



## Division of Consumer Advocacy

# CONSUMER SPOTLIGHT

Issue #18

Public Utility News You Can Use

June 2013

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#### Public Utilities Commission (PUC)

465 South King St., Rm. 103  
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#### Federal Communications Commission (FCC)

445 12th St. SW  
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#### 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 JEFFREY ONO



Halfway through the year and the legislative session is now behind us. Some key legislation to a greener future passed this session, but more needs to be done moving forward. You can read more about it in this month's newsletter. Liquefied natural gas continues to warrant serious consideration as a viable fuel source for Hawaii, and is definitely worth following. We also highlight a couple of ways our consumers in need can obtain assistance with utility service. Included is information on help with electric or gas service and also lifeline phone service. With less than 10 percent of those eligible in Hawaii taking advantage of the service according to the latest information from the Universal Service Administrative Company, please help spread the word to anyone you think may not know about the program and share this newsletter with them. As always, please do not hesitate to contact our office with any questions or concerns.

## PUC DECISION AND ORDERS

On May 31, the Public Utilities Commission (PUC) issued a couple of notable Orders. Maui residents can look forward to a refund from Maui Electric Company (MECO) following Decision and Order No. 31288, if it stands. In this order, the PUC set the final approved increase in annual revenues for the MECO 2012 Test Year application at \$5.3 million (1.29 percent), well below the interim rate increase of \$13.1 million (3.16 percent). The \$7.8 million difference will result in a refund of about \$8.1 million, including interest. MECO says customers can expect a refund of around \$39 to \$49 in the form of a one-time credit. MECO, however, is challenging the order so the actual amount still needs to be calculated and approved by the PUC before it is issued. In the order, the PUC added that utility performance must be improved. MECO will need to file, within 90 days of the order, a System Improvement and Curtailment Reduction Plan to lower its fuel costs and reduce curtailment of lower cost wind energy.

In a separate order, Order No. 31289, the PUC opened an investigation to reexamine the decoupling mechanism and rate adjustment mechanism (RAM), and address concerns regarding poor utility performance. Decoupling de-links the HECO Companies' revenues from the amount of electricity sold, and is intended to remove financial disincentives for the utility due to sales declines from pursuing Hawaii's clean energy goals. The RAM compensates the utilities for changes in costs and infrastructure investment between rate cases. The investigation will evaluate if these mechanisms are functioning as intended to serve the public interest. You can read the orders in full using the PUC's Document Management System linked below.

<http://dms.puc.hawaii.gov/dms/>

Docket No. 2011-0092 (MECO)

Docket No. 2013-0141 (Decoupling)

## BIG WIND STUDY

In May, the Public Utilities Commission (PUC) approved Hawaiian Electric Co.'s (HECO) request to begin collecting \$3.9 million from customers through a Renewable Energy Infrastructure Program (REIP) Surcharge. The money covers the cost of preliminary studies HECO conducted to investigate whether wind energy generated on neighbor islands could be brought to Oahu via an undersea cable. A typical residential HECO customer using 600 kilowatt-hours a month can expect to pay about 13 cents a month over the next three years for the approved study costs. The actual charge is 0.0211 cents per kilowatt-hour.

Docket No. 2011-0112



### 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)

## 2013 LEGISLATION

Several energy-related bills passed in the Hawaii 2013 legislative session to advance the state's clean energy initiative, including, but not limited to, Senate Bill (S.B.) 19, S.B. 120, S.B. 1040, and S.B. 1087. Governor Neil Abercrombie has already signed S.B. 120 and S.B. 1040 into law as Act 37 and Act 34, respectively.

Act 37 authorizes the Public Utilities Commission (PUC) to establish a policy to implement economic incentives and cost recovery regulatory mechanisms to induce and accelerate electric utilities' cost reduction efforts, increase renewable energy, retire fossil generation, and modernize the electrical grids. Four ideas that the PUC is supposed to consider are:

- The establishment of a shared cost savings incentive mechanism designed to induce a public utility to reduce energy costs and operating costs and accelerate the implementation of energy cost reduction practices.
- The establishment of an incentive mechanism designed to encourage public utilities to implement practices to mitigate curtailment of lower cost renewable energy through the sharing of energy cost savings between the public utility, ratepayer, and affected renewable energy projects.
- The establishment of a stranded cost recovery mechanism to encourage the accelerated retirement of an electric utility fossil fuel electric generation plants.
- The establishment of different authorized rates of return on common equity to encourage increased utility investments in transmission and distribution infrastructure, discourage investment in fossil fuel electric generation plants, incentivize grid modernization, and disincentivize fossil generation, respectively.

