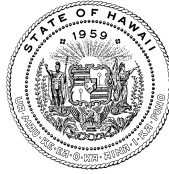


JOSH GREEN, M.D.
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DEPT. COMM. NO. 233

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December 22, 2022

The Honorable Ronald D. Kouchi, President
and Members of the Senate
Thirty-first State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki, Speaker
and Members of the House of Representatives
Thirty-first State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the **Public Utilities Commission's Report to the 2023 Legislature as requested by:**

- **S.R. 33**
- **S.C.R. 48 / S.R. 43 and**
- **S.C.R. 242 / S.R. 133 / H.R. 44.**

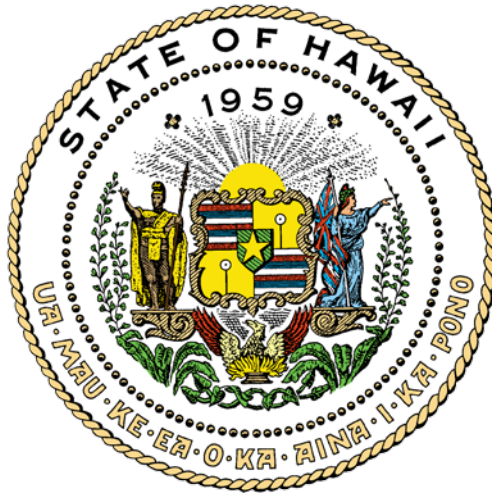
In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at <https://puc.hawaii.gov/reports/>.

Sincerely,

A handwritten signature in black ink, appearing to read "LR Asuncion".

Leodoloff R. Asuncion
Chair

Enclosures



**STATE OF HAWAII
PUBLIC UTILITIES COMMISSION**

**REPORT TO THE 2023 LEGISLATURE
PURSUANT TO SENATE RESOLUTION 33,
SENATE CONCURRENT RESOLUTION 48 /
SENATE RESOLUTION 43 / HOUSE RESOLUTION 43,
SENATE CONCURRENT RESOLUTION 242 /
SENATE RESOLUTION 133/ HOUSE RESOLUTION 44
(2022)**

DECEMBER 2022

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Background

During the 2022 Legislative Session, the Hawaii State Legislature adopted a suite of Resolutions relating to energy justice and equity in the context of the regulatory authority of the Public Utilities Commission (“Commission” or “PUC”). These include:

1. Senate Resolution 33: Requesting the Public Utilities Commission to Investigate Measures to Benefit Vulnerable Customers, such as Low-Income and Retired Customers, and Identify Funding Sources to Support Social Policy Objectives that Would Prevent the Shifting of Costs to Other Ratepayers.¹
2. Senate Concurrent Resolution 48, Senate Resolution 43, and House Resolution 43: Requesting the Public Utilities Commission to Consider Efforts to Mitigate High Energy Burdens for Low- and Moderate-Income Customers and Investigate how to Integrate Considerations of Energy Equity and Justice Across its Work.²
3. Senate Concurrent Resolution 242, Senate Resolution 133, and House Resolution 44: Requesting the Public Utilities Commission, in collaboration with the Department of Commerce and Consumer Affairs’ Division of Consumer Advocacy, to Convene a Working Group to Create a Hawaii Low Income Home Energy Assistance Program to Assist Low-Income Households with Paying for their Home Energy.³

The Commission appreciates the Legislature’s attention to these important issues and is committed to advancing energy and justice across its functions. In response and pursuant to the above Resolutions, the Commission has opened a new proceeding to investigate energy equity and justice to which the Consumer Advocate is a Party, and in conjunction with the Consumer Advocate has convened a Working Group to develop a state Low-Income Home Energy Assistance Program (LIHEAP).

This report summarizes the Commission’s recent activities and provides context on ongoing and future actions related to the above Resolutions. The report first addresses the Resolutions requesting that the Commission examine:

- (1) Measures to benefit vulnerable customers, such as low-income and retired customers, and identify funding sources to support social policy objectives that would prevent the shifting of costs to other ratepayers;⁴
- (2) Low- and moderate-income rate discounts, bill credits, and direct payments and whether these would be appropriate in the State;

¹ S. Res. 33, Haw. 31st Leg. (2022) (“SR 33”).

