Division of Consumer Advocacy

CONSUMER SPOTLIGHT

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Public Utility News You Can Use

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www.hawaii.gov/budget/puc

Federal Communications Commission (FCC)
445 12th St. , SW
Washington, DC 20554
Toll-Free: 1-888-225-5322
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www.fcc.gov/cgb/consumers.html

Federal Energy Regulatory Commission (FERC)
888 First St., NE
Washington, DC 20426
Toll-Free: 1-866-208-3372
E-mail: customer@ferc.gov
Web Address: www.ferc.gov

EXECUTIVE DIRECTOR'S MESSAGE

BY CATHERINE AWAKUNI

Aloha and mahalo for picking up the latest issue of the Division of Consumer Advocacy's (DCA) newsletter. It appears that many State workers will be joining countless others across the islands feeling the pinch during this tough economic time. The first round of furlough and layoff notices recently went out to affected employees. With legal challenges and labor negotiations, there is still uncertainty for thousands of other State workers. Whatever the outcome, DCA will do its best to not let it affect the quality of our service. In other news, we continue to report on the State's efforts to wean off dependence on foreign oil and move heavily toward the use of renewable energy. An undersea cable system tying power between several islands is being discussed. While we are excited and supportive of the overall goals of the Hawaii Clean Energy Initiative, we are cautiously monitoring the plans of the interisland cable system to ensure the cost of the project is not overbearing for rate payers and is a viable option for our State's island grids. After reporting a looming increase in the last issue, Kauai Island Utility Cooperative (KIUC) formally submitted a rate increase application. Hawaiian Electric recently received approval for an interim rate increase. For those that are customers of the Gas Company, the Public Utilities Commission also approved an interim rate increase in that case. You can read more about it in this issue of *Consumer Spotlight*.

ELECTRICITY GOES UP AGAIN

If you live on Oahu, brace yourself for another spike in your monthly electric bill. The Public Utilities Commission (PUC) recently approved an interim rate increase of about 4.7 percent. Hawaiian Electric Company (HECO) estimates that the increase will amount to approximately $6.48 more per month for the typical residential customer. A repeated comment from rate payers is, "Why are the rates going up? I heard Hawaiian Electric had record profits." Unfortunately, the utility is allowed under State law to earn a "reasonable rate of return." The Hawaiian Electric companies rely on investors, and without any return on investment there would be little reason for them to back the company. If the rates go up it is largely tied to the company's expenses are going up, and the PUC needs to approve the increase first. For this particular rate case, filed originally in July 2008, HECO cited costs for added maintenance and upgrades to ensure reliability and improve service while preparing for a heavier transition to renewable energy. The interim ruling, however, does not include the costs of a couple of noted expenses, including a new bio-diesel generating unit built at Campbell Industrial Park. The PUC's interim decision approves an increase in revenues of about $61 million, which is less than the settled amount just under $80 million. HECO's original request was $97 million. After receiving responses from HECO and a deeper review and possible management audit by the PUC, a final decision and order on the increase will ultimately decide the rate. Should it end up lower than the current authorized 4.7% increase, customers would receive a refund with interest, as seen previously at the conclusion of HECO's 2005 rate case.

PAYMENT PLAN

The cost of living seems to keep going up while the economy goes down. Many families are undoubtedly finding it harder to make ends meet every month, but still earn too much to qualify for government assistance. Even with a lifeline rate program in place, another customer class might find it difficult to pay their bills on time. If you experience a sudden hardship, please do not wait for your bill to go delinquent and pile up. Instead, contact the electric company as soon as possible to explain the situation and work out a payment plan. The utility is not obligated to offer customers payment plans, but they are doing their best to remain flexible and prevent customers from losing electric service during this economic downturn.

