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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009

MONDAY, MARCH 30, 2009
2:15 P.M.

TESTIMONY OF CATHERINE P. AWAKUNI, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS TO THE HONORABLE ROBERT HERKES, CHAIR, AND MEMBERS OF
THE COMMITTEE

SENATE BILL NO. 0133, SENATE DRAFT 2 – RELATING TO UTILITIES.

DESCRIPTION:

This measure requires the Hawaii Public Utilities Commission (“Commission”) to implement a program to achieve lifeline electricity rates for residential electricity users who are elders with limited income, the handicapped with limited income, and any person with a medical condition who is dependent on a medical device requiring electricity to operate.

POSITION:

The Division of Consumer Advocacy (“Consumer Advocate”) supports the intent of the measure, and offers the following comments for the Committee’s consideration.

COMMENTS:

The Consumer Advocate believes that minimizing the financial impacts on low income and disadvantaged customers who have limited options through use of lifeline rates is vital. The measure, however, is unnecessary as the Consumer Advocate and the HECO Companies are already developing a lifeline electricity rate program for the Commission’s consideration. Pursuant to the Hawaii Clean Energy Initiative agreement with the HECO Companies, we will file such program for the Commission’s review by

S.B. No. 0133, S.D. 2
House Committee on Consumer Protection and Commerce
Monday, March 30, 2009, 2:15 P.M.
Page 2

the end of April 2009. The Consumer Advocate will also work with Kauai Island Utility Cooperative to determine whether such a program can and should be implemented for Kauai customers.

Thank you for this opportunity to testify.

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
MARCH 30, 2009**

MEASURE: S.B. No.133 S.D.2
TITLE: Relating to Utilities.

Chair Herkes and Members of the Committee:

DESCRIPTION:

This bill proposes to add a new section to chapter 269, Hawaii Revised Statutes ("HRS"), to direct the Public Utilities Commission ("Commission") to implement a program to establish lifeline electricity rates for residential electricity users. This bill also clarifies the definition of "lifeline eligible" to be consistent with the eligibility criteria for lifeline telephone service.

POSITION:

The Commission has no objections to this bill, and defers to the Legislature's judgment in establishing lifeline electricity rates for certain residential electricity users, as these lifeline rates will require a certain amount of subsidization by other ratepayers.

COMMENTS:

- As this committee is already probably aware, if this bill is passed, all other electricity ratepayers will have to pay higher rates as a result of this policy to subsidize the ratepayers who utilize lifeline electricity rates.
- The Commission does acknowledge that the Division of Consumer Advocacy is working on developing a program with HECO Companies and believes, in light of that, that this measure is unnecessary.
- The Commission will defer to the Legislature's determination in this regard.

Thank you for the opportunity to testify and provide comments on this bill.

Testimony Before the House Committee

On

Consumer Protection & Commerce

March 30, 2009 (2:15 p.m.)

SB 133 SD2 RELATING TO UTILITIES

**By: Peter Young
Energy Services Department
Hawaiian Electric Company, Inc.**

Chair Herkes, Vice Chair Wakai and Members of the Committee:

My name is Peter Young, and I represent Hawaiian Electric Company (HECO) and its subsidiary utilities, Hawaii Electric Light Company (HELCO) and Maui Electric Company (MECO). I appreciate the opportunity to present testimony on S.B. 133, SD2.

The HECO Companies support SB 133 SD2 and the development of lifeline electricity rates for residential electric customers. The HECO utilities are currently working on a proposal for lifeline rates which we anticipate will be filed in conjunction with the Consumer Advocate in April 2009 as agreed in the Hawaii Clean Energy Initiative document.

Thank you for this opportunity to testify.