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EXECUTIVE DIRECTOR'S MESSAGE
BY JEFFREY ONO



The 2014 legislative session is in full swing and our office is once again tracking several energy related bills. Photovoltaics remain a hot topic, and it is always a balancing act weighing the importance of implementing clean and renewable energy against other factors such as cost, reliability and safety. In the case of Aina Koa Pono's proposed biofuel contract, the Public Utilities Commission found that the cost was too high even if it would help the utility reach its clean energy goal. Natural gas prices are still much lower than oil prices when doing a cost comparison, but a recent spike in price of natural gas affirms the potential volatility in fuel prices. However, if natural gas can provide immediate rate relief to electric customers as well as reduce greenhouse gas from the oil that is used now, we are investigating whether it might be a good bridge fuel. As the advocate for all ratepayers, I ask for you to participate in discussions and share your thoughts on these important issues dealing with our energy future. As always, please do not hesitate to contact our office with any questions or concerns.

SCHOFIELD POWER PLANT

Hawaiian Electric Company and the U.S. Army is seeking public input as it prepares an environmental impact statement (EIS) for a proposed 50 megawatt biofueled power plant at Schofield Barracks. Under the proposed terms of the Schofield Generating Station Project (SGSP), HECO would lease a little over 10 acres of land from the army and connect the produced power to the Wahiawa substation via a six-mile overhead power line. If approved, HECO will design and own the plant and associated facilities. The new plant would be designed with quick-start and flexible operating characteristics that will improve HECO's ability to restore service after outages as well as allowing more intermittent renewable energy. The power plant's main purpose is to serve as a backup source of energy for Schofield Barracks, Wheeler Army Airfield and Field Station Kunia, should those installations experience power loss. The secured location on military property provides better protection from man-made threats and is also away from shorelines in the event of a tsunami. Both the military and HECO are sensitive to concerns about the environment, cultural resources and socioeconomic conditions for the outlying area. Thus, they are seeking comments from affected stakeholders to determine the best course of actions.

Officials scheduled two public meetings in early February, but will continue to accept written comments via email, fax, or regular mail until March 2. The public will have other opportunities to comment following the release of a draft EIS and then again if or when the project is brought to the PUC for approval.

For more information visit: www.garrison.hawaii.army.mil/schofieldplant/

Docket No. 2011-0386

KIUC VOTE

Kauai Island Utility Cooperative members without smart meters will continue to pay more every month after the membership voted in January to keep fees in place for customers that opt not to use smart meters. KIUC mailed out 25,205 ballots and received a total of 10,901 casted votes back. Of those ballots cast, 74 percent voted to keep the fees. KIUC charges \$10.27 a month, since November, to customers that did not want a smart meter installed.

The charge covers the cost of manually reading the non-smart meters. KIUC also charges a one-time fee to switch to anything other than a smart meter. Many of those against the use of smart meters cite privacy and health concerns, and a group of members protested the charge and brought the fee to a vote under the cooperative's bylaws.

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.hawaiielectriclight.com

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

OAHU-MAUI UNDERSEA CABLE

The Public Utilities Commission (PUC) is soliciting public comment as it investigates whether an undersea transmission cable between Oahu and Maui is in the public interest. The investigation focuses on the potential costs and benefits of such a project. It will not cover any particular renewable energy projects that may use the cable, although past proposals included the cable delivering energy to Oahu from wind farms on other islands. The PUC held two meetings in January, one on Oahu and one on Maui. The Department of Business, Economic Development and Tourism estimates a cable between Oahu and Maui to cost around \$700 million, but says it would result in a net savings to ratepayers of about \$423 million, and a step forward in interconnecting all the islands in a statewide electrical grid. Previously submitted testimony are archived on the PUC's online Document Management System. The PUC is still accepting public comment on the matter.

Docket No. 2013-0169



Consumer Advocate Jeff Ono encourages the public to ask questions and offer comments on the undersea cable at the January 21 meeting on Oahu.

AINA KOA PONO DENIED AGAIN

The Public Utilities Commission (PUC), in December, for the second time, denied a contract between Aina Koa Pono and Hawaii Electric Light Co. (HELCO) to buy 16 million gallons of biofuel a year. This proposed contract was one of HELCO's projects to help generate 40 percent of its electric production from renewable resources by 2030. The PUC believes under the terms of the contract that the alternative fuel is too expensive compared to petroleum-diesel fuel. The exact costs are confidential for competitive reasons, but the commission said that the price is "excessive and not cost-effective at present and for the foreseeable future, and thus, is unreasonable and inconsistent with the public interest." In addition, the quantity involved might displace or restrict the addition of lower cost renewable energy projects.