² S. Con. Res. 48, Haw. 31st Leg. (2022) (“SCR 48”); S. Res. 43, Haw. 31st Leg. (2022) (“SR 43”); H.R. Res. 43, Haw. 31st Leg. (2022) (“HR 43”).

³ S. Con. Res. 242, Haw. 31st Leg. (2022) (“SCR 242”); S. Res. 133, Haw. 31st Leg. (2022) (“SR 133”); and H.R. Res. 44, Haw. 31st Leg. (2022) (“HR 44”).

⁴ SR 33.

- (3) Expanded availability of utility bill assistance programs and whether adequate payment plan arrangements are available to low- and moderate-income customers who are facing economic challenges, such as loss of employment;
- (4) Measures to protect low- and moderate-income households, senior citizens, and households with infants from service disconnections, including reporting requirements for all utilities on the number of customers annually disconnected due to non-payment;
- (5) The advantages and disadvantages of rate design, program offerings, and the requirements of community benefits agreements to address energy burden, energy insecurity, and environmental and energy justice concerns related to energy projects and programs; and
- (6) Other customer-centric solutions to lessen the energy burden on low- and moderate-income customers and determine appropriate benefits above and beyond those accrued to the overall electric grid for communities that serve as geographic hosts to utility scale energy projects [.5]

The report concludes with findings and recommendations related to the ongoing LIHEAP Working Group.

Section 1: Equity Actions and Considerations

I. Context

As these Resolutions identify, Hawaii faces many challenges related to energy justice and in supporting vulnerable customers. For example, fossil fuel plants have been historically sited in low-income and Native Hawaiian communities, land constraints create challenges in equitably siting new renewable energy projects, many residents with lower incomes lack access to distributed energy resources (DERs), and there are many other systemic issues that create barriers to an equitable energy system. These challenges are not unique to Hawaii but are acute given the State's lack of available land, income disparities, isolated nature, reliance on imported fossil fuels, and relatively high adoption of both distributed and grid-scale renewable energy. Increasingly, communities are seeking greater input into the planning and development of energy systems. While each community has particular concerns and needs, common concerns include rising costs, over-burdening certain communities with energy projects (many of which are already adversely impacted by energy and other infrastructure), lack of community input into the design of projects and programs, and concerns over cultural impacts of projects.

As discussed in more detail in the LIHEAP section below and as identified by the Legislature, affordability of energy, water, gas, telephone, and telecommunications poses a significant challenge for many households in Hawaii. Forty-two percent of households in the State live below the Asset Limited, Income Constrained, Employed ("ALICE") threshold as of 2020. Residents in the State also have a high energy burden,⁶ as Hawaii has the country's highest residential electricity rates. The federal LIHEAP, a program designed to provide energy assistance to families, served fewer than 9,000 households in Hawaii in 2020, or about 2% of the State's population.

⁵ SCR 48.

⁶ Energy burden is defined as the percentage of household income spent on energy costs.

There is an increasing focus nationally on improving equity in the energy system. In particular, under President Joe Biden, the White House developed the Justice40 Initiative, which aims to ensure that at least 40% of the benefits resulting from certain climate- and energy-related federal investments flow to disadvantaged communities.⁷ As Hawaii seeks federal funding for its ambitious goals on climate change mitigation, renewable energy, clean transit, energy efficiency, and others, this funding will require that all agencies and entities involved have plans for meeting the Justice40 requirements. Additionally, other state utility commissions are increasingly working to better address equity.⁸

The regulatory process presents both challenges and opportunities to address energy equity. The Commission has unique authority to impose requirements on projects and programs to ensure alignment with the public interest. The Commission believes the State must address community concerns, mitigate historical inequities, and assess the varied ways that the energy and utility systems impact Hawaii’s residents in order to achieve its decarbonization, renewable energy, affordability, and other policy objectives. However, the Commission is somewhat constrained by lack of public input and awareness of PUC functions as well as limited touchpoints in certain processes, such as renewable energy procurement processes. For these reasons, the Commission is pursuing several collaborative actions and investigations on the impacts of its work towards equity and justice objectives and is prepared to support future actions as deemed necessary by the Legislature.

