



Division of Consumer Advocacy

CONSUMER SPOTLIGHT

Issue #7

Public Utility News You Can Use

October 2008

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Federal Communications Commission (FCC)

445 12th St., SW
Washington, DC 20554
Toll-Free: 1-888-225-5322
E-mail: fccinfo@fcc.gov
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www.fcc.gov/cgb/consumers.html

Federal Energy Regulatory Commission (FERC)

888 First St., NE
Washington, DC 20426
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E-mail: customer@ferc.gov
Web Address: www.ferc.gov

EXECUTIVE DIRECTOR'S MESSAGE

BY CATHERINE AWAKUNI



Aloha and mahalo for taking the time to read our newsletter. I hope that you all have been fortunate enough to avoid falling victim to the slumping economy. Sadly, it's likely that even if you were spared, you know someone that was not as lucky. Meanwhile, volatile oil prices have driven up the cost of fuel, also propelling the cost of electricity and other goods and services. Hawaii's heavy dependence on oil really leaves a mark during a period we are witnessing right now. The cost of living has many of us stressing over how to make monthly rent or mortgage payments. In this issue of *Consumer Spotlight* we discuss ways the State and Hawaiian Electric Company are attempting to move off of imported fossil fuels. Transitioning to renewable energy also comes at a cost, however, so ratepayers cannot expect to see immediate relief in their monthly bills. As the Consumer Advocate, our office realizes and is sensitive to the burden facing ratepayers if utility rates are increased. At the same time, the Consumer Advocate is also mandated under the Hawaii Revised Statutes to consider the long-term benefits of renewable resources. For the time being, look at ways you can cut back on energy use. Back issues offer tips to conserve energy. Electric companies and other organizations also have various tips available in printed and internet publications. In this issue we also offer you a tip that could possibly save you some money on other utility bills. As always, please do not hesitate to contact us with any questions, suggestions, or concerns.

MOLOKAI WATER WOES

A sizable rate increase for water service is affecting many Molokai residents. Last month, the Public Utilities Commission (PUC) approved rate increases for Molokai Public Utilities, Inc. and Waiola O Molokai, Inc.

The PUC faced an unprecedented and difficult position to implement the temporary increase to ensure the continuation of service to residents.

Residents spoke out, accusing the landowners of unfairly punishing them for disallowing development, and wanted the State to "call the company's bluff." The Division of Consumer Advocacy (DCA) sympathized with the sentiment of the affected residents, but since the State does not provide these utility services and Maui County refused to take over service, DCA could not responsibly take such a position and put residents at risk of losing water and sewer service. While residents have no choice but to bite the bullet for now, we encourage continued discussion on the issue. The fact remains that this was only a temporary solution and the company intends to be in it only for the short-haul. The prospect of another private party taking over has been bleak, and officials need to come together and determine who can or should take over. Residents should continue to exert pressure on their government representatives and not allow this issue to get buried under.



Capacity crowd at Maunaloa Elementary School cafeteria for July's public hearing.

A CLOSER LOOK



The HECO proposal also suggests implementing tiered rates, which would reward customers that practice energy conservation (lower usage) with lower rates.

“Time-of-use” rates are also proposed to encourage residential customers to reduce energy use during the hours of 3 p.m. to 8 p.m. HECO’s peak demand hours are between 5p.m. and 9 p.m.

With a 5.2% increase, the company estimates a typical household using 600 kilowatt-hours a month would see an increase of about \$6.77.

**The above are proposed changes and are not in effect or approved yet.*

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

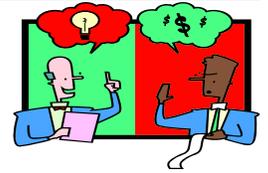
www.mauielectric.com

Kauai Island Utility Cooperative (KIUC)

Phone: (808) 246-4300

www.kiuc.coop

HECO RATE INCREASE?



On July 3, 2008, Hawaiian Electric Co. (HECO) filed a request to increase its rates for Oahu customers by 5.2% in 2009. The news likely generated one word responses including “Auwe,” “Crazy,” or “Again!?” The public sentiment is not surprising given that a rate increase was just tacked onto bills last year, and bubbling oil prices have caused electric bills to skyrocket. HECO last filed for a rate increase of 7.1% in December 2006. The Public Utilities Commission (PUC) approved an interim increase of 4.96% in October 2007. In May 2008 the PUC then approved adjusting it to about 5.6% following a request from HECO. A final Decision and Order on that rate case is still pending.

