HAWAIIAN ELECTRIC INDUSTRIES INC
Form 11-K
June 25, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

or

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-8503

HAWAIIAN ELECTRIC INDUSTRIES RETIREMENT SAVINGS PLAN

Hawaiian Electric Industries, Inc.

1001 Bishop Street, Suite 2900, Honolulu, Hawaii 96813

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REQUIRED INFORMATION

Financial Statements. The statements of net assets available for benefits as of December 31, 2012 and 2011, and the statements of changes in net assets available for benefits for the years then ended, together with notes to financial statements, and PricewaterhouseCoopers LLP s Report of Independent Registered Public Accounting Firm thereon, are filed as a part of this annual report, as listed in the accompanying index.

Exhibit. The written consent of PricewaterhouseCoopers LLP with respect to the incorporation by reference of the Plan s financial statements in registration statement No. 333-02103 on Form S-8 of Hawaiian Electric Industries, Inc. is filed as a part of this annual report and attached hereto as Exhibit 23.1.

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

	HAWAIIAN ELECTRIC INDUSTRIES RETIREMENT SAVINGS PLAN	
Date: June 25, 2013	By:	HAWAIIAN ELECTRIC INDUSTRIES, INC. PENSION INVESTMENT COMMITTEE Its Named Fiduciary
	By:	/s/ James A. Ajello James A. Ajello Its Chairman
	By:	/s/ Chester A. Richardson Chester A. Richardson Its Secretary

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Note: Other schedules required by Section 2520.103-10 of the U.S. Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the
Hawaiian Electric Industries Retirement Savings Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Hawaiian Electric Industries Retirement Savings Plan (the Plan) at December 31, 2012 and 2011, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
June 25, 2013

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Retirement Savings Plan

Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

	2012	2011
Assets		
Plan interest in Master Trust		
Investments, at fair value	$ 314,805,682	$ 281,286,297
Notes receivable from participants	6,282,754	5,964,986
Participant contributions receivable	789,234	104,856
Employer contributions receivable	7,787	
Due from Fidelity	36,625	
Total assets	321,922,082	287,356,139
Liabilities		
Accounts payable	4,657	4,352
Net assets available for benefits	$ 321,917,425	$ 287,351,787

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

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Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2012 and 2011

	2012	2011
Additions		
Additions to net assets attributable to		
Investment income		
Plan interest in Master Trust		
Net appreciation (depreciation) in fair value of investments	$ 18,389,882	$ (2,646,826)
Dividends and interest	8,634,545	7,976,356
Total investment income	27,024,427	5,329,530
Master Trust interest from participants notes receivable	263,657	250,302
Revenue credit	125,143	
Mutual fund settlement	77,262	
Contributions		
Participants	19,175,450	16,892,389
Employer	265,350	24,683
Rollover	1,044,089	1,210,485
Total contributions	20,484,889	18,127,557
Total additions	47,975,378	23,707,389
Deductions		
Distributions to participants	(13,339,510)	(17,506,902)
Administrative expenses and other	(70,230)	(25,468)
Total deductions	(13,409,740)	(17,532,370)
Net increase	34,565,638	6,175,019
Net assets available for benefits		
Beginning of year	287,351,787	281,176,768
End of year	$ 321,917,425	$ 287,351,787

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

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Retirement Savings Plan

Notes to Financial Statements

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1. Plan Description

The Hawaiian Electric Industries Retirement Savings Plan (the Plan or HEIRS Plan) was established by Hawaiian Electric Industries, Inc. (the Company or HEI) effective April 1, 1984. The Plan is a defined contribution 401(k) plan that provides certain tax-favored retirement benefits to participating employees. As of December 31, 2012, the Participating Employers in the Plan were Hawaiian Electric Industries, Inc., Hawaiian Electric Company, Inc. (HECO), Maui Electric Company, Limited (MECO), and Hawaii Electric Light Company, Inc. (HELCO).