II. Ongoing Equity Actions

New efforts to address the priorities identified by the Legislature will build on work already underway at the Commission. In order to ensure that these efforts are complementary and considered holistically to minimize any unintended consequences, the Commission identified current efforts to address equity and justice in its work. While not an exhaustive list, the most pertinent of these activities are summarized in Table 1.

Table 1: Relevant Ongoing/Existing Equity-Related Activities at the Commission

Docket #	Short Description
Community-Based Renewable Energy (CBRE): 2015-0389	The Commission has adopted requirements for Low- and Moderate-Income (LMI) specific projects in the CBRE docket. These projects are not subject to capacity limits, include new LMI verification criteria and options, require mandatory community meetings/engagement, and include possible

⁷ THE WHITE HOUSE, Justice40, <https://www.whitehouse.gov/environmentaljustice/justice40/> (last visited on December 14, 2022).

⁸ For example, the California PUC developed an Environmental and Social Justice Action Plan in 2022 and continues to update the document. See CALIFORNIA PUBLIC UTILITIES COMMISSION, Environmental and Social Justice Action Plan, <https://www.cpuc.ca.gov/news-and-updates/newsroom/environmental-and-social-justice-action-plan> (last visited on December 14, 2022). The Colorado PUC also recently opened a docket related to equity. See COLORADO DEP’T OF REGULATORY AGENCIES, Public Utilities Commission Equity Initiatives (available at https://sites.google.com/state.co.us/puc-equity-initiatives?pli=1). For an overview of PUC equity initiatives nationwide, see the Clean Energy Action’s article on Equity at PUCs. Behringer, M., CLEAN ENERGY ACTION, Equity at the Public Utility Commissions: Recent Research and Lessons (Feb. 22, 2022), <https://www.cleanenergyaction.org/blog/equity-research-2021> (last visited on December 14, 2022).

	<p>considerations for community benefits agreements (non-price criteria in RFPs).</p> <p>The Commission has received technical assistance from the US Department of Energy (DOE) on options and criteria for identifying and verifying potential LMI subscribers for the CBRE program, which can be used to inform the approach used in other contexts.</p>
HECO Special Medical Needs Program (SMNPP): 2020-0056	Decision and Order No. 38164 established a permanent Special Medical Needs Program, which offers a discounted rate for customers that are dependent on life-support devices or with certain medical issues.
Electric Vehicle (EV) Dockets (various)	The Commission required consideration of deployment of EV infrastructure in underserved communities, which is occurring across multiple dockets. For example, the Commission required HECO to define underserved communities in docket No. 2020-0202.
Public Benefits Fee (PBF) / Energy Efficiency (EE): 2007-0323	Hawaii Energy’s programming focuses heavily on the “Affordability & Accessibility” population, including LMI, hard-to-reach, and Asset-Limited, Income-Constrained, Employed (ALICE) customers.
	Hawaii Energy uses a multi-pronged geographic/zip-code methodology to identify LMI populations.
	Hawaii Energy founded and hosts the Energy Equity Hui.
	Hawaii Energy collaborates with HECO to focus programs and projects in LMI communities.
	Hawaii Energy collaborates with various other stakeholders/orgs (e.g., United Way) for targeted LMI programming.
	Hawaii Energy’s program must be proportionally distributed across the islands it serves.
Performance-Based Regulation (PBR): 2018-0088	The PBR Framework identifies affordability, customer engagement, and customer equity as priority outcomes. The Framework includes a “customer dividend” to immediately share cost savings with customers.
	HECO must track and publicly report on multiple affordability and equity metrics. ⁹
	HECO can earn financial rewards via a Performance Incentive Mechanism (PIM) for collaborating with Hawaii Energy to deliver energy savings for LMI customers.
	HECO’s Innovative Pilot Framework requires consideration of impacts on underserved customers and identifies “equity,

