



## Division of Consumer Advocacy

# CONSUMER SPOTLIGHT

Issue #8

Public Utility News You Can Use

January 2009

### INSIDE THIS ISSUE:

<i>Filing Damage Claims</i>	2
<i>2006 Outage D &amp; O</i>	2
<i>HECO Rebates</i>	2
<i>Young Brothers</i>	3
<i>Early DTV</i>	4
<i>Hawaiian Telcom</i>	4
<i>Get Your Free Phone!</i>	4

### Contact Us:

#### Division of Consumer Advocacy

P.O. Box 541  
Honolulu, HI 96809  
Phone: (808) 586-2800  
Fax: (808) 586-2780  
E-mail: [dca@dcca.hawaii.gov](mailto:dca@dcca.hawaii.gov)  
Web Address:  
[www.hawaii.gov/dcca/dca](http://www.hawaii.gov/dcca/dca)

### Also Visit:

#### Public Utilities Commission (PUC)

465 South King St., Rm. 103  
Honolulu, HI 96813  
Phone: (808) 586-2020  
Fax: (808) 586-2066  
E-mail: [puc@hawaii.gov](mailto:puc@hawaii.gov)  
Web Address:  
[www.hawaii.gov/budget/puc](http://www.hawaii.gov/budget/puc)

#### Federal Communications Commission (FCC)

445 12th St., SW  
Washington, DC 20554  
Toll-Free: 1-888-225-5322  
E-mail: [fccinfo@fcc.gov](mailto:fccinfo@fcc.gov)  
Web Address:  
[www.fcc.gov/cgb/consumers.html](http://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](mailto:customer@ferc.gov)  
Web Address: [www.ferc.gov](http://www.ferc.gov)

## EXECUTIVE DIRECTOR'S MESSAGE

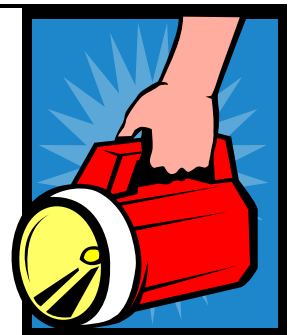
BY CATHERINE AWAKUNI



Aloha and Hau'oli Makahiki Hou from the Division of Consumer Advocacy. 2008 certainly ended with a bang on Oahu as we experienced the second major power outage in two years. While being isolated on an island with no option to interconnect to another power grid makes us more susceptible to these outages, we will take a closer look at why this is happening and how to avoid repeat occurrences without creating a huge financial burden on the ratepayers, especially with Hawaiian Electric already seeking a rate increase in 2009. The Public Utilities Commission recently issued a Decision and Order on their investigation into the 2006 Blackouts, which is briefly discussed in this issue of *Consumer Spotlight*. Also toward the end of 2008, Young Brothers, Limited, a lifeline for many neighbor island businesses and residents, filed for a rate increase. Hawaiian Telcom's bankruptcy proceedings will be another hot topic going into the new year. With another legislative session around the corner and the State's continued push for change under the Hawaii Clean Energy Initiative, it will be a very busy year for all of us. We will try our best to keep you all informed with the latest, but if you ever have any comments or questions please contact us at any time.

## BLACKOUT!

'Twas the night after Christmas, when all through the house people fumbled for flashlights because the power went out. Businesses, residents, and visitors to Oahu all have stories to tell about how the island-wide outage inconvenienced them, some more harshly than others. The complete shut-down and duration of the outage, just two years after the major outage caused by the earthquake, has many questioning the stability of Oahu's power grid. Stormy weather hit the island the night of the outage, and officials received reports of lightning just before things went dark, speculating that a lightning strike triggered the outage. Hawaiian Electric Company (HECO) was not so quick to pinpoint the root of the problem. Their immediate focus centered on restoring power, and then investigating the cause. As of press time, the electric company has yet to announce any conclusions. HECO is expected to share preliminary findings very soon, but until then it is difficult for our office to comment on the situation. After more information is gathered on how HECO handled the situation and if it could have been prevented, a determination can be made upon opening a formal investigation of the incident, similar to what followed the October 2006 outage. Even back then, HECO disclosed that there were no guarantees of another major outage because it would be "impracticable to have, as a stated goal, the total prevention of any future island-wide blackout since that level of reliability would require layers of redundancy in all aspects of the Companies' respective systems, at an inordinate cost to customers." Nonetheless, the Consumer Advocate made recommendations to minimize the chance and duration of such an outage. For more on the outcome of that investigation, read the article on page two.



