

# SCR200

Measure Title:	REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.
Report Title:	Public Utilities Commission; Rate Making; Special Medical Needs; ALICE Households; Low Income
Description:	
Companion:	<a href="#">HCR91</a>
Package:	None
Current Referral:	CPH, WAM
Introducer(s):	WAKAI, KIDANI, K. RHOADS, Baker, S. Chang, K. Kahele, Keith-Agaran, Nishihara, Shimabukuro

TESTIMONY OF  
JAMES P. GRIFFIN, Ph.D.  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII

TO THE  
SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

March 20, 2019  
10:00 a.m.

Chair Baker and Members of the Committee:

**MEASURE:** S.C.R. No. 200

**TITLE:** REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.

**DESCRIPTION:** REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.

**POSITION:**

The Public Utilities Commission offers the following comments for consideration.

**COMMENTS:**

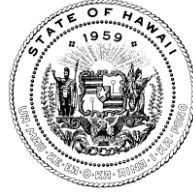
The Public Utilities Commission (“Commission”) is supportive of the intent of the resolution to lessen the burden of energy costs on low- and limited-income and special medical needs customers.

The Commission recognizes the high cost of electricity imposes a particular burden on low-income customers and has prioritized utility cost reductions and affordability in many proceedings before the Commission, including general rate cases, power purchase agreements for low-cost renewable energy projects, and innovative programs such as the demand response portfolio that reduce costs to customers. In addition, in overseeing the efforts of the Public Benefits Fee Administrator (“Hawaii Energy”), the Commission has

emphasized the importance of energy efficiency programs and services for hard-to-reach customers, including low- and limited-income customers.

The Commission will continue to support and develop reasonable measures that lessen the burden of energy costs on low- and limited-income and special medical needs customers.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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CATHERINE P. AWAKUNI COLÓN  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce, Consumer Protection, and Health  
Wednesday, March 20, 2019  
10:00 a.m.  
State Capitol, Conference Room 229**

**On the following measure:**

**S.C.R. 200, RELATING TO REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS**

Chair Baker and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department supports the intent of and offers comments on this resolution.

The purpose of this resolution is to request the Public Utilities Commission (Commission) to approve a subsidy through utility rates for reasonable ratemaking treatment to lessen the burden of energy costs on low- and limited-income and special medical needs customers.

The Department supports affordable bills for all customers. Thus, the Department has sought to encourage cost-effective utility management decisions to mitigate unreasonable increases in utility rates. The Department has also advocated for customer equity and programs for low-income customers in many proceedings, such as

those for energy efficiency, green energy market securitization, and distributed energy resources. The Consumer Advocate acknowledges, however, that there are certain programs that have helped certain subsets of customers where those programs are generally unavailable to other customers for various reasons, such as the cost to install equipment is too high or tenants may not be able to install equipment because it is not allowed under their lease. It is for that reason the Department supports the intent of this measure, as the Department is concerned with the prospect that certain customers may be “left behind” as Hawaii’s energy market evolves.

This resolution proposes to provide rate support for certain groups of vulnerable customers; however, the Department notes that there are already existing programs that provide assistance. For instance, Hawaiian Electric Companies’ low-income customers can currently take advantage of the federally-funded Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP consists of a program for emergency assistance on electric bills, as well as ongoing bill credits. Also, there is an existing Special Medical Needs Pilot Program, and the Hawaiian Electric Companies recently sought to extend the pilot to March 31, 2020.

The Department respectfully requests modifying this resolution to allow the Commission flexibility as to what actions might be taken and to request that interested stakeholders, such as the Commission and the electric utility companies, explore cost-effective solutions. For instance, the Consumer Advocate notes that the current Special Medical Needs Pilot program is currently subsidized by Hawaiian Electric shareholders; this provides assistance without skewing market price signals that could result in unintended and undesirable consequences. This model is unlikely to be sustainable for all types of assistance programs. It is also the Consumer Advocate’s understanding that not all of the funds in the federally-funded LIHEAP program are used on a consistent basis. The Department has also been seeking to determine if it is feasible to supplement the federally funded LIHEAP with State funding to create a State LIHEAP program that might expand the assistance to low-income customers without creating a separate utility or state program that would require duplicative administrative efforts and costs. As Hawaii’s electric industry continues to evolve, the Department believes that

stakeholders must ensure that all customers benefit and that, where necessary, innovative and cost-effective solutions that do not result in unintended consequences should be developed to help customers who might otherwise be left behind.