Aina Koa Pono intends to proceed with its plan to build a \$450 million biofuel facility, as the company still has an active contract with Mansfield Oil Co. in Georgia to produce up to 24 million gallons of biofuel for transportation use.

Docket No. 2012-0185

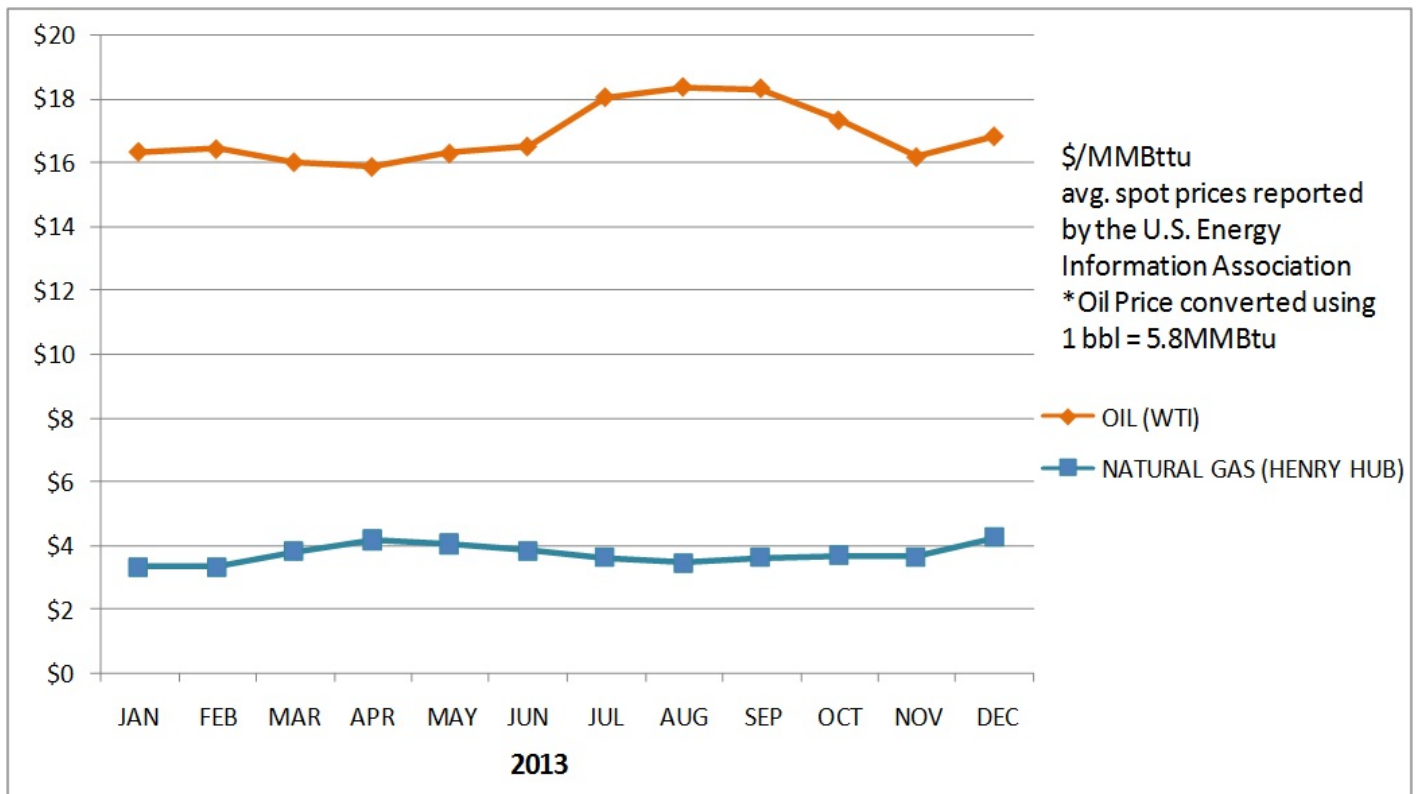
GETTING TO 100% RENEWABLE ON MOLOKAI

While state law mandates a goal of 70 percent clean energy by 2030, the Friendly Isle is looking to sustain 100 percent of its energy from renewable resources much sooner. Molokai Ranch and Princeton Energy Group are looking to combine solar power and other renewables to meet the island’s energy needs with a project called Ikehu Molokai. The plan originally called for an 80 acre solar farm above Manila camp in central Molokai to supply power during the day, coupled with a pumped storage hydroelectric system using water from reservoirs in the Molokai highlands for energy at night. The reservoirs would be refilled during the day with the solar powered pumps. Due to community concerns, however, alternative plans such as battery or heat storage in the industrial park area are being evaluated. A small wind farm may also be considered, and the existing diesel generators on the island would be converted to biodiesel to serve as backup power in times of need such as on cloudy days. Maui Electric would remain the utility under this plan. All of the produced energy would be for Molokai only, and is seen as a way to reduce the island’s high electricity prices. Groups on Molokai previously protested against wind farms that would supply energy to other islands via an undersea cable. Although the hope is to complete the project by 2017, it is still in a preliminary stage, as there is no formal agreement with the electric utility yet, nor has the Public Utilities Commission received any application related to Ikehu Molokai for approval.

For more information, or to submit questions or comments about the project, visit the website ikehumolokai.com

NATURAL GAS PRICE WATCH

The price of oil ended the year under \$100 a barrel, with an average spot price of \$97.63 for December, according to data released by the U.S. Energy Information Association. Meanwhile, the price of natural gas climbed higher than it’s been in over two years in December, at \$4.24 per MMBtu. Many anticipate the rising trend to continue through February because of the cold weather. On the mainland, natural gas is used for heating and the cold weather boosts the demand, therefore driving up prices.



