

NAVFAC Hawaii Purchased Electricity Rates

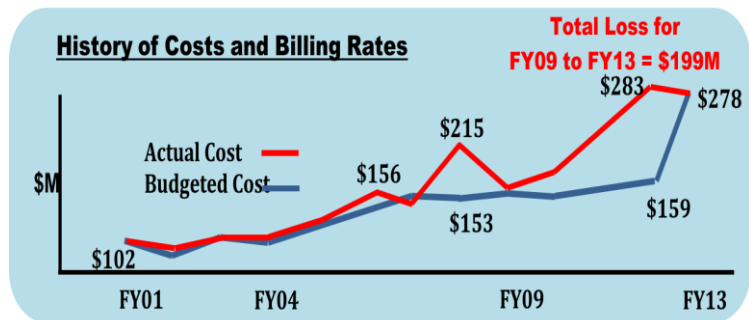
Background

- NAVFAC Hawaii Purchased Electricity = Hawaiian Electric Company (sole source)
- Cost of fuel oil used to generate electricity has dramatically increased since FY10.
- Department of Defense (DoD) Financial Management Regulations require NAVFAC utility rates to be established to recover full cost of projects and services (i.e. breakeven) and includes:
 - Purchased electricity cost
 - US Navy owned system maintenance and recapitalization and overhead
 - Surcharge is added to the base rate for all non-Defense Federal and private party customers

Results

- Purchased utility rate increased by 68% between 2008 and 2012
- NAVFAC’s approved billing rate increased by 18% between 2008 and 2012, and was based on an “inflation factor”
- NAVFAC has not recovered the full cost of providing electricity for customers; norm is to recover losses 2 years after the loss is incurred, thus allowing customers the opportunity to adjust budget plans.

NAVFAC HAWAII ELECTRICITY HISTORICAL DATA (\$M)	
FY	PURCHASED ELECTRICITY LOSS
2009	(\$14.1)
2010	(\$12.6)
2011	(\$49.6)
2012	(\$82.2)
2013 - Budget	(\$40.7)
TOTAL	(\$199.2)



Proposed Utility Rates

- Full cost (losses) from FY11 through FY13 will be recovered through the DoN budget process.
- FY14 rates are subject to final approval.

	FY12 Rate	FY13 Rate	FY14 Rate
DoD Customer	\$201.62 MWH	\$263.47 MWH	\$588.21 MWH
Non-DoD Customer	\$201.88 MWH	\$263.81 MWH	\$588.97 MWH
Private Party Customer	\$214.36 MWH	\$279.94 MWH	\$625.27 MWH

What's Next

- DoN budget process on-going and final approved billing rates are pending.
- Anticipate NAVFAC HI will receive approved billing rates after President's Budget is submitted, currently projected for March.
- Letter will be issued to all customers with final approved rates.
- Applicable surcharges will be included.
- Conservation will reduce losses that must be recovered in future years.

NAVFAC Hawaii Leadership

CAPT Michael D. Williamson, Commanding Officer
CAPT Edward G. Sewester, Executive Officer
Lansing Sugita, Business Director
Melinda Rollo, Comptroller

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