

HAWAIIAN ELECTRIC CO INC  
 Form 10-Q  
 August 10, 2015

UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 Washington, D. C. 20549  
 FORM 10-Q

✓ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Exact Name of Registrant as Specified in Its Charter	Commission File Number	I.R.S. Employer Identification No.
HAWAIIAN ELECTRIC INDUSTRIES, INC. and Principal Subsidiary HAWAIIAN ELECTRIC COMPANY, INC. State of Hawaii (State or other jurisdiction of incorporation or organization)	1-8503	99-0208097
	1-4955	99-0040500

Hawaiian Electric Industries, Inc. – 1001 Bishop Street, Suite 2900, Honolulu, Hawaii 96813  
 Hawaiian Electric Company, Inc. – 900 Richards Street, Honolulu, Hawaii 96813  
 (Address of principal executive offices and zip code)

Hawaiian Electric Industries, Inc. – (808) 543-5662  
 Hawaiian Electric Company, Inc. – (808) 543-7771  
 (Registrant’s telephone number, including area code)

Not applicable  
 (Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Hawaiian Electric Industries, Inc. Yes  No  Hawaiian Electric Company, Inc. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Hawaiian Electric Industries, Inc. Yes  No  Hawaiian Electric Company, Inc. Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Hawaiian Electric Industries, Inc. Yes  No  Hawaiian Electric Company, Inc. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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Hawaiian Electric  
Industries, Inc.

Large accelerated filer    
Accelerated filer    
Non-accelerated filer    
(Do not check if a smaller   
reporting company)   
Smaller reporting   
company

Hawaiian Electric  
Company, Inc.

Large accelerated filer    
Accelerated filer    
Non-accelerated filer    
(Do not check if a smaller   
reporting company)   
Smaller reporting   
company

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding July 31, 2015
Hawaiian Electric Industries, Inc. (Without Par Value)	107,456,645 Shares
Hawaiian Electric Company, Inc. (\$6-2/3 Par Value)	15,805,327 Shares (not publicly traded)

Hawaiian Electric Industries, Inc. (HEI) is the sole holder of Hawaiian Electric Company, Inc. (Hawaiian Electric) common stock.

This combined Form 10-Q is separately filed by HEI and Hawaiian Electric. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. No registrant makes any representation as to information relating to the other registrant, except that information relating to Hawaiian Electric is also attributed to HEI.

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Hawaiian Electric Industries, Inc. and Subsidiaries  
Hawaiian Electric Company, Inc. and Subsidiaries  
Form 10-Q—Quarter ended June 30, 2015

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Hawaiian Electric Industries, Inc. and Subsidiaries  
Hawaiian Electric Company, Inc. and Subsidiaries  
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GLOSSARY OF TERMS