Thank you for the opportunity to testify on this resolution.



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 18, 2019

TO: The Honorable Rosalyn H. Baker, Chair  
Senate Committee on Commerce, Consumer Protection, and Health

FROM: Pankaj Bhanot, Director

SUBJECT: **SCR 200 - REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.**

Hearing: Wednesday, March 20, 2019, 10:00am  
Conference Room 229, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports this resolution and provides comments.

**PURPOSE:** The purpose of this resolution is to request the Public Utilities Commission to approve reasonable ratemaking treatment to lessen the burden of energy costs on low- and limited-income and special medical needs customers.

The DHS Low Income Home Energy Assistance Program (LIHEAP) is a federally funded program that assists low income households in meeting their immediate home energy needs; particularly, the program targets those households with the lowest incomes who pay the highest portion of their income for home energy. In State Fiscal Year 2018, 9,784 households received LIHEAP energy credits for their home energy needs, which equated to \$440.77 per household.

DHS participates in the Low-Income Constituent Focus Group meetings facilitated by the Hawaiian Electric Companies, and we collaborate with the utility to help our mutual clients in need. This resolution furthers the Hawaiian Electric Companies' ability to help lessen the burden of energy costs for our underserved clients.

Thank you for the opportunity to provide comments on this resolution.



Aloha United Way

Aloha United Way  
200 N. Vineyard Blvd., Suite 700  
Honolulu, Hawaii 96817

March 18, 2019

Senator Rosalyn H. Baker, Chair, Committee on Commerce, Consumer Protection and Health  
Senator Stanley Chang, Vice Chair, Committee on Commerce, Consumer Protection and Health

**SCR 200: STRONG SUPPORT**

Hearing: March 20, 2019; Hearing Time 10:00; Conference Room 229

Aloha Chair Baker, Vice Chair Chang and Committee Members:

Aloha United Way strongly supports SCR 200 which requests the Public Utility Commission to approve a subsidy through utility rates for reasonable ratemaking treatment to lessen the burden of energy costs on low- and moderate-income and special medical needs customers.

Aloha United Way has been participating in the Low Income Constituent Focus Group meetings facilitated by the Hawaiian Electric Companies and we collaborate with the utility to help our mutual clients in need. This resolution will ensure that the Hawaiian Electric Companies have the ability to help lessen the burden of energy costs for our underserved clients.

Aloha United Way operates Hawaii's statewide 211 Information and Referral Service. In 2018, we received over 94,000 requests for assistance and the third most common request (after food and rent assistance) was for help with utility bills. The proposed program will provide the resources to enable our community to help those in need.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of SCR 200..

Sincerely,

Cindy Adams  
President & CEO



# Helping Hands Hawai'i

March 16, 2019

TO: Honorable Rosalyn H. Baker, Chair  
Senate Committee on Commerce, Consumer Protection, and Health

FR: Jan M. Harada, President & CEO, Helping Hands Hawaii

RE: **Support of S.C.R. 200 REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED- INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS – WRITTEN TESTIMONY ONLY**

**Hearing Date:** Wednesday, March 20 at 10:00 a.m. in CR 229

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee,

On behalf of Helping Hands Hawaii, I would like to express our strong support for S.C.R. 200.

Helping Hands Hawaii (HHH) is a community-based organization (501c3) who as a part of our work with communities struggling economically, provide emergency financial assistance paired with financial literacy/education for struggling households some of whom are homeless and trying to move into permanent housing. In our work in this arena, we have been fortunate to work closely with the Hawaiian Electric Company, whenever a customer is behind on their utility bills, and having trouble coming current due to unforeseen life circumstances that can include everything from death in the family of an income earner, long-term medical illness, disability, extended unemployment, or other emergency the existence or length of which is unanticipated. This resolution will ensure that the Hawaiian Electric Companies have the ability to help lessen the burden of energy costs for our underserved clients.