Electric Companies:

Hawaiian Electric Co. (HECO)
Phone: (808) 548-7311
www.heco.com

Hawaii Electric Light Co. (HELCO)
Hilo: (808) 969-6999
Kona: (808) 329-3584
Waimea: (808) 885-4605
www.heco.com/portal/site/helco/

Maui Electric Co. (MECO)
Phone: (808) 871-9777
Molokai & Lanai: 1-877-871-8461
www.mauielectric.com

Kauai Island Utility Cooperative (KIUC)
Phone: (808) 246-4300
www.kiuc.coop

LIFELINE RATES

As briefly mentioned in the last issue of *Consumer Spotlight*, Hawaiian Electric filed it's discounted rate plan for HECO, MECO, and HELCO customers under financial hardship. Although it has yet to be approved by the PUC, the plan is to allow a monthly credit, for those that qualify: $25 for Oahu customers, $30 for Maui customers, and $35 for Lanai, Molokai and Hawaii Island customers. KIUC has not yet filed any formal request for lifeline rates. Originally the plan called for a percentage credit, but was modified to a flat rate credit to encourage energy efficiency. The proposed program would utilize existing government public assistance programs to identify qualified customers to minimize costs associated with administering the program as well as expedite implementation. Unfortunately this is a cost the electric companies can recover and would likely come at the expense of customers. The details of the recovery are still being worked out, but could come in the form of a surcharge on your monthly bill. The actual amount to expect to pay each month is difficult to estimate. While initial enrollment may be low, given the current economy and as more customers qualify for the credit and enroll, the shared cost would go up.

Customers that depend on electricity for life sustaining medical equipment should contact HECO to learn more about HECO's life support medical equipment program.

UNDERSEA CABLE SYSTEM

The State and Hawaiian Electric are looking at the possibility of using an undersea cable to deliver power between islands. Eye-popping electric bills and gas prices when oil prices hit record highs served as a wake up call that Hawaii needs to free itself from dependence on foreign oil. Many have suggested ideas to help the State reach its goal of 70 percent clean, renewable energy for electricity and ground transportation by 2030. One suggestion, in particular, that is getting a serious look proposes building wind farms on Molokai and Lanai and sending power back to Oahu, where it is needed the most. However, the potential for renewable energy is limited. A cable system is required to deliver possibly up to 400 megawatts of power generated from those islands to Oahu. Undersea cables implemented successfully around the world include one in Japan stretching about 120 miles between Hokkaido and Honshu, and a 360 mile cable connecting Norway and the Netherlands. A cable from Lanai to Oahu is estimated to be about 70 miles and approximately 32 miles from Molokai to Oahu. The cost of building and maintaining a cable would not be cheap, and it's still undetermined who would foot the bill. Would HECO and MECO customers share the bill? Just HECO customers? Or all taxpayers? Aside from financial challenges and difference in opinion on using a particular renewable technology, opposition to the proposed project is expected because of aesthetic, cultural, and other impacts resulting from building a wind farm and undersea cable system. Officials are sensitive to the concerns and are carefully listening to the community. It is important to know that this project is not set in stone, and only in the discussion stage. Proper approval is needed before a project like this can get underway. Expect to see notices for public hearings in the near future. With so many questions with no definitive answers, and only preliminary information, it is too early for the Division of Consumer Advocacy to take a position on whether or not this is in the best interest of consumers as a whole, although we do agree that the State does need to move off dependence on oil. HECO has a website up with some information on the project. You can check it out at www.interislandwind.com

Why Choose CFLs?

Heavy marketing has helped to convince consumers that compact fluorescent lamps (CFLs) are a better alternative to incandescent light bulbs. While some are dissatisfied with the results after switching, technology continues to improve and newer bulbs outshine earlier models. HECO reports that a CFL's average lifespan is 8000 hours, and saves $24 a year per bulb! That's up from $13 per bulb in 2007, as energy costs have increased. So you've decided to replace fixtures with CFLs, but are you having trouble figuring out what the bulb's wattage should be? Luckily, most CFL manufacturers have printed this information on the packaging. Energy Star has a light output equivalency chart so you can determine which CFL bulbs will have the light output comparable to your incandescent bulbs. A greater lumen rating means an increased light output as seen in the following chart from Energy Star. So you have a greater light output using fewer watts.