Terms	Definitions
AES Hawaii	AES Hawaii, Inc.
AFUDC	Allowance for funds used during construction
AOCI	Accumulated other comprehensive income/(loss)
ARO	Asset retirement obligation
ASB	American Savings Bank, F.S.B., a wholly-owned subsidiary of ASB Hawaii, Inc.
ASB Hawaii	ASB Hawaii, Inc. (formerly American Savings Holdings, Inc.), a wholly owned subsidiary of Hawaiian Electric Industries, Inc. and the parent company of American Savings Bank, F.S.B.
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CIP CT-1	Campbell Industrial Park 110 MW combustion turbine No. 1
CIS	Customer Information System
Company	Hawaiian Electric Industries, Inc. and its direct and indirect subsidiaries, including, without limitation, Hawaiian Electric Company, Inc. and its subsidiaries (listed under Hawaiian Electric); ASB Hawaii, Inc. and its subsidiary, American Savings Bank, F.S.B.; HEI Properties, Inc.; Hawaiian Electric Industries Capital Trust II and Hawaiian Electric Industries Capital Trust III (inactive financing entities); and The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.).
Consumer Advocate	Division of Consumer Advocacy, Department of Commerce and Consumer Affairs of the State of Hawaii
DBEDT	State of Hawaii Department of Business, Economic Development and Tourism
D&O	Decision and order
DG	Distributed generation
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOH	Department of Health of the State of Hawaii
DRIP	HEI Dividend Reinvestment and Stock Purchase Plan
DSM	Demand-side management
ECAC	Energy cost adjustment clause
EGU	Electrical generating unit
EIP	2010 Equity and Incentive Plan, as amended and restated Agreement, dated October 20, 2008, signed by the Governor of the State of Hawaii, the State of Hawaii Department of Business, Economic Development and Tourism, the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and Hawaiian Electric, for itself and on behalf of its electric utility subsidiaries, committing to actions to develop renewable energy and reduce dependence on fossil fuels in support of the HCEI. In September 2014, the parties to the Energy Agreement concluded that the agreements and policy directives in the Energy Agreement had been advanced or superseded by subsequent events, as well as by decisions and orders issued by the PUC, and accordingly ended the Energy Agreement as of September 14, 2014.
Energy Agreement	
EPA	Environmental Protection Agency — federal
EPS	Earnings per share
ERISA	Employee Retirement Income Security Act of 1974, as amended
EVE	Economic value of equity
Exchange Act	Securities Exchange Act of 1934

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FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
federal	U.S. Government
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Board
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas

## GLOSSARY OF TERMS, continued

Terms	Definitions
GNMA	Government National Mortgage Association
HCEI	Hawaii Clean Energy Initiative
Hawaii Electric Light	Hawaii Electric Light Company, Inc., an electric utility subsidiary of Hawaiian Electric Company, Inc.
Hawaiian Electric	Hawaiian Electric Company, Inc., an electric utility subsidiary of Hawaiian Electric Industries, Inc. and parent company of Hawaii Electric Light Company, Inc., Maui Electric Company, Limited, HECO Capital Trust III (unconsolidated financing subsidiary), Renewable Hawaii, Inc. and Uluwehiokama Biofuels Corp.
HIE	Hawaii Independent Energy, LLC
HEI	Hawaiian Electric Industries, Inc., direct parent company of Hawaiian Electric Company, Inc., ASB Hawaii, Inc., HEI Properties, Inc., Hawaiian Electric Industries Capital Trust II, Hawaiian Electric Industries Capital Trust III and The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.)
HEIRSP	Hawaiian Electric Industries Retirement Savings Plan
HELOC	Home equity line of credit
Hpower	City and County of Honolulu with respect to a power purchase agreement for a refuse-fired plant
IPP	Independent power producer
IRP	Integrated resource planning
Kalaeloa	Kalaeloa Partners, L.P.
kW	Kilowatt/s (as applicable)
KWH	Kilowatthour/s (as applicable)
LTIP	Long-term incentive plan
LGD	Loss given default
Maui Electric	Maui Electric Company, Limited, an electric utility subsidiary of Hawaiian Electric Company, Inc.
Merger	As provided in the Merger Agreement, merger of Merger Sub I with and into HEI, with HEI surviving, and then merger of HEI with and into Merger Sub II, with Merger Sub II surviving as a wholly owned subsidiary of NEE
Merger Agreement	Agreement and Plan of Merger by and among HEI, NEE, Merger Sub II and Merger Sub I, dated December 3, 2014
Merger Sub I	NEE Acquisition Sub II, Inc., a Delaware corporation and a wholly owned subsidiary of NEE
Merger Sub II	NEE Acquisition Sub I, LLC, a Delaware limited liability company and a wholly owned subsidiary of NEE
MOU	Memorandum of understanding
MW	Megawatt/s (as applicable)
NEE	NextEra Energy, Inc.
NII	Net interest income
O&M	Other operation and maintenance
OCC	Office of the Comptroller of the Currency
OPEB	Postretirement benefits other than pensions
PPA	Power purchase agreement
PPAC	Purchased power adjustment clause
PUC	Public Utilities Commission of the State of Hawaii
PV	Photovoltaic
RAM	Rate adjustment mechanism
RBA	Revenue balancing account
RFP	Request for proposals