Given the chunk of money handed over to the electric company every month, one probably wonders why there is a need for another rate hike. Sadly, a large factor in our ballooning bill amounts is tied to oil. The Energy Cost Adjustment Clause (ECAC) allows an adjustment for the current cost of fuel to the base fuel energy charge set in the last rate case. Although it seems we’ve only witnessed upward adjustments lately, the adjustment should decrease as the cost of fuel drops.

Rate increases are mainly tied to operational and project costs. HECO’s new request is likely to help cover the cost of electric grid upgrades and construction of a new biodiesel generating unit at Campbell Industrial Park, among other things.

Customer input was welcomed at a public hearing at the PUC on September 18. If you missed it, but still would like to offer your thoughts, we will be happy to hear from you. The Division of Consumer Advocacy takes into account testimony from the public, and the company’s financials undergo intense scrutiny. We also consult with expert analysts and consider other factors before delivering our recommendation to the PUC. We’ll keep you posted on this issue in upcoming newsletters.

CLEAN ENERGY

A contingent of state officials, including Governor Linda Lingle, representatives from Hawaii’s electric utilities, and other energy stakeholders traveled to the National Renewable Energy Laboratory (NREL) in Golden, Colorado in late July. The visit served as a follow-up workshop for the Hawaii Clean Energy Initiative (HCEI). Much needs to be done if the State is to reach its goal of supplying the energy demand with 70% clean energy by 2030. Rising

energy costs provide a greater incentive to move off Hawaii’s dependence on oil.

The workgroup discussion involved a closer look at various renewable technologies suitable for Hawaii. Some of Hawaii’s natural energy resources include wind, solar, and geothermal heat. Officials conceded that a perfect solution is unlikely, with every option facing a technological, economical, environmental, or cultural issue. The focus is now on determining the best combination of renewable resources and technologies, and drafting legislation outlining the path to reach the HCEI goal.

NREL officials are committed to continue supporting Hawaii in its mission by offering various tools and expertise along the way. The contingent also toured the facilities at NREL, allowing for a first-hand look at renewable technologies and research. Look for continued updates on the HCEI in *Consumer Spotlight* and also visit:

www.hawaii.gov/dbedt/info/energy/hcei/

www.nrel.gov



An NREL official provides a rundown on concentrating solar power systems.

USING THE SUN

Solar thermal collectors, photovoltaics...What's the difference? Since both are mounted on rooftops and use the sun, they are the same, right? Not quite. Although both are used for electricity, they operate differently.

Solar thermal collectors consist of panels used to collect and concentrate sunlight to generate heat. The most well-known of these solar thermal collectors are the flat plate collectors, which are mounted on rooftops for solar water heating. These flat plates consist of an insulated box with a black metal absorber sheet and pipes that run under the sheet. These pipes contain water, which is heated by the sunlight absorbed by the plates. The heated water then goes into a collection tank to be used immediately or at a later time.

Other types of solar thermal collectors include parabolic troughs, parabolic dishes, power towers, and solar pyramids. These types of collectors are used to generate electricity. The solar power plants, on which these solar thermal collectors are found, are usually located out in the desert, where there is lots of sunlight and room for the collectors and power plant. Hawaii-based [Sopogy, Inc.](#) has gone a step further by developing their own collector, MicroCSP, which is more apt to Hawaii's conditions.

Photovoltaics (PV), on the other hand, convert sunlight directly into electricity without the need to heat water and produce steam the way solar thermal collectors do. Photovoltaic cells are made of silicon wafers, which are then connected together to form photovoltaic modules. These modules are electrically connected to form photovoltaic arrays in order to produce enough energy for homes and businesses. When PV systems are connected to a power grid, the electricity produced can be sold back to the utility via a net metering agreement. One benefit of PV is the ability to generate electricity even when it is slightly cloudy.



Courtesy NREL

HOKU SOLAR

Purchasing power from Hoku Solar, Inc. is also one way HECO is attempting to help Hawaii move off its dependence on imported oil. Energy from Hoku Solar's PV system can be charged at a fixed rate because it is not connected to oil prices, which constantly fluctuate. In addition, the project allows HECO to gain more knowledge and experience with larger scale PV systems. Some may wonder, "Why doesn't HECO just build its own PV system? Wouldn't it be cheaper to eliminate the middle-man?"

The truth is it would cost HECO more because in order to take advantage of current tax credits, a non-utility party needs to install the PV system. According to the PUC's Decision and Order, the amount it will cost HECO to purchase energy from Hoku Solar is incredibly small compared to the total annual amount currently spent to purchase energy from independent energy producers.

HECO will purchase energy produced by Hoku Solar's 218 kW photovoltaic system, which will be built atop and around HECO's Archer Substation. HECO will be charged a fixed rate for power by Hoku Solar over 20 years. The PV system will be owned and operated by Hoku Solar, but HECO will have the opportunity to purchase the system after five years.

