



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
www.hawaii.gov/dcca

KEALI'I S. LOPEZ  
INTERIM DIRECTOR

EVERETT S. KANESHIGE  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011

Date: February 2, 2011  
Time: 2:05 p.m.

TESTIMONY ON H.B. 832 - RELATING TO CONSUMER PROTECTION.

TO THE HONORABLE ROBERT N. HERKES, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Glen Chock, and I am the Acting Cable Television Administrator, Department of Commerce and Consumer Affairs (the "**Department**"). The Department takes no position on H.B. 832 but offers the following comments on the bill.

Section 2 of the bill amends Chapter 440G, Hawai'i Revised Statutes, the Hawai'i Cable Communications Systems Law by adding a new section requiring the cable operator to credit subscribers for service interruptions to cable television service.

The bill's provisions are similar to current Department's rules, HAR §16-131-16, except for subsection (a) which mandates an adjustment or issue a refund to a subscriber after a service interruption for more than four hours. In contrast, the Department's rule requires an appropriate adjustment or refund for a service interruption of 24 hours or longer. While 24 hours may be too long for customers to be without cable television service, depending upon the variables involved in the nature of the service interruption; i.e. the location of the problem, whether the problem is underground, etc., it may take far longer than four hours for the cable operator to find the source of the problem and to fix the problem.

The Department suggests that the cable operator be afforded a period of 8 hours to resolve interruptions of cable television service before being required to give an

adjustment or refund to subscribers. In the Department's experience, most problems for cable television service are resolved within this time frame.

Thank you for the opportunity to testify on H.B. No. 832. I will be happy to answer any questions that members of the Committee may have.



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WEDNESDAY, FEBRUARY 2, 2011  
2:05 P.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR,  
DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND  
CONSUMER AFFAIRS, TO THE HONORABLE ROBERT N. HERKES, CHAIR, AND  
MEMBERS OF THE COMMITTEE

**HOUSE BILL NO. 832 – RELATING TO CONSUMER PROTECTION.**

**DESCRIPTION:**

This measure proposes to require cable television operators and public utilities to issue refunds to subscribers in the event of service interruptions.

**POSITION:**

The Division of Consumer Advocacy ("Consumer Advocate") supports the intent of this measure with the following comments:

**COMMENTS:**

This measure seeks to create a legal obligation on utilities and cable operators and related remedies for subscribers/consumers which may be deemed overbroad in scope and difficult to quantify.

The Consumer Advocate is sympathetic to subscribers' desire to receive a refund when any utility service is interrupted. The Consumer Advocate recognizes that a disruption in any utility service can be frustrating and a significant inconvenience to subscribers. On the other hand, the Consumer Advocate has concerns with this measure as drafted.

This measure effectively imposes a strict liability standard upon the public utility for any interruption in service, unless caused by the subscriber's own negligence or willful act. Even in circumstances of a natural disaster, the utility would need to provide a refund for service interruptions longer than first 72 hours.

With respect to utilities that bill customers based upon usage, this measure may have little to no practical effect. For example, electric utility customers receive a bill that is primarily comprised of usage based charges and a nominal flat monthly charge; a customer or subscriber would not be subject to any usage based charges during any outage. The applicability of this legislation in this circumstance would seem to be limited to the monthly service charge, which is a relatively small amount.

Furthermore, this measure does not state whether the utility would be able to pass along the costs associated with any refunds to the ratepayers. There are likely to be administrative costs that would be necessary to implement such a refund program. The Consumer Advocate has concerns that all of these costs ultimately will be borne by the consumers at large by way of the utility's application for a rate increase.

Finally, the Commission currently has investigative authority pursuant to Hawaii Revised Statutes §§ 269-7 and 269-15 and Hawaii Administrative Rules § 6-61-71 and has exercised jurisdiction over such matters including the investigation into the 2006 and 2008 electrical outages. Through this process, a detailed analysis is conducted through an administrative quasi-judicial hearing process to determine liability, if any, on the part of the utility.

Thank you for this opportunity to testify.