Effective May 1, 2011, the HEIRS Plan was amended and restated in its entirety to incorporate benefit changes negotiated with the electrical workers union representing employees of HECO, MECO and HELCO. The changes include a 50% match on the first 6% of compensation deferred to the HEIRS Plan by all employees who commence employment on or after May 1, 2011. The matching contribution is subject to a six-year graded vesting schedule. As part of the restatement, HEI, the Plan sponsor, was designated as the Plan Administrator, as defined in the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Effective January 1, 2013, the HEIRS Plan was again amended and restated in its entirety to incorporate all amendments required by the 2011 Cumulative List of Changes in Plan Qualification Requirements, including amendments to comply with the Pension Protection Act of 2006, the Heroes Earnings Assistance and Relief Tax Act of 2008, and the Worker, Retiree, and Employer Recovery Act of 2008.

On January 31, 2013, the HEIRS Plan document, as restated, was submitted to the Internal Revenue Service (IRS) for a determination that the language of the Plan continues to meet the federal tax law requirements applicable to it.

The following description of the Plan provides only general information. Participants should refer to the Plan document for its detailed provisions, which are also summarized in the most recent prospectus for the Plan and in the summary plan description:

a. Plan Administration

The Company is the Administrator of the Plan. The board of directors of the Company has established the Pension Investment Committee (PIC) to oversee the administration of the Plan and the investment options offered under the Plan. The PIC has appointed an Administrative Committee to oversee the day-to-day administration of the Plan, which includes the discretionary authority to interpret the Plan s provisions. The

PIC has also appointed an Investment Committee to oversee the day-to-day financial affairs of the Plan. The Administrative and Investment Committees are comprised of employees of the Company or its subsidiaries and are chaired by a member of the PIC.

The Participating Employers and the Plan currently pay the Plan s administrative fees. The Plan s trustee and certain of the mutual funds offered under the Plan also provide revenue credits to the Plan, which are used to pay for Plan administration including recordkeeping. Fees charged directly to the Plan that are not paid by revenue credits or other asset-based fees may be allocated to participant accounts. Participants may also be assessed interest and fees related to participants notes receivable and withdrawals.

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b. Eligibility

All nonbargaining unit employees of the Participating Employers (other than leased employees or contract employees hired for specific tasks or assignments) are eligible to participate in the Plan upon employment. Bargaining unit employees are eligible to participate in the Plan upon becoming regular employees under the terms of the applicable collective bargaining agreement (and subject to any future changes therein). Participation in the Plan is voluntary for eligible employees.

c. Salary Reduction Contributions

Employees participate in the Plan by making salary reduction contributions of up to 30% of compensation, subject to a federal tax limit of $17,000 in 2012 and $16,500 in 2011.

Participants who are age 50 or older, or who attain age 50 during the year, may elect to make catch-up contributions, as defined in the Plan, subject to a federal tax limit of $5,500 in 2012 and 2011.

For purposes of calculating contributions to the Plan, compensation is defined as Box 1, W-2 earnings, modified to (a) exclude discretionary bonuses, fringe benefits, employer nonelective contributions to a cafeteria plan, reimbursements, moving and other expense allowances, and special executive compensation; and (b) include nontaxable elective contributions made by a Participating Employer to the Plan, a cafeteria plan, or a pretax transportation spending plan.

Federal tax law limits the amount of annual compensation that may be taken into account in determining contributions to the Plan. The maximum limit was $250,000 in 2012 and $245,000 in 2011.

d. Employer Nonelective Contributions and Matching Contributions for New Employees

Effective May 1, 2011, the Participating Employers began matching the 401(k) contributions of their respective participants who were first employed (or deemed to be new employees under Section 1.2 of the Retirement Plan for Employees of Hawaiian Electric Industries, Inc. and Participating Subsidiaries) after April 30, 2011. The amount of the match is 50% of the first 6% of annual compensation deferred by the participant (i.e., maximum matching contribution of 3% of the participant s annual compensation).

e. Participant Accounts

Each participant has an individual account in the Plan, which may include one or more subaccounts. Each participant is 100% vested in all of the participant s subaccounts other than a matching contribution subaccount (if any). A participant s benefits equal the vested balance in the participant s account at the time of distribution. Each participant s account is credited with the participant s elective contributions, matching contributions, if applicable, and allocations of Plan earnings and gains or losses (whether realized or unrealized), and charged with an allocation of any administrative expenses paid directly by the Plan or charged directly to the participant s account. Individual expenses, such as fees associated with loans and distributions, are charged directly to a participant s individual account. Other administrative expenses, such as recordkeeping expenses, are paid through investment level expenses that are borne by participants in proportion to their investments in the designated investment alternatives that generate revenue credits for the Plan. Participant accounts are valued at the end of each day that the New York Stock Exchange is open.