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## DEFERRED TO 2014

Often times certain legislation holds good intentions, but is too premature and surrounded with uncertainties for legislators to responsibly pass, and is thus deferred. Such was the case with Senate Bill 1330, which would have allowed the establishment of a Hawaii community-based renewable energy program that would enable consumers to participate and benefit from a community-based renewable energy facility. With many of Hawaii's residents currently unable to directly benefit from solar energy system, whether it be because they live in a condominium or an area with too little sunlight to be cost effective or some other reason, the proposal to allow people to pool together for a bigger project was proposed. A few other states in the U.S. have already adopted some form of community-based renewable energy program. The Division of Consumer Advocacy (DCA) supported the measure to bolster Hawaii's clean energy goals, provided lawmakers made several proposed amendments to the bill, including adding statutory language to better secure the Public Utilities Commission's (PUC) oversight of the program. PUC Chair Hermina Morita testified that the commission already began a review of Hawaii's renewable energy procurement methods through a grant from the National Association of Regulatory Utility Commissioners, and believed the review should be concluded before adopting a new community based renewable energy program. Chair Morita said that the PUC is expected to complete their review in September. Sen. Mike Gabbard, chair of the Senate Committee on Energy and Environment, asked the DCA to work with all interested parties to revise the bill for consideration again in the 2014 legislative session. Our office intends to do so once the PUC completes its review.

## FREERPORT LNG APPROVAL

The liquefied natural gas (LNG) industry got a big boost last month when the U.S. Department of Energy (DOE) authorized Freeport LNG Expansion LP and FLNG Liquefaction LLC to export LNG to non-Free Trade Agreement (non-FTA) countries from its terminal on Quintana Island, near Freeport, Texas. Freeport LNG already received approval in 2011 to export to Free Trade Nations, but the conditional approval will allow Freeport LNG to export up to 511 billion cubic feet of its domestically produced LNG per year, for 20 years, to any country with which trade is permissible that has or develops the capacity to import LNG. The conditional approval is pending satisfactory completion of an environmental review by the Federal Energy Regulatory Commission (FERC). Freeport LNG is the second group in the U.S. to receive authorization to export domestic LNG to non-FTA countries, joining Sabine Pass Liquefaction, LLC. Before the approval of Freeport LNG's application, and in anticipation of several other companies seeking LNG export approval, the Office of Fossil Energy of the DOE (DOE/FE) decided to further study the economic impacts of LNG exports as public interest review under the Natural Gas Act. The DOE/FE concluded that opponents of the Freeport LNG application did not demonstrate that approval would be inconsistent with the public interest. The DOE/FE further stated that allowing Freeport LNG to export LNG was likely to yield net economic benefits to the U.S., and unlikely to adversely affect the availability of natural gas supplies to domestic consumers, result in natural gas price increases, or increase price volatility to negate the economic benefits. Critics believe outside countries willing to pay a higher price for the LNG leaves no incentive for the companies to sell competitively priced fuel domestically, which could make LNG less attractive as a fuel source for Hawaii. Freeport LNG already executed long-term liquefaction tolling agreements (LTA) with Osaka Gas Company, Ltd., Chubu Electric Power Company, Inc., and BP Energy Company for a total of about 450 billion cubic feet per year, accounting for about 88 percent of its allotment. Hawaii continues to study LNG as a potential fuel cost-savings measure. HECO and Hawaii Gas are looking at LNG as a fuel source option, but questions remain on what effect the opening of mainland export facilities will have on domestically sourced LNG. The Consumer Advocate will be monitoring LNG prices and report them in upcoming newsletters. You can read DOE/FE Order No. 3282 at:

[www.fossil.energy.gov/programs/gasregulation/authorizations/Orders\\_Issued\\_2013/ord3282.pdf](http://www.fossil.energy.gov/programs/gasregulation/authorizations/Orders_Issued_2013/ord3282.pdf)



LNG terminal on Quintana Island, near Freeport, TX.  
Photo Courtesy: Freeport LNG Development

## 2013 LEGISLATION

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Act 34 authorizes the PUC to consider the value of implementing advanced grid modernization technology in Hawaii. While advanced grid modernization technology will come with a cost, it is necessary to improve reliability of the electric system and increase grid communication and efficiency. This is especially vital as more and more renewable energy resources are added to the state's electric utility systems.

S.B. 19 exempts landlords who install renewable energy systems from being considered a "public utility." If deemed a public utility, a landlord would be subject to onerous requirements that likely dissuade them from installing any renewable energy systems on their property for their tenants' benefit. The hope is that the exemption serves as an incentive for land owners to adopt renewable energy systems.

S.B. 1087 enables a program designed to develop lower cost financing for Hawaii residents and businesses to utilize energy efficiency and renewable energy technology to reduce electricity consumption. Through this legislation, the Department of Business, Economic Development, and Tourism (DBEDT) will be able to issue bonds at competitive rates and pass the savings on to consumers with lower borrowing costs. This program is meant to help low income and rental customers. Borrowers could repay costs over time through monthly charges on their utility bill. Stay tuned for more information on the Hawaii Green Infrastructure Loan Program from DBEDT after details are finalized. You can also be assured that the news is delivered right here on Consumer Spotlight as well.