ROACE	Return on average common equity
RORB	Return on rate base
RPS	Renewable portfolio standards
SAR	Stock appreciation right
SEC	Securities and Exchange Commission
See	Means the referenced material is incorporated by reference
Spin-Off	The distribution to HEI shareholders of all of the common stock of ASB Hawaii immediately prior to the Merger
TDR	Troubled debt restructuring
Trust III	HECO Capital Trust III
Utilities	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc. and Maui Electric Company, Limited
VIE	Variable interest entity



## FORWARD-LOOKING STATEMENTS

This report and other presentations made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (Hawaiian Electric) and their subsidiaries contain “forward-looking statements,” which include statements that are predictive in nature, depend upon or refer to future events or conditions, and usually include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “predicts,” “estimates” or similar expressions. In addition, any statements concerning future financial performance, ongoing business strategies or prospects or possible future actions are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and the accuracy of assumptions concerning HEI and its subsidiaries (collectively, the Company), the performance of the industries in which they do business and economic and market factors, among other things. These forward-looking statements are not guarantees of future performance. Risks, uncertainties and other important factors that could cause actual results to differ materially from those described in forward-looking statements and from historical results include, but are not limited to, the following: the successful and timely completion of the proposed Merger with NextEra Energy, Inc. (NEE), which could be materially and adversely affected by, among other things, resolving the litigation brought in connection with the proposed Merger, obtaining (and the timing and terms and conditions of) required governmental and regulatory approvals, and ability to maintain relationships with employees, customers or suppliers, as well as the ability to integrate the businesses;

- the ability of ASB to operate successfully after the Spin-Off of its parent ASB Hawaii;
- international, national and local economic conditions, including the state of the Hawaii tourism, defense and construction industries, the strength or weakness of the Hawaii and continental U.S. real estate markets (including the fair value and/or the actual performance of collateral underlying loans held by American Savings Bank, F.S.B. (ASB), which could result in higher loan loss provisions and write-offs), decisions concerning the extent of the presence of the federal government and military in Hawaii, the implications and potential impacts of U.S. and foreign capital and credit market conditions and federal, state and international responses to those conditions, and the potential impacts of global developments (including global economic conditions and uncertainties, unrest, ongoing conflicts in North Africa and the Middle East, terrorist acts, potential conflict or crisis with North Korea or Iran, developments in the Ukraine and potential pandemics);

- the effects of future actions or inaction of the U.S. government or related agencies, including those related to the U.S. debt ceiling and monetary policy;
- weather and natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the potential effects of climate change, such as more severe storms and rising sea levels), including their impact on the Company's and Utilities' operations and the economy;

- the timing and extent of changes in interest rates and the shape of the yield curve;
- the ability of the Company and the Utilities to access the credit and capital markets (e.g., to obtain commercial paper and other short-term and long-term debt financing, including lines of credit, and, in the case of HEI, to issue common stock) under volatile and challenging market conditions, and the cost of such financings, if available;

- the risks inherent in changes in the value of the Company's pension and other retirement plan assets and ASB's securities available for sale;

- changes in laws, regulations, market conditions and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements;

- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated;

- increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB's cost of funds);