⁹ See HAWAIIAN ELECTRIC, [PBR Scoreboards and Metrics - Customer Equity](https://www.hawaiianelectric.com/about-us/performance-scorecards-and-metrics/customer-equity), <https://www.hawaiianelectric.com/about-us/performance-scorecards-and-metrics/customer-equity> (last visited on December 14, 2022); and HAWAIIAN ELECTRIC, [PBR Scoreboards and Metrics - Affordability](https://www.hawaiianelectric.com/about-us/performance-scorecards-and-metrics/affordability), <https://www.hawaiianelectric.com/about-us/performance-scorecards-and-metrics/affordability> (last visited on December 14, 2022).

	access, affordability, and sustainability” as an area of collaboration for pilots.
Distributed Energy Resources (DER): 2019-0323	The Commission asked Parties to consider the benefits and challenges to offering rate discounts for LMI customers and to propose other programmatic approaches to support LMI customers. Parties proposed various ideas, such as a high-level rate subsidy framework developed by HECO, and low-income DER programs such as a Virtual Net Metering or Self-Consumption Program, shared solar, a multi-family water heating demand response program, and others.
Renewable Energy Request for Proposals (RFP) Docket: 2017–0352	HECO is now requiring bidders to include community benefits packages into their proposal submissions and includes community engagement requirements for developers.
Integrated Grid Planning (IGP): 2018-0165	The Commission has required HECO to develop a community outreach plan related to proposed Renewable Energy Zones that are intended for geographically targeted generation and transmission development.
Green Infrastructure Loan Program: 2014-0135	The remaining GEMS loan funding of approximately \$24 million has been restricted to underserved customers, including LMI households, small businesses, multi-family rentals and non-profits. Currently HGIA is proposing expansion of the GEM\$ financing mechanism to include all ratepayers (including customers with recent disconnection notices) to provide more equitable accessibility to their funding programs.
Deferral of Covid Costs and Suspension of Utility Disconnections: 2020-0069, 2020-0209, and 2020-0088	The Commission enacted a disconnection moratorium in response to the COVID-19 pandemic and approved deferred accounting of COVID costs. HECO, KIUC, and Hawaii Gas provide quarterly reports on metrics such as customers in arrears, disconnections, and others.
Past Docket 05-0146	HECO worked with the Waianae community to co-develop a community benefits package associated with construction of the Campbell Industrial Park Generating station.
Non-Docketed/Related Activities	PUC staff participate in the Energy Equity Hui, described further below.
	The PUC hosted the annual Western Conference of Public Service Commissioners in June 2022, which focused on equity in utility regulation and convened expert speakers on the topic.
	The US DOE is providing technical assistance to the Commission to develop a decision-making framework for considering equity in the procurement of utility-scale renewable energy.
	HECO has established an LMI Advisory Council to provide direction in best supporting LMI customers.
	HECO offers an Ohana Energy Gift program that allows customers to donate to help friends and family or others in need.
	HECO offers a Life Support Program to track and support customers with electricity-dependent medical equipment.

	HECO offers a Tier Waiver Provision Program for customers receiving LIHEAP benefits to be billed at the lowest tiered rate for their energy for 12 months.
	KIUC offers annual, one-time credits to assist customers in need, called the Low-Income Payment Assistance Program.
	In conjunction with the Division of Consumer Advocacy, the Commission is hosting a Working Group to develop a Hawaii state LIHEAP, as directed by the State Legislature.

In particular, certain ongoing efforts have informed the Commission’s work on energy equity and justice in the past few years. For example, Commission staff have been active in the Energy Equity Hui for the past three years. The Energy Equity Hui is an informal statewide government-nongovernment collaborative group, convened by Hawaii Energy, working to ensure equitable outcomes in the achievement of state energy policy goals. The group includes representatives from various city and state agencies, non-profits, businesses, and communities that engage in information sharing, group learning, and development of new program and policy ideas. Through the Hui, Commission staff participated in an equity training, have visited Native Hawaiian- and community-owned energy projects, and have developed strong working relationships with diverse representatives across the state. These relationships have helped to ensure that state agency efforts, particularly where community engagement is required, are aligned, not duplicative, and supportive of one another.