## HECO REBATES



Hawaiian Electric Company (HECO) is offering rebates ranging from \$40 to \$75 for select ENERGY STAR appliances. The types of appliances include air conditioners, ceiling fans, washing machines, dish washers, and refrigerators. There is a list of specific models that qualify so make sure you choose the right one. When replacing your old busted appliances with ENERGY STAR ones, you will likely cut down on your energy usage, reducing your bill and saving even more money. Even renters can claim rebates by having their landlords fill out the waiver on the rebate form. Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO) unfortunately do not offer the same rebates. They do, however, offer various rebates for certain solar water heaters, high efficiency electric water heaters and heat pump water heaters. Contact them or visit their respective websites for more information.

## FILING DAMAGE CLAIMS

If you feel the electric company caused damage to your electrical equipment you can file a "Claim for Damage and Loss." Claims need to be made within 30 days of the interruption of service. You can either phone in, mail a letter, or fill out a claim form. Remember to be as detailed as possible when filing a claim and keep receipts for your repairs or replacement purchases.

### Filing contact information:

**Claims Department phone number: 543-4624**

**Mailing address: Hawaiian Electric Company  
Claims Department  
P.O. Box 2750  
Honolulu, HI 96840-0001**



The claim form is downloadable from HECO's website, or you can also visit our website to print out a copy of the form.

## 2006 OUTAGE DECISION & ORDER

The PUC issued a Decision and Order on its investigation into the HECO, HELCO, and MECO operations during and prior to the October 15-16, 2006 power outage. The PUC determined that the activities and performance of the electric companies were reasonable and in the public interest, and found that no penalties were warranted. In our analysis, we agreed that the electric companies were not negligent and undeserving of penalties, but felt training and other improvements could be made to help avoid a repeat incident. While the PUC disagreed with our recommendation for more formalized training, they did side with our suggestions for other improvements. Without getting too technical, the root of the 2006 blackout on Oahu was quickly traced to mercury switches at the Kahe power plant triggered by the earthquake. HECO rapidly replaced the equipment and made changes to avoid another malfunction. A key issue in the length of these major blackouts is the lack of quick starting units in HECO's generating fleet. Only two combustion turbine generators at Waiau can normally be started within 30 minutes. Sega, our consultants, noted that the oil-fired steam units, which account for over 90% of HECO's generating plants, typically require four to six hours to start up. The DCA acknowledged that adding more quick starting units would likely prove to be an uneconomical generating mix for Oahu, especially with HECO's plan to have 110 megawatts of black start capability at its upcoming plant at Campbell Industrial Park. Instead, we recommended providing its two Waiau turbines with black start capabilities. HECO responded by saying it was more technically and economically feasible to make improvements at the Kalaeloa Partners, L.P. plant instead. Kalaeloa improvements were estimated at \$180,000, compared to more than \$2 million to implement changes at Waiau. Unfortunately, the upgrade at Kalaeloa did not come up in time for the latest power outage. You can view a copy of the December 19, 2008, Decision and Order for Docket No. 2006-0431 on our website.

## YOUNG BROTHERS

Inter-island cargo company Young Brothers, Limited is seeking a rate increase of nearly 18% to begin in August 2009. The water carrier filed for the increase on December 19, citing over \$90 million in expenditures the past three years, and the need to offset increases in operational costs and reductions in cargo volume reflecting the downturn in the economy. Young Brothers believes it could have requested a higher increase, but trimmed it by a little under \$1 million, or 8.6%, to lessen the strain on its customers also facing a tough economic outlook. The Division of Consumer Advocacy's policy is to not discuss details of an ongoing case, but generally our own team of analysts and outside expert consultants will review all of the company's records and projections before making a recommendation to the Public Utilities Commission. It is not unusual for our analysis to call for a lower increase than requested. We may also suggest improvements to the company. In the company's last general rate case in 2007, Young Brothers sought an increase of about 10.7%. The PUC eventually approved a smaller increase at 7.51%. It is also important to note that general rate increases are different from fuel surcharges, which the company is allowed to adjust based on the price of fuel. Some may confuse the higher fuel surcharges when oil prices ballooned with a rate increase. Young Brothers says that if fuel prices remain stable or close to current prices through the end of February, it may reduce or even eliminate the fuel price adjustment in March. A rate increase could affect the cost of goods on neighbor islands. Participation in public hearings is strongly encouraged. If you are unable to attend we suggest sending written testimony to the PUC. More information about drafting testimony is available on our website. Please also feel free to share comments with our office.