- the PUC's potential delay in considering (and potential disapproval of actual or proposed) Hawaii Clean Energy Initiative (HCEI)-related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; potential changes in political support for the HCEI; and uncertainties surrounding solar power, wind power, proposed undersea cables, biofuels, environmental assessments and the impacts of implementation of the HCEI on future costs of electricity);

the ability of the Utilities to develop, implement and recover the costs of implementing the Utilities' action plans and business model changes that are being developed in response to the four orders that the Public Utilities Commission of the State of Hawaii (PUC) issued in April 2014, in which the PUC: directed the Utilities to develop, among other things, Power Supply Improvement Plans, a Demand Response Portfolio Plan and a Distributed Generation Interconnection Plan; described the PUC's inclinations on the future of Hawaii's electric utilities and the vision, business strategies and regulatory policy changes required to align the Utilities' business model with customer interests and the state's public policy goals; and emphasized the need to "leap ahead" of other states in creating a 21st century generation system and modern transmission and distribution grids;

capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management (DSM), distributed generation (DG), combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;

fuel oil price changes, delivery of adequate fuel by suppliers and the continued availability to the electric utilities of their energy cost adjustment clauses (ECACs);

the continued availability to the electric utilities of other cost recovery mechanisms, including the purchased power adjustment clauses (PPACs), rate adjustment mechanisms (RAMs) and pension and postretirement benefits other than pensions (OPEB) tracking mechanisms, and the continued decoupling of revenues from sales to mitigate the effects of declining kilowatt-hour sales;

the impact of fuel price volatility on customer satisfaction and political and regulatory support for the Utilities;

the risks associated with increasing reliance on renewable energy, including the availability and cost of non-fossil fuel supplies for renewable energy generation and the operational impacts of adding intermittent sources of renewable energy to the electric grid;

the growing risk that energy production from renewable generating resources may be curtailed and the interconnection of additional resources will be constrained as more generating resources are added to the Utilities' electric systems and as customers reduce their energy usage;

the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);

the potential that, as IPP contracts near the end of their terms, there may be less economic incentive for the IPPs to make investments in their units to ensure the availability of their units;

the ability of the Utilities to negotiate, periodically, favorable agreements for significant resources such as fuel supply contracts and collective bargaining agreements;

new technological developments that could affect the operations and prospects of HEI and ASB or their competitors;

new technological developments, such as the commercial development of energy storage and microgrids, that could affect the operations of the Utilities;

cyber security risks and the potential for cyber incidents, including potential incidents at HEI, ASB and the Utilities (including at ASB branches and electric utility plants) and incidents at data processing centers they use, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general information technology controls;

federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation, increases in capital requirements, regulatory policy changes, environmental laws and regulations (including resulting compliance costs and risks of fines and penalties and/or liabilities), the regulation of greenhouse gas (GHG) emissions, governmental fees and assessments (such as Federal Deposit Insurance Corporation assessments), and potential carbon "cap and trade" legislation that may fundamentally alter costs to produce electricity and accelerate the move to renewable generation);

developments in laws, regulations, and policies governing protections for historic, archaeological, and cultural sites, and plant and animal species and habitats, as well as developments in the implementation and enforcement of such laws, regulations, and policies;

discovery of conditions that may be attributable to historical chemical releases, including any necessary investigation and remediation, and any associated enforcement, litigation, or regulatory oversight;

- decisions by the PUC in rate cases and other proceedings (including the risks of delays in the timing of decisions, adverse changes in final decisions from interim decisions and the disallowance of project costs as a result of adverse regulatory audit reports or otherwise);

decisions by the PUC and by other agencies and courts on land use, environmental and other permitting issues (such as required corrective actions, restrictions and penalties that may arise, such as with respect to environmental conditions or renewable portfolio standards (RPS));

potential enforcement actions by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and/or other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under existing or new banking and consumer protection laws and regulations or with respect to capital adequacy);

the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;

the risks associated with the geographic concentration of HEI's businesses and ASB's loans, ASB's concentration in a single product type (i.e., first mortgages) and ASB's significant credit relationships (i.e., concentrations of large loans and/or credit lines with certain customers);

changes in accounting principles applicable to HEI, the Utilities and ASB, including the adoption of new U.S. accounting standards, the potential discontinuance of regulatory accounting and the effects of potentially required consolidation of variable interest entities (VIEs) or required capital lease accounting for PPAs with IPPs;