In addition to our emergency assistance work, we generally work with families and individuals struggling with poverty. Related to that work, our organization has been participating in the Low Income Constituent Focus Group meetings facilitated by the Hawaiian Electric Companies. The clients we serve include those struggling with poverty and also those with special medical needs (many of whom are dependent on life support equipment used in their homes and/or have increased cooling needs due to their medical conditions).

We support S.C.R. 200. Thank you for the opportunity to share our support with you.

**TESTIMONY BEFORE THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION & HEALTH**

**SCR 200**

**REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A  
SUBSIDY THROUGH UTILITY RATES FOR REASONABLE  
RATEMAKING TREATMENT TO LESSEN THE BURDEN OF  
ENERGY COSTS ON LOW AND LIMITED-INCOME AND  
SPECIAL MEDICAL NEEDS CUSTOMERS.**

Wednesday, March 20, 2019  
10:00 AM, Agenda Item #6  
State Capitol, Conference Room 229

**By Joanna Markle  
Customer Ombudsman  
Hawaiian Electric Company, Inc.**

Dear Chair Baker, Vice Chair Chang and Members of the Committee,

My name is Joanna Markle and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company (collectively “the Hawaiian Electric Companies”) in support of Senate Concurrent Resolution 200 (“SCR 200”). SCR 200 would lay the framework for the Company to pursue programs to help low-income and special medical needs customers and provide notice to the Public Utilities Commission of the Legislature’s support of the program.

For your background, on January 18, 2017, the Hawaiian Electric Companies filed a Special Medical Needs Tariff, Transmittal No. 17-01, requesting that the Public Utilities Commission establish a Special Medical Needs Pilot Program for the two-year period from April 1, 2017, through March 31, 2019. In response, in the PUC’s Decision and Order for the Company’s request to establish a special medical needs pilot program, the PUC stated that the legislature did not appear to have established in HRS chapter 269 an energy subsidy policy for low income families or customers with special medical needs and directed the Company to advance their social policy goals through their respective rate structures. As a result of the PUC’s directive, the Hawaiian Electric Companies introduced this concurrent resolution to reflect the legislature’s support of such program.



Hawaii's high cost of living greatly affects our low-income population and our customers with special medical needs. Although the rates for rent and mortgages for Hawaii are the highest in the nation, the median earnings for Hawaii are only slightly higher than the U.S. median at \$46,978.<sup>1</sup>

Hawaiian Electric works closely with the State's Low-Income Home Energy Assistance Program ("LIHEAP") office and their designated intake organizations, Hawaii Community Action Program (HCAP), Maui Economic Opportunity (MEO), and Hawaii County Economic Opportunity Council (HCEOC) to administer the LIHEAP Energy Credit, which is the annual credit applied to the accounts of eligible customers. Hawaiian Electric also actively works with HCAP, MEO and HCEOC to administer the LIHEAP Emergency Crisis Intervention (ECI) funds every month to help low income customers who face disconnection or who are already disconnected, as well as other non-profit organizations to secure additional funds to reconnect customers.

Due to the Special Medical Need Pilot Program, our employees have learned from our special medical needs customers that they may come from all different financial backgrounds; however, their special medical needs and the medical costs associated with their special medical needs can be unrelenting and can easily cause an individual and/or family to lose their financial stability. This is especially true if the individual or family do not qualify for financial assistance, these customers have nowhere to turn for help and faced with medical challenges, sometimes even life threatening medical challenges. The State Department of Health and the local hospitals do not collect and/or maintain data on these customers, which makes evaluating the needs of this segment of our community very challenging.

The Hawaiian Electric Companies view helping low income individuals/families and customers with special medical needs, in line with our Company culture of helping our community, our neighbors, our family. SCR 200 will allow the PUC to approve a subsidy through ratemaking to help lessen the burden of energy costs for our underserved customers.

Thank you for the opportunity to testify in support of SCR 200.

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<sup>1</sup> U.S. Census Bureau, American Community Survey 1 –Year Estimates, Earnings in the Past 12 months (in 2017 Inflation-Adjusted Dollars). 2017. < <https://factfinder.census.gov>>