## WHO'S LIABLE?

Rule No. 16 of HECO's tariff goes over the company's liabilities with respect to power interruptions. The rule details how the company is not held liable for disruption caused by accidents, storms, fires, strikes, riots, war or any cause not within the Company's control through the exercise of reasonable diligence and care. While we are not yet certain if this applies to the recent outage, it appears to excuse the company from fault for the October 2006 power outage. HECO has stated that it would still look at each individual claim rather than dismiss all of them based on the results of the investigation into the 2006 outage. While we cannot guarantee it will help you with your case, you are more than welcome to let us know about how the outages affected you.

### Electric Companies:

#### Hawaiian Electric Co. (HECO)

Phone: (808) 548-7311

[www.heco.com](http://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/](http://www.heco.com/portal/site/helco/)

#### Maui Electric Co. (MECO)

Phone: (808) 871-9777

Molokai & Lanai: 1-877-871-8461

[www.mauielectric.com](http://www.mauielectric.com)

#### Kauai Island Utility Cooperative (KIUC)

Phone: (808) 246-4300

[www.kiuc.coop](http://www.kiuc.coop)

## VISIT US ONLINE

There's only so much information we can fit in our quarterly newsletter (which by the way is also available online!), and a lot can happen between issues. Our website is a great way to bring you the latest and much more information. The Department of Commerce and Consumer Affairs (DCCA) is also adding a lot more content, including video, so please browse the whole site and see what other divisions have to offer. We also welcome suggestions on how to improve the site.



DCCA: [www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

Division of Consumer Advocacy: [www.hawaii.gov/dcca/dca](http://www.hawaii.gov/dcca/dca)

## EARLY DTV

It's likely that you have heard about the conversion to digital from analog signals by now, and how that may affect the use of your older model television. What might take you by surprise is the date of the switch. While the national transition will take place on February 19, 2009, Hawaii will actually make the switch early, at noon, on January 15, 2009. The change does not affect low power television stations, so viewers on Kauai need not worry.

The State is serving as sort of a pilot for the rest of the nation, and all eyes will be on us for any problems encountered from the change-over. Hopefully things will go on without a hitch. The FCC has set up a dedicated website for the Hawaii transition.

[www.dtv.gov/Hawaii/](http://www.dtv.gov/Hawaii/)

## Telecommunication Companies:

### Hawaiian Telcom

Phone: (808) 643-3456

[www.hawaiiantel.com](http://www.hawaiiantel.com)

### Time Warner Telcom

Phone: (808) 441-8500

[www.twtelecom.com](http://www.twtelecom.com)

### Pacific LightNet Communications

Phone: (808) 791-1000

Toll-Free: 1-888-478-1414

[www.plni.net](http://www.plni.net)

## HAWAIIAN TELCOM

Hawaiian Telcom made headlines when it recently filed for Ch. 11 bankruptcy protection. The phone company is reported to have more than \$1 billion in debt, and tried to work with creditors on a debt-restructuring agreement before seeking bankruptcy protection. Increased competition and a shaky economy have not done the company any favors. The company explained that the decision to restructure was necessary to reorganize and reduce debt to emerge a stronger and financially secure company better able to compete in the ever-changing communications industry. Hawaiian Telcom has long talked about starting up television service, and its current financial situation could prolong its launch yet again. Analysts have commented that such service is needed to compete with Time Warner since it began offering phone service via VoIP. While the bankruptcy proceedings are set to take place in Honolulu, the case could take longer than others of its scale because company changes also need to be approved by the Public Utilities Commission. The important thing for consumers to understand is that current services should not diminish in quality through the bankruptcy. In fact, the company proved to be a lifeline again during last month's blackout on Oahu. If you do experience difficulties with the phone company, you can file a complaint with the PUC and also contact our office to help resolve any issues.

## GET YOUR FREE PHONE!

In the 2nd half of 2008, Hawaiian Telcom provided thousands of its customers with free corded telephones. The company received positive feedback for the phones during and following December's island-wide blackout on Oahu. With cordless phones inoperable without power, and cell phones losing their charge, the free phones came in quite handy. The corded phones run on low-level electrical current provided from Hawaiian Telcom central offices, which have back up power in case of emergencies. This allows you to make calls even during a power outage. Many customers have still not redeemed their coupons so the company decided to extend the program through February at most locations. Coupons should have been included in your June, July or September bill, depending on which island you reside. Those with paperless billing should have received information via email. If you did not receive or lost your coupon, you can still take advantage of the offer as long as your coupon was not redeemed. All you need to do is take a copy of your latest bill along with a picture ID to a Hawaiian Telcom store and a representative will look in their records to see if your allotted phone was issued. The phone giveaway was part of an agreement made when the company sold its print directory business. The phones may also be purchased for \$5. You can visit their website for more information.



A GE Slimline phone from Hawaiian Telcom.

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](mailto: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.