In response to the COVID-19 Pandemic in 2020, the Commission suspended the authority of regulated utilities to terminate or disconnect services for customers due to non-payment of utility bills. The Commission opened Docket No. 2020-0209 on December 22, 2020, to gather data to inform Commission decision-making regarding this suspension of disconnections, also establishing reporting requirements for regulated utilities and directing these utilities to enhance their customer payment plan options (or develop such options for utilities that did not provide payment plan options). Prior to lifting the suspension of disconnections at the end of May 2021, the Commission required regulated utilities to file a Pre-Disconnection Suspension Termination Report describing how utilities planned to offer customer assistance and engage customers prior to and after the disconnection suspension terminated. The Commission continues to monitor quarterly reports in this docket from regulated utilities.

Throughout 2022, the Commission has been actively engaged in developing a framework for consideration of equity and justice in the process of procuring renewable energy infrastructure. In partnership with a consortium of experts from the National Laboratories via a technical assistance grant, the Commission is defining equity terms (provided as Appendix A), characterizing the current utility-scale renewable energy procurement processes, and ultimately developing a draft framework for incorporating equity into the procurement process. Experts from the National Labs will deliver training materials on these topics. This effort is a foundational element for informing the Commission’s actions going forward. For example, aligning on terminology provides a shared language that allows the Commission and staff to identify specific barriers to equity, hone in on goals and outcomes, and select approaches that are most tailored to the context. The training will also provide all staff with tools to apply in other contexts. As a part of this effort, Commission staff have engaged directly with staff members at PUCs across the country to share lessons learned, best practices, and to solicit expert input and research from the National Lab teams on common challenges.

III. Docket No. 2022-0250

On December 13, 2022, the Commission opened Docket No. 2022-0250 that will “investigate how to better integrate equity and justice considerations across Commission proceedings and the Commission’s work more broadly, including in its role overseeing and regulating the functions of public utilities.”¹⁰ The Commission intends to continue pursuing equity-related actions in individual dockets, such as those discussed above, but will consider Docket No. 2022-0250 as an overarching proceeding where equity can be considered in a broader context and in a holistic manner. In order to be expansive in this exploration, the proceeding will center around key equity tenets, provided in Table 2.

Table 2: Equity Tenets

Term	Definition
Distributive Equity	Distributive Equity is recognized as sustainable programs and policies resulting in fair distributions of benefits and burdens across all segments of a community, prioritizing those with the highest need.
Procedural Equity	Procedural Equity is the inclusive, accessible, authentic engagement and representation in processes to develop or implement sustainability programs and policies.
Recognition Justice	Recognition justice identifies who is being ignored in decision-making, and how that should be remedied so that all individuals are fairly represented and offered equal political rights.
Intergenerational Justice	Intergenerational justice relies on making decisions based on whether a decision would “increase rather than limit the development options of future generations.” ¹¹

To guide the docket’s initial efforts, the Commission identified a non-exhaustive list of the most pertinent challenges that must be addressed to achieve and sustain equity in Hawaii’s energy ecosystem. These include:

1. High energy rates;
2. High percentage of LMI customers;
3. High energy burden;
4. Lack of universal access to renewable energy initiatives, such as by renters, LMI populations, tenants in multi-unit dwellings, etc.;
5. High need for utility payment assistance;
6. Historic siting of fossil fuel infrastructure in communities with vulnerable populations;
7. Land constraints creating relative unavailability of land for siting energy infrastructure; and

¹⁰ Docket No. 2022-0250, Order. No. 38759, “Instituting a Proceeding to Investigate Energy Equity,” filed on December 13, 2022 (“Order No. 38759”).

¹¹Brown, M. A., Soni, A., Lapsa, M. V., & Southworth, K., Low-Income Energy Affordability: Conclusions from a Literature Review, OAK RIDGE NATIONAL LABORATORY, OAK RIDGE, TN (Mar. 2020) (available at <https://info.ornl.gov/sites/publications/Files/Pub124723.pdf>).

8. A regulatory process that can be difficult to access and costly in which to participate.

In identifying these challