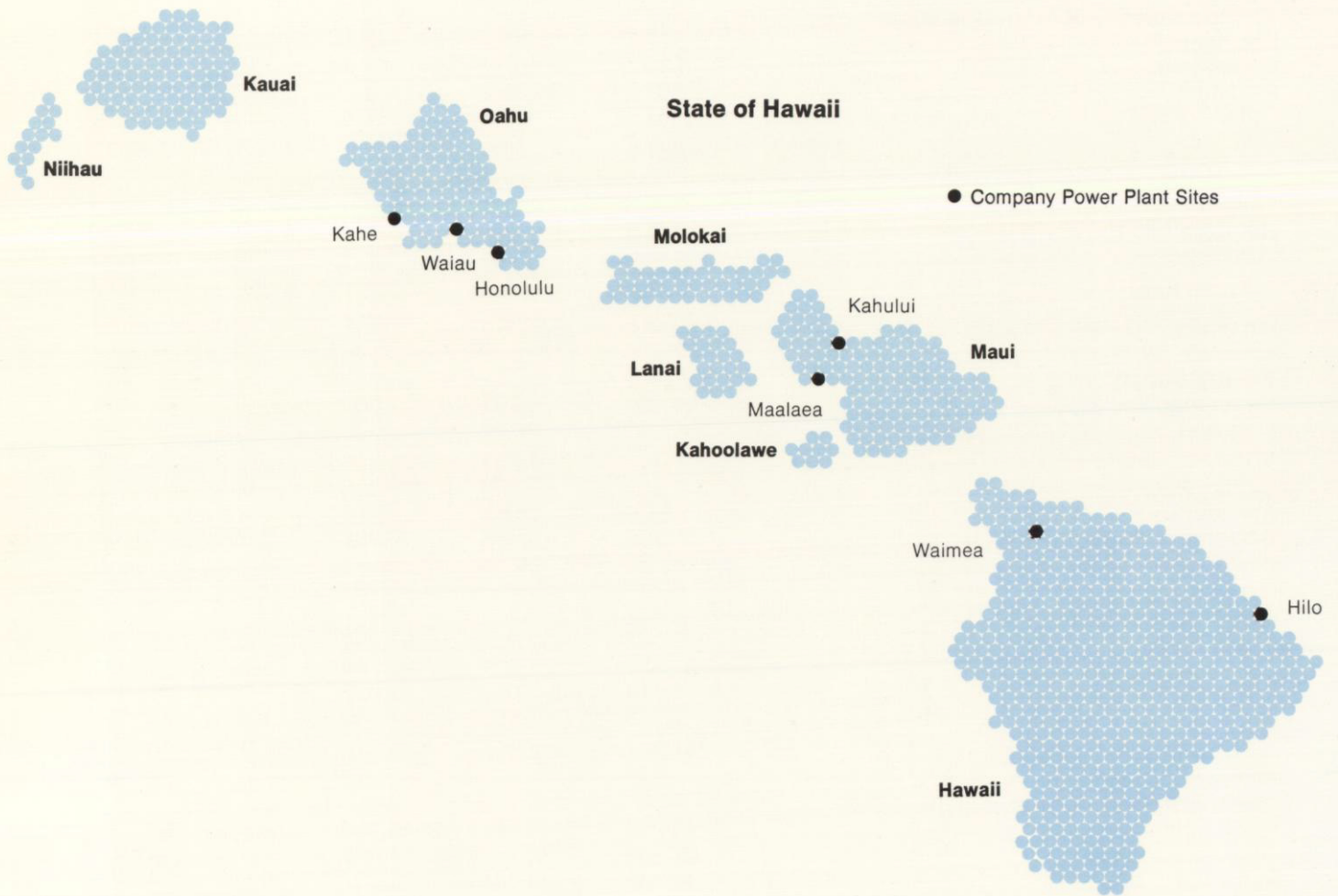
# Consolidated Operating Statistics

Hawaiian Electric Company, Inc. and Subsidiaries

	1974	1973	1972	1971	1970	1969
<b>Electric Sales</b> — KWH in Millions:						
Residential	1,577.1	1,524.2	1,440.1	1,325.4	1,224.7	1,131.5
Commercial	933.2	901.2	807.4	738.2	679.6	589.2
Industrial	2,383.5	2,226.2	2,111.9	1,913.5	1,677.5	1,545.8
Other	67.7	67.3	64.6	61.8	58.9	55.4
Total Sales	4,961.5	4,718.9	4,424.0	4,038.9	3,640.7	3,321.9
<b>Output</b> — KWH in Millions:						
Net Generated	5,136.6	4,908.7	4,625.7	4,263.9	3,870.0	3,524.2
Purchased	138.5	87.5	86.4	66.0	32.8	35.7
Total Output	5,275.1	4,996.2	4,712.1	4,329.9	3,902.8	3,559.9
Losses and System Uses	313.6	277.3	288.1	291.0	262.1	238.0
<b>Energy Supply:</b>						
Generating Capability — MW	1,372	1,203	1,083	977	974	863
Firm and Standby Capability — MW	41	25	25	25	13	13
	1,413	1,228	1,108	1,002	987	876
System Peak Load — MW*	962	929	885	821	765	704
Annual System Load Factor*	66.0	64.9	65.5	64.7	62.8	62.6
BTU Per KWH Generated	10,766	10,848	10,891	10,950	10,990	10,996
Fuel Cost Per Million BTU	83.8¢	66.5¢	53.1¢	51.0¢	38.9¢	36.1¢
<b>Customers at December 31:</b>						
Residential	207,947	199,622	191,294	182,806	176,298	168,883
Commercial	31,221	30,609	29,740	28,795	28,213	26,967
Industrial	1,114	1,099	1,032	1,197	1,105	1,495
Other	1,549	1,563	1,510	1,426	1,391	1,321
Total Customers	241,831	232,893	223,576	214,224	207,007	198,666
<b>Electric Revenue</b> (Dollars in Thousands):						
Residential	\$ 53,608	\$ 45,984	\$ 40,130	\$36,582	\$32,108	\$29,476
Commercial	37,904	32,703	27,805	25,040	21,942	18,704
Industrial	48,442	39,031	33,437	29,998	23,994	22,141
Other	2,068	1,818	1,601	1,488	1,346	1,249
Total	\$142,022	\$119,536	\$102,973	\$93,108	\$79,390	\$71,570
<b>Average Revenue Per KWH:</b>						
Residential	3.40¢	3.02¢	2.79¢	2.76¢	2.62¢	2.61¢
Commercial	4.06	3.63	3.44	3.39	3.23	3.18
Industrial	2.03	1.75	1.58	1.57	1.43	1.43
Other	3.06	2.70	2.48	2.41	2.28	2.25
Total	2.86¢	2.53¢	2.33¢	2.31¢	2.18¢	2.15¢
<b>Residential Sales:</b>						
Average Annual KWH Use Per Customer	7,704	7,785	7,705	7,391	7,099	6,840
Average Annual Revenue Per Customer	\$261.86	\$234.88	\$214.71	\$204.00	\$186.13	\$178.17
<b>Total Number of Customers — Average</b>	238,244	228,491	218,706	210,350	202,749	194,826
<b>Number of Employees at Year End</b>	1,893	1,923	1,882	1,842	1,790	1,747

\* Noncoincident and nonintegrated.





## Company Profile

	Hawaiian Electric Co.	Hawaii Electric Light Co.	Maui Electric Co.	Total
Electricity sold — KWH (millions)	4,394	320	248	4,962
Revenues (millions)	\$112	\$17	\$13	\$142
Earnings for Common Stock (millions)	\$12.2	\$1.6	\$ .9	\$14.7
Plant in service (millions)	\$448	\$73	\$36	\$557
Service area	Oahu — 608 sq. mi.	Hawaii — 4,037 sq. mi.	Maui & Lanai — 868 sq. mi.	5,513 sq. mi.
Population (7/1/74)	691,000	72,000	47,000	810,000
Metered customers (Dec. 31)	194,043	27,570	20,218	241,831
Average annual res. use	8,110 KWH	5,840 KWH	6,097 KWH	7,704 KWH
Total generating capability	1,209 MW	102 MW	61 MW	1,372 MW
Peak load	838 MW	69 MW	55 MW	962 MW
Personnel (12/31/74)	1,501	244	148	1,893



## Hawaiian Electric Company, Inc.

### Directors

- † Carl H. Williams  
*President*
- Colin C. Cameron  
*President and Director*  
*Maui Land and Pineapple Co., Inc.*  
*(land development/pineapple growing and processing)*
- \* Harold C. Eichelberger  
*Chairman, Board of Trustees*  
*Estate of James Campbell*
- Richard Henderson  
*President and Director*  
*The Realty Investment Co., Ltd.*
- Andrew T. F. Ing  
*Financial Vice President*
- Mildred D. Kosaki  
*Specialist in Educational Research*
- † Dudley C. Lewis  
*Attorney, "Of Counsel" to*  
*Damon, Shigekane, Key & Char*
- † Fred P. Lowrey  
*Retired / Former President of L & C, Inc.*  
*(building materials/land development)*
- K. J. Luke  
*President and Chairman of the Board*  
*Hawaii National Bank*
- † J. Scott B. Pratt, III  
*Retired / Former Chairman of the Board*  
*and Chief Executive Officer*  
*Hawaiian Trust Company, Limited*
- \* Gilbert W. Root  
*Real Estate Consultant*
- Richard L. Summers  
*Vice President*  
*Employee Relations and Public Affairs*
- \*† Thurston Twigg-Smith  
*President and Director*  
*Honolulu Advertiser, Inc.*  
*(publication of daily morning paper)*
- \*\*† Herman V. von Holt  
*Estate and Investment Management*
- Ralph T. Yamaguchi  
*Attorney-at-Law*  
*Yamaguchi & Tanaka*
- † Executive Committee Member  
\* Audit Committee Member  
\*\* Thirty years a Director, has  
chosen retirement in 1975

### Officers

- Carl H. Williams  
*President*
- Eugene A. Helbush  
*Vice President and Controller*
- Andrew T. F. Ing  
*Financial Vice President*
- Francis E. Karr  
*Vice President-Operations*
- Francis R. Montgomery  
*Vice President-Engineering*
- C. Dudley Pratt, Jr.  
*Vice President-Planning*
- Richard L. Summers  
*Vice President-Employee Relations and*  
*Public Affairs*
- Francis H. Williams  
*Vice President-Marketing*
- Peter C. Lewis  
*Secretary and Treasurer*
- Richard E. Bell  
*Assistant Secretary*
- Arthur C. Sloggett  
*Assistant Secretary*

## Maui Electric Company, Ltd.

### Directors

- Raymond R. Lyons  
*Chairman of the Board*
- Richard H. Baldwin  
*President and Manager*  
*Haleakala Ranch Company (cattle raising)*
- Colin C. Cameron  
*President*  
*Maui Land and Pineapple Co., Inc.*  
*(land development/pineapple growing and processing)*
- J. Walter Cameron  
*Former President and Chairman of the Board*
- Sanford J. Langa  
*Attorney-at-Law*  
*Langa, Kohne, Wetter & Moen*
- Karl C. Leebrick  
*President Emeritus*  
*Mauna Olu College*
- Fred G. Manary  
*Retired / Former Public Utilities Commissioner*
- Colin C. Murdoch  
*Executive Vice President and General Manager*
- Richard L. Summers  
*Vice President*  
*Hawaiian Electric Company, Inc.*
- Donald H. Tokunaga  
*President and Manager*  
*Maui Realty Company, Inc.*
- Carl H. Williams  
*President*  
*Hawaiian Electric Company, Inc.*