The PUC issued a Decision and Order on May 15, 2008, approving the purchase power agreement between Hoku Solar and HECO.

You can review a copy of [Decision and Order No. 24225](#) on the DCA website.

RECYCLE AT HOME DEPOT



Consumer Spotlight has highlighted the importance and difficulty of recycling compact fluorescent lamps (CFLs) in past issues.

HECO offered a temporary solution with a promotional recycling kit, but future kits would have to be purchased at the consumer's expense.

Hardware store chain Home Depot has answered the call of green-minded CFL users by instilling a nationwide recycling program. You can turn in burnt out unbroken CFLs to the return service counter at any Home Depot store and they will take care of the rest. In addition to the CFL recycling program, the retailer announced an energy conservation program to swap incandescent light bulbs to CFLs in their light fixture showrooms by this fall. The switch saves the company \$16 million in the process. Smart marketing, while saving money and the environment, ends up in a win-win situation for everyone.

DTV SCAM WARNING

Confusion and worry over the digital television (DTV) cutover has opened the door for con artists to prey on vulnerable consumers.

The previous issue of *Consumer Spotlight* discussed the February switch from analog to digital. Watchdog groups are noticing a spike in scams. One in particular comprises of a company advertising free converter boxes, no coupon necessary. After factoring in a hidden warranty fee plus shipping and handling, however, the cost totals to almost five times the price of obtaining one with a government coupon through an approved dealer.

Make sure to take extra time to look over everything before making a purchase. If you haven't done so already, visit

www.dtv.gov

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

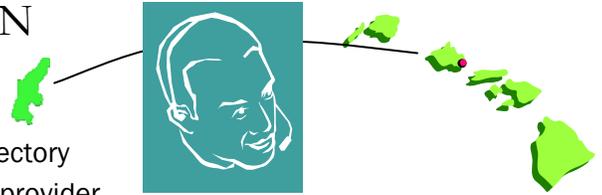
www.plni.net

411 FROM SAIPAN

Hawaiian Telcom selected Pacific Telecom, Inc. (PTI) to take over its directory assistance service after the previous provider announced it would be shutting down operations.

The PTI call center is in Saipan, where the minimum wage is currently \$4.05. Cost is a prime factor in outsourcing 411 services, but Hawaiian Telcom is confident in PTI's ability to handle Hawaii customer requests. PTI advertises extensive related experience serving the Commonwealth of the Northern Mariana Islands and Guam to assure its capabilities of handling calls across the Pacific.

Before agreeing to terms with PTI, Hawaiian Telcom sent representatives overseas to inspect PTI's facilities and ensure that they could handle Hawaii customer inquiries without sacrificing service quality. Hawaiian Telcom noted that PTI even staffs former Hawaii residents. If you experience problems using Hawaiian Telcom's directory service we would like to hear about it. Call or email our office using the contact information on the front page.



BUNDLED SAVINGS

To help offset rising energy costs, many are looking at more ways to cut back on electricity use to reduce the monthly bill. Another cost-cutting measure may require little effort. Instead of keeping a status quo, take a moment to see if you may be able to pocket savings through your other utility bills. Hawaii consumers have a bit of an edge at the moment as telecommunication companies scramble to gain and hold onto your business. Some of you may have eliminated a landline and rely solely on a cell phone. Others choose to keep a landline for peace of mind, but have a compilation of services from one company or a combination of companies for phone, internet, and cable service. Consider looking at bundled packages to see how much you can save. If you signed up for various services "à la carte" a while back, you might be paying more than what is currently offered in a bundle. In some cases you may not save money, but instead receive extra features or services for the same cost you are paying now. It also would not hurt to contact your provider to ask to meet or beat a competitor's price. Deals may vary from month to month, and sometimes they are



not even advertised at all. You have nothing to lose by making a quick phone call. Options are aplenty now, with mobile carriers even getting into internet and home phone service. Do your due diligence and make sure you sign up for services that fit your needs as you may be required to lock into a contract. Get creative and look at different ways to save. Penny pinching can get you a couple extra pulls on Wheel of Fortune in Vegas! If that's your thing.

Do you have an interesting idea for a story to be featured in *Consumer Spotlight*, or seek an answer to a DCA-related question that may benefit other readers?

Email your suggestions to us at dca@dcca.hawaii.gov with "Newsletter Idea" in the subject line and we will do our best to publish it in an upcoming issue.

Also remember that you can subscribe to receive this newsletter electronically via email by sending a request to the same address above.