LIGHT OUTPUT EQUIVALENCY

To determine which ENERGY STAR qualified light bulbs will provide the same amount of light as your current incandescent light bulbs, consult the following chart:

INCANDESCENT LIGHT BULBS WATTS	MINIMUM LIGHT OUTPUT LUMENS	COMMON ENERGY STAR QUALIFIED LIGHT BULBS WATTS
40	450	9-13
60	800	13-15
75	1,100	18-25
100	1,600	23-30
150	2,600	30-52

LEARN MORE AT energystar.gov

Are your CFLs burning out faster than you anticipated? It could be that you're not leaving them on long enough. Turning CFL lights on and off for short periods of time will shorten the lifespan of the bulbs. CFLs function best and last longer when left on for more than 15 minutes. It could also be the result of manufacturing defects. If your CFLs burn out before the packaging states it will, you can attempt to get a replacement or refund on your bulbs. Energy Star qualified CFL manufacturers are required to provide a 2 year warranty against manufacturing defects. Look for the manufacturer's name on your bulb and contact them for a replacement or refund. Also, contact Energy Star to report the CFL failure, providing the manufacturer's name and the product model number: cfl@energystar.gov.

If you have the time, please visit www.energystar.gov. The website has very comprehensive and interactive pages not only on CFLs, but also other ways to reduce energy use and costs around the house.

CARGO COSTS

The cost of shipping cargo is also on the rise as Young Brothers received approval for a rate increase. In August, prices went up by an average of about 13.5 percent. The company says the increase was necessary to finance investments in new vessels, equipment, and maintain reliable service during a tough economic period with falling cargo volumes. Young Brothers has also changed its sailing schedule to increase efficiency and minimize the rate increase for Molokai and Lanai customers. The company will still run 12 weekly sailings to the neighbor islands regularly. For more information on the new schedules and rates please visit their website at: www.youngbrothershawaii.com

Telecommunication Companies:

Hawaiian Telcom
Phone: (808) 643-3456
www.hawaiiantel.com

Time Warner Telcom
Phone: (808) 441-8500
www.twtelecom.com

Pacific LightNet Communications
Phone: (808) 791-1000
Toll-Free: 1-888-478-1414
www.plni.net

"Fully Competitive" …

What This Means For You!

A new law passed in July may help Hawaiian Telcom (HT) get out of a hole, but could adversely impact rates. The company attributed strict regulation over local telecommunications for part of their financial woes. Hawaiian Telcom claimed that the lengthy and costly Public Utilities Commission (PUC) approval process prevented them from fairly competing with other telecommunication companies. During the 2009 legislative session HT lobbied hard to pass a bill they said would, "level the playing field." The company got its wish after the bill became law without Governor Linda Lingle's signature. The bill actually amended an existing law with only a few sentences, and Hawaii's landline phone services will now be classified as "fully competitive." This change allows telecommunication providers to adjust rates, up or down, simply with proper notification to the PUC as long as it falls under the rate cap. Previously, HT would need approval from the PUC before any rate change, whether it be an increase or decrease, could take effect. While the Division of Consumer Advocacy would like to see HT succeed financially and emerge from bankruptcy, it was not in favor of this bill. Although competition tends to drive prices down, there is no guarantee prices will not go up. Also, we are concerned that rural and remote areas with little or no competition will face significantly higher rates than what they are currently paying. We are currently working to amend the language of the new law to tie the loose ends. We hope this measure will drive prices down for all consumers, but we will remain cautiously optimistic and continue to monitor the changes closely.

The Gas Company Price Increase

On June 4, 2009 the PUC issued an Interim Decision and Order, providing the Gas Company a revenue increase of about $9.5 million per year. The company originally sought an increase of $12.5 million in its application for a rate increase filed last August. This means that about half of the customers, who are served by underground pipeline, can expect their monthly bill to go up. It is estimated that the bill for the average Oahu customer will increase by about $7 to $8 a month. Rates on the Big Island and Maui will go up 7.4 percent and 9.1 percent, respectively. Should the final amount approved by the PUC be lower than its interim ruling, customers would receive a refund. While it is difficult to swallow another rising expense during these tough economic times, it was likely only a matter of time with rising operating and upgrading costs. The last rate increase from the Gas Company came eight years ago.

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