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

**Before the  
Senate Committee on Commerce and Consumer Protection  
Thursday, March 24, 2022  
9:30 AM  
Conference Room 229 & Videoconference**

**On the following measure:  
SCR 38/SR 33, REQUESTING PUBLIC UTILITIES TO PROVIDE A FIFTY PERCENT  
RATE DISCOUNT TO RETIRED SENIOR CITIZENS**

Chairs 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 appreciates the intent and offers comments on this resolution.

The purpose of this resolution is to request public utilities to provide a fifty percent rate discount to retired senior citizens and for the Public Utilities Commission to investigate the measures taken by utilities and to report on those measures.

The Department acknowledges that many retired seniors are on fixed incomes and high and rising utility costs can be burdensome for them. The Department respectfully notes, however, that any discount rate shifts costs to other ratepayers and that utility rates are regressive. Thus, implementing a 50% discount for any class of customers would result in a subsidy that could have unintended consequences, such as adversely affecting low- to moderate-income customers and result in their utility bills becoming even less affordable.

The Department therefore respectfully offers that, rather than the proposed discount, the Commission could investigate measures to benefit vulnerable customers, such as low-income and retired customers as well as whether there are funding sources – other than other utility customers – to support social policy objectives. Due to the regressive nature of utility rates, if funding for such social policy objectives come solely from utility rates, it will distort the underlying cost recovery principles and send inefficient pricing signals to all customers. These distorted pricing signals could encourage inefficient investments that could further increase the utility bills for vulnerable customers.

Thank you for the opportunity to testify on this resolution

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

TO THE  
SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION

March 24, 2022  
9:30 a.m.

Chair Baker and Members of the Committee:

**MEASURE:** S.C.R. No. 38 / S.R. No. 33

**TITLE:** REQUESTING PUBLIC UTILITIES TO PROVIDE A FIFTY PERCENT  
RATE DISCOUNT TO RETIRED SENIOR CITIZENS.

**POSITION:**

The Public Utilities Commission (“Commission”) offers the following comments for consideration.

**COMMENTS:**

The Commission appreciates the intent of these resolutions to alleviate utility costs for senior citizens.

The Commission notes that preferential rates for any specific customer group will lead to cross-subsidization from all other customers. The Commission also notes that it may be challenging for utilities to verify a customer’s age and retirement status, as well as the composition of their household. For example, it is unclear whether multi-generation households would be able to qualify for discounted rates and whether utilities are authorized to collect information on the age and retirement status of a senior citizen’s household members.

Thank you for the opportunity to testify on this measure.