changes by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and the results of financing efforts;  
faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage-servicing assets of ASB;  
changes in ASB's loan portfolio credit profile and asset quality which may increase or decrease the required level of provision for loan losses, allowance for loan losses and charge-offs;  
changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;  
the final outcome of tax positions taken by HEI, the Utilities and ASB;  
the risks of suffering losses and incurring liabilities that are uninsured (e.g., damages to the Utilities' transmission and distribution system and losses from business interruption) or underinsured (e.g., losses not covered as a result of insurance deductibles or other exclusions or exceeding policy limits); and  
other risks or uncertainties described elsewhere in this report and in other reports (e.g., "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K) previously and subsequently filed by HEI and/or Hawaiian Electric with the Securities and Exchange Commission (SEC).

Forward-looking statements speak only as of the date of the report, presentation or filing in which they are made. Except to the extent required by the federal securities laws, HEI, Hawaiian Electric, ASB and their subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

Hawaiian Electric Industries, Inc. and Subsidiaries  
Consolidated Statements of Income (unaudited)

(in thousands, except per share amounts)	Three months ended June 30		Six months ended June 30		
	2015	2014	2015	2014	
Revenues					
Electric utility	\$558,163	\$738,429	\$1,131,605	\$1,458,491	
Bank	65,783	60,616	130,131	124,235	
Other	(34	) (388	) 38	(320	)
Total revenues	623,912	798,657	1,261,774	1,582,406	
Expenses					
Electric utility	492,002	668,361	1,007,808	1,317,757	
Bank	46,057	42,660	89,774	83,748	
Other	13,123	4,453	21,956	8,504	
Total expenses	551,182	715,474	1,119,538	1,410,009	
Operating income (loss)					
Electric utility	66,161	70,068	123,797	140,734	
Bank	19,726	17,956	40,357	40,487	
Other	(13,157	) (4,841	) (21,918	) (8,824	)
Total operating income	72,730	83,183	142,236	172,397	
Interest expense, net—other than on deposit liabilities and other bank borrowings	(18,906	) (20,022	) (38,006	) (39,478	)
Allowance for borrowed funds used during construction	682	523	1,181	1,137	
Allowance for equity funds used during construction	1,896	1,387	3,309	2,996	
Income before income taxes	56,402	65,071	108,720	137,052	
Income taxes	20,911	23,317	40,890	49,038	
Net income	35,491	41,754	67,830	88,014	
Preferred stock dividends of subsidiaries	473	473	946	946	
Net income for common stock	\$35,018	\$41,281	\$66,884	\$87,068	
Basic earnings per common share	\$0.33	\$0.41	\$0.63	\$0.86	
Diluted earnings per common share	\$0.33	\$0.41	\$0.63	\$0.85	
Dividends per common share	\$0.31	\$0.31	\$0.62	\$0.62	
Weighted-average number of common shares outstanding	107,418	101,495	105,361	101,439	
Net effect of potentially dilutive shares	276	330	298	606	
Adjusted weighted-average shares	107,694	101,825	105,659	102,045	

The accompanying notes are an integral part of these consolidated financial statements.