PUC Docket Numbers corresponding to topics discussed are included for your convenience so that you can read deeper into the subjects. PUC public filings are accessible online via the PUC’s Document Management System (DMS). Visit: <http://dms.puc.hawaii.gov/dms>

YOUNG BROTHERS FREIGHT RATE ADJUSTMENT

Young Brothers increased its shipping rate for inter-island cargo by 5.5 percent at the end of last November after the Public Utilities Commission (PUC) approved a three-year annual freight rate adjustment (AFRA) pilot program. As part of the approved AFRA, Young Brothers will have to report certain performance metrics on a regular basis. The PUC has not yet decided the exact nature of those metrics. The automatic rate increases are capped at 5.5 percent.

Docket No. 2013-0032



PASHA OUT

Pasha Hawaii Transport Lines ended its inter-island shipping service at the end of 2013. In September 2010, the PUC granted the shipping company an interim approval to ship cargo between islands through the end of 2013. The company, however, believed changes to state law after receiving the interim approval would make it difficult for them to obtain permanent approval and did not attempt to seek such approval from the PUC. Docket No. 2009-0059

2014 LIFELINE INCOME LEVEL

Each year the income eligibility amounts change for the Lifeline program, which offers discounted, or even free, phone service through eligible telecommunications carriers. See the new guidelines below to see if you qualify this year for Lifeline. Participating carriers include Hawaiian Telcom, Sandwich Isles Communications, Sandwich Isles Wireless, Mobi PCS, T-mobile, Blue Jay Wireless, and Safelink Wireless. Contact the company directly for more information on their offerings.

2014 Federal Poverty Guidelines - 135%

Household Size	Income Eligibility for Hawaii	Changed from (2013)
1	\$18,117	\$17,861
2	\$24,422	\$24,098
3	\$30,726	\$30,335
4	\$37,031	\$36,572
5	\$43,335	\$42,809
6	\$49,640	\$49,046
7	\$55,944	\$55,283
8	\$62,249	\$61,520
Each Additional Person, Add	\$6,305	\$6,237

SOURCE: Federal Register, Vol. 79, No. 14, January 22, 2014, pp. 3594



Join us at two upcoming events in March:
DCCA Resource Fair
State Capitol 3rd Floor Lanai
Monday, March 3, 2014, 10 a.m. to 2 p.m.

National Consumer Protection Week Fair
King Kalakaua Building Courtyard, 335 Merchant Street
Wednesday, March 5, 2014, 10 a.m. to 1 p.m.

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