### Officers

- Raymond R. Lyons  
*Chairman of the Board*
- Carl H. Williams  
*President*  
*President, Hawaiian Electric Company, Inc.*
- Colin C. Murdoch  
*Executive Vice President and General Manager*
- Andrew T. F. Ing  
*Financial Vice President*  
*Financial Vice President, Hawaiian*  
*Electric Company, Inc.*
- Addison W. Lewis  
*Treasurer*
- Peter C. Lewis  
*Secretary and Assistant Treasurer*  
*Secretary and Treasurer, Hawaiian*  
*Electric Company, Inc.*
- Eugene A. Helbush  
*Assistant Treasurer*  
*Vice President and Controller,*  
*Hawaiian Electric Company, Inc.*
- Howard Murakami  
*Assistant Treasurer*
- Lillian M. Takabayashi  
*Assistant Secretary*

### Annual Meeting:

Tuesday, April 15, 1975, 10:00 A.M.  
Offices of the Company  
Second Floor Auditorium  
900 Richards Street, Honolulu, Hawaii

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To receive a copy of the Hawaiian Electric  
Form 10-K report to the Securities and Exchange  
Commission or a statistical supplement to this  
report, request should be made to:  
Controller, Hawaiian Electric Company, Inc.  
P. O. Box 2750, Honolulu, Hawaii 96840

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## Hawaii Electric Light Company, Inc. (Formerly Hilo Electric Light Company, Ltd.)

### Directors

- Carl H. Williams  
*Chairman of the Board*  
*President, Hawaiian Electric Company, Inc.*
- John Dykes  
*President*  
*Hawaii Finance Company, Ltd.*
- A. Douglas Ednie  
*Chairman of the Board*  
*Hawaii Finance Company, Ltd.*
- Richard Henderson  
*President*  
*The Realty Investment Co., Ltd.*
- Orlando H. Lyman  
*Vice President*  
*The Realty Investment Co., Ltd.*
- William MacKenzie  
*President*
- C. Dudley Pratt, Jr.  
*Vice President*  
*Hawaiian Electric Company, Inc.*
- Denzil W. Rose  
*Manager*  
*Hilo Motors (automobile dealership)*
- Herbert C. Shipman  
*President*  
*W. H. Shipman, Ltd. (cattle ranching)*

### Officers

- Carl H. Williams  
*Chairman of the Board*  
*President, Hawaiian Electric Company, Inc.*
- William MacKenzie  
*President*
- Andrew T. F. Ing  
*Financial Vice President and Treasurer*  
*Financial Vice President, Hawaiian*  
*Electric Company, Inc.*
- Peter C. Lewis  
*Secretary and Assistant Treasurer*  
*Secretary and Treasurer, Hawaiian*  
*Electric Company, Inc.*
- Eugene A. Helbush  
*Assistant Treasurer*  
*Vice President and Controller, Hawaiian*  
*Electric Company, Inc.*
- Orion Yoshimura  
*Assistant Treasurer*
- John P. Corbelli  
*Assistant Secretary*

### Transfer Agents

Morgan Guaranty Trust Company of New York  
30 West Broadway  
New York, N.Y. 10015

Wells Fargo Bank (National Association)  
475 Sansome Street  
San Francisco, California 94144

Stock Transfer  
Hawaiian Electric Company, Inc.  
900 Richards Street  
Honolulu, Hawaii 96813

### Registrars

The Chase Manhattan Bank  
(National Association)  
1 Chase Manhattan Plaza  
New York, N.Y. 10015

The Bank of California (National Association)  
400 California Street  
San Francisco, California 94145

First Hawaiian Bank  
161 South King Street  
Honolulu, Hawaii 96813