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The Plan is intended to be an ERISA Section 404(c) plan, under which the fiduciaries of the Plan are relieved of liability for any losses that are the direct and necessary result of a participant s or beneficiary s exercise of control over the investments in his or her individual account. Participants are responsible for directing the investment of all amounts in their accounts using investment options offered under the Plan and for the performance of such investments. The Plan currently offers various mutual funds and target-date funds, and a unitized common stock fund that consists of shares of HEI common stock and short-term liquid investments. Participants may change their investment elections at any time. If a participant does not choose an investment option for any portion of the participant s account, such amounts are automatically invested in the age-appropriate Fidelity Freedom Index Fund - Class W specific to the participant s normal retirement age or such other investment as the PIC may direct, pending other direction by the participant.

The portion of the Plan comprising the HEI Common Stock Fund is designated as an employee stock ownership plan (ESOP). Amounts contributed to the Plan for investment in the HEI Common Stock Fund or transferred to the HEI Common Stock Fund from other investment alternatives become part of the ESOP component of the Plan.

There are two limitations on the amount a participant may invest in the HEI Common Stock Fund. First, a participant may not direct more than 20% of any contribution to the HEI Common Stock Fund. Second, participants and beneficiaries are prohibited from making transfers or exchanges from other investment alternatives into the HEI Common Stock Fund if the transfer or exchange would cause the participant s or beneficiary s investment in the HEI Common Stock Fund to exceed 20% of the participant s or beneficiary s total account balance.

f. Distributions

Distributions from participants accounts are generally made upon retirement, death, permanent disability or other termination of employment. Distributions may be made in a single lump sum, or a retired or terminated participant may elect to receive partial distributions (once per year) until the participant s account has been distributed in full or the participant elects to receive a single-sum distribution of the remaining account balance. Retired participants may also elect to receive required minimum distributions from the Plan.

Account balances of $5,000 or less are automatically distributed upon termination of employment. Any automatic distribution of more than $1,000 (but not more than $5,000) is made in the form of an automatic direct rollover to an Individual Retirement Account (IRA) designated by the Administrative Committee, unless the participant requests a cash distribution or a direct rollover to an IRA or tax-qualified retirement plan of the participant s choosing.

Distributions from the HEI Common Stock Fund are in the form of HEI common stock, with any fractional shares paid in cash, or, if the participant so elects, cash. Distributions of HEI Stock Ownership Plan (HEISOP) subaccounts invested in the HEI Common Stock Fund may be made in installments, generally over a period of no more than five years, or may be made in a single lump sum (in stock or in cash).

The participant s account will be reduced by any unpaid note balance at the time of distribution.

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g. Death Benefits

Upon the death of a participant, the full value of the participant s vested account balance is payable as a death benefit to the participant s designated beneficiary.

h. Withdrawals While Employed

Prior to termination of employment, pretax salary-reduction and catch-up contributions (and income earned on such contributions prior to 1989) and certain other contributions may be withdrawn in the event of hardship. A participant who receives a hardship withdrawal is prohibited from making additional pretax salary reduction contributions to the Plan for six months following the hardship withdrawal.

Upon request, a participant may withdraw tax-deductible voluntary contributions or after-tax contributions previously allowed under the Plan. These contributions are no longer permitted under the Plan.

Participants who elect to invest portions of their account balances in the HEI Common Stock Fund (the ESOP component of the Plan) may elect to receive cash distributions of periodic dividends attributable to such investments or may elect to have such dividends reinvested.

A participant who is age 59½ or older may elect to receive an in-service distribution from his or her vested account balance once per year.

i. Notes Receivable from Participants