## Hawaiian Electric Industries, Inc. and Subsidiaries

## Consolidated Statements of Comprehensive Income (unaudited)

(in thousands)	Three months ended June 30		Six months ended June 30		
	2015	2014	2015	2014	
Net income for common stock	\$35,018	\$41,281	\$66,884	\$87,068	
Other comprehensive income (loss), net of taxes:					
Net unrealized gains (losses) on available-for-sale investment securities:					
Net unrealized gains (losses) on available-for-sale investment securities arising during the period, net of (taxes) benefits of \$2,439, \$(1,679), \$161 and \$(3,343) for the respective periods	(3,694	) 2,543	(243	) 5,063	
Less: reclassification adjustment for net realized gains included in net income, net of taxes of nil, nil, nil and \$1,132 for the respective periods	—	—	—	(1,715	)
Derivatives qualified as cash flow hedges:					
Less: reclassification adjustment to net income, net of tax benefits of \$38, \$38, \$75 and \$75 for the respective periods	59	59	118	118	
Retirement benefit plans:					
Less: amortization of prior service credit and net losses recognized during the period in net periodic benefit cost, net of tax benefits of \$3,691, \$1,836, \$7,177, and \$3,632 for the respective periods	5,780	2,873	11,239	5,686	
Less: reclassification adjustment for impact of D&Os of the PUC included in regulatory assets, net of taxes of \$3,359, \$1,641, \$6,486 and \$3,239 for the respective periods	(5,272	) (2,575	) (10,183	) (5,085	)
Other comprehensive income (loss), net of taxes	(3,127	) 2,900	931	4,067	
Comprehensive income attributable to Hawaiian Electric Industries, Inc.	\$31,891	\$44,181	\$67,815	\$91,135	

The accompanying notes are an integral part of these consolidated financial statements.

Hawaiian Electric Industries, Inc. and Subsidiaries  
Consolidated Balance Sheets (unaudited)

(dollars in thousands)	June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$ 300,687	\$ 175,542
Accounts receivable and unbilled revenues, net	269,207	313,696
Available-for-sale investment securities, at fair value	693,520	550,394
Stock in Federal Home Loan Bank, at cost	10,678	69,302
Loans receivable held for investment, net	4,410,817	4,389,033
Loans held for sale, at lower of cost or fair value	5,581	8,424
Property, plant and equipment, net of accumulated depreciation of \$2,288,804 and \$2,250,950 at the respective dates	4,269,241	4,148,774
Regulatory assets	904,559	905,264
Other	493,151	542,523
Goodwill	82,190	82,190
Total assets	\$ 11,439,631	\$ 11,185,142
Liabilities and shareholders' equity		
Liabilities		
Accounts payable	\$ 183,094	\$ 186,425
Interest and dividends payable	25,360	25,336
Deposit liabilities	4,803,271	4,623,415
Short-term borrowings—other than bank	124,543	118,972
Other bank borrowings	314,157	290,656
Long-term debt, net—other than bank	1,506,546	1,506,546
Deferred income taxes	632,718	633,570
Regulatory liabilities	357,089	344,849
Contributions in aid of construction	482,760	466,432
Defined benefit pension and other postretirement benefit plans liability	615,945	632,845
Other	461,335	531,230
Total liabilities	9,506,818	9,360,276
Preferred stock of subsidiaries - not subject to mandatory redemption	34,293	34,293
Commitments and contingencies (Notes 4 and 5)		
Shareholders' equity		
Preferred stock, no par value, authorized 10,000,000 shares; issued: none	—	—
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding: 107,446,530 shares and 102,565,266 shares at the respective dates	1,626,569	1,521,297
Retained earnings	298,398	296,654
Accumulated other comprehensive loss, net of tax benefits	(26,447	) (27,378
Total shareholders' equity	1,898,520	1,790,573
Total liabilities and shareholders' equity	\$ 11,439,631	\$ 11,185,142

The accompanying notes are an integral part of these consolidated financial statements.

Hawaiian Electric Industries, Inc. and Subsidiaries  
 Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(in thousands, except per share amounts)	Common stock		Retained	Accumulated other comprehensive	Total
	Shares	Amount	Earnings	income (loss)	
Balance, December 31, 2014	102,565	\$ 1,521,297	\$ 296,654	\$ (27,378 )	\$ 1,790,573
Net income for common stock	—	—	66,884	—	66,884
Other comprehensive income, net of taxes	—	—	—	931	931
Issuance of common stock, net	4,882	105,272	—	—	105,272
Common stock dividends (\$0.62 per share)	—	—	(65,140 )	—	(65,140 )
Balance, June 30, 2015	107,447	\$ 1,626,569	\$ 298,398	\$ (26,447 )	\$ 1,898,520
Balance, December 31, 2013	101,260	\$ 1,488,126	\$ 255,030	\$ (16,750 )	\$ 1,726,406
Net income for common stock	—	—	87,068	—	87,068
Other comprehensive income, net of taxes	—	—	—	4,067	4,067
Issuance of common stock, net	300	5,310	—	—	5,310
Common stock dividends (\$0.62 per share)	—	—	(62,916 )	—	(62,916 )
Balance, June 30, 2014	101,560	\$ 1,493,436	\$ 279,182	\$ (12,683 )	\$ 1,759,935

The accompanying notes are an integral part of these consolidated financial statements.