## Wireless Lifeline:

### Mobi PCS

Phone: (808) 723-1111  
Toll-Free: 1-888-995-7274  
[www.mobipcs.com](http://www.mobipcs.com)

### Safelink Wireless

Toll-Free: 1-800-723-3546  
[www.safelinkwireless.com](http://www.safelinkwireless.com)

### Sandwich Isles Wireless

Phone: (808) 540-5754  
Toll-Free: 1-888-995-7274  
[www.sandwichisles.com/SIW.html](http://www.sandwichisles.com/SIW.html)

### T-Mobile

Toll-Free: 1-800-937-8997  
[www.t-mobile.com/lifeline](http://www.t-mobile.com/lifeline)

## PENDING

### Blue Jay Wireless

Toll-Free: 1-855-425-8529  
[www.bluejaywireless.com](http://www.bluejaywireless.com)

### Budget Mobile Lifeline

Toll-Free: 1-888-777-4007  
[www.budgetmobile.com](http://www.budgetmobile.com)

### Pinntel

Toll-Free: 1-855-968-5433  
[www.pinntel.com](http://www.pinntel.com)

### Total Call Mobile

Toll-Free: 1-800-661-7391  
[www.totalcallmobile.com](http://www.totalcallmobile.com)

### Yourtel Wireless

Toll-Free: 1-855-299-9991  
[www.yourtelwireless.com](http://www.yourtelwireless.com)

## Landline Telecommunication Companies:

### Hawaiian Telcom

Phone: (808) 643-3456  
[www.hawaiiantel.com](http://www.hawaiiantel.com)

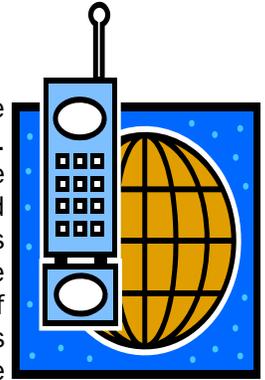
### Sandwich Isles Communications

Phone: (808) 540-5754  
Toll-Free: 1-888-995-7274  
[www.sandwichisles.com](http://www.sandwichisles.com)

## MORE ETC CHOICES

The last issue of *Consumer Spotlight* reported the new income eligibility amounts for 2013 to qualify for the Lifeline program. This month we highlight the potentially expanding list of eligible telecommunications carriers (ETC) to choose from for discounted telephone service. Some may not know that select wireless companies also participate. Hawaii has one of the lowest lifeline participation rates in the country, with less than 10 percent of eligible households enrolled in the program according to figures from 2011. So nine out of ten households that could receive the discounted service are not taking advantage of this offering.

Hawaiian Telcom, Mobi PCS, Sandwich Isles Communications and Wireless, and T-Mobile are all current ETCs in Hawaii, although T-Mobile does not intend to continue offering the service at the end of this year. TracFone Wireless recently received approval from the Hawaii Public Utilities Commission, and is working on bringing its service to Hawaii under its brand SafeLink Wireless. SafeLink Wireless offers different plans, one of which includes a free phone, and 250 minutes per month at no charge. Other companies are awaiting approval to become ETCs including, YourTel America, Pinnacle Telecommunications Group, Total Call Mobile, Budget PrePay, and Blue Jay Wireless. Many of these companies already operate on the mainland with plans similar to what SafeLink offers. Contact information for all the companies mentioned is posted to the left of this article.



## FINANCIAL AID THROUGH LIHEAP

Customers needing financial assistance paying their electric or gas bill should check this month to see if they qualify for a one-time credit through the Low Income Home Energy Assistance Program (LIHEAP). Interested applicants will need their most recent utility bill, proof of residence, Social Security Numbers for all household members, valid identification, and proof of gross income and assets. Applications in Hawaii are typically accepted only in the month of June so contact the nearest office listed below as soon as possible.



Honolulu Community Action Program (HCAP)	(808) 521-4531
HCAP Central District Center	(808) 488-6834
HCAP Kalihi-Palama District Center	(808) 847-0804
HCAP Leahi District Center	(808) 732-7755
HCAP Leeward District Center	(808) 696-4261
HCAP Windward District Center	(808) 239-5754
Kauai Economic Opportunity (KEO)	(808) 245-4077
Maui Economic Opportunity (MEO), Wailuku	(808) 249-2970
MEO Hana Branch	(808) 248-8282
MEO Molokai Branch	(808) 553-3216
MEO Lanai Branch	(808) 565-6665
Hawaii County Economic Opportunity Council	(808) 961-2681