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Hawaiian Electric Industries, Inc. and Subsidiaries  
 Consolidated Statements of Cash Flows (unaudited)  
 Six months ended June 30  
 (in thousands)

	2015	2014	
Cash flows from operating activities			
Net income	\$67,830	\$88,014	
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation of property, plant and equipment	91,731	86,397	
Other amortization	4,320	4,014	
Provision for loan losses	2,439	2,016	
Loans receivable originated and purchased, held for sale	(168,921)	(69,656)	)
Proceeds from sale of loans receivable, held for sale	173,267	75,040	
Increase in deferred income taxes	22,980	28,570	
Excess tax benefits from share-based payment arrangements	(984)	(267)	)
Allowance for equity funds used during construction	(3,309)	(2,996)	)
Change in cash overdraft	193	(1,038)	)
Changes in assets and liabilities			
Decrease (increase) in accounts receivable and unbilled revenues, net	44,489	(2,986)	)
Increase in fuel oil stock	(2,362)	(27,206)	)
Increase in regulatory assets	(19,976)	(17,731)	)
Decrease in accounts, interest and dividends payable	(56,076)	(64,843)	)
Change in prepaid and accrued income taxes and utility revenue taxes	(4,390)	(32,510)	)
Increase (decrease) in defined benefit pension and other postretirement benefit plans liability	218	(1,714)	)
Change in other assets and liabilities	(47,146)	(16,909)	)
Net cash provided by operating activities	104,303	46,195	
Cash flows from investing activities			
Available-for-sale investment securities purchased	(208,110)	(125,531)	)
Principal repayments on available-for-sale investment securities	63,568	33,202	
Proceeds from sale of available-for-sale investment securities	—	79,564	
Redemption of stock from Federal Home Loan Bank	58,623	11,683	
Net increase in loans held for investment	(23,206)	(137,122)	)
Proceeds from sale of real estate acquired in settlement of loans	1,258	2,162	
Capital expenditures	(142,236)	(149,253)	)
Contributions in aid of construction	19,089	13,209	
Other	3,308	(16)	)
Net cash used in investing activities	(227,706)	(272,102)	)
Cash flows from financing activities			
Net increase in deposit liabilities	179,856	152,383	
Net increase in short-term borrowings with original maturities of three months or less	5,571	79,693	
Net increase (decrease) in retail repurchase agreements	13,508	(2,053)	)
Proceeds from other bank borrowings	10,000	—	
Proceeds from issuance of long-term debt	—	125,000	
Repayment of long-term debt	—	(100,000)	)
Excess tax benefits from share-based payment arrangements	984	267	
Net proceeds from issuance of common stock	104,469	3,048	
Common stock dividends	(65,140)	(62,916)	)
Preferred stock dividends of subsidiaries	(946)	(946)	)
Other	246	(228)	)

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Net cash provided by financing activities	248,548	194,248
Net increase (decrease) in cash and cash equivalents	125,145	(31,659 )
Cash and cash equivalents, beginning of period	175,542	220,036
Cash and cash equivalents, end of period	\$300,687	\$188,377

The accompanying notes are an integral part of these consolidated financial statements.

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Hawaiian Electric Company, Inc. and Subsidiaries  
 Consolidated Statements of Income (unaudited)

(in thousands)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Revenues	\$558,163	\$738,429	\$1,131,605	\$1,458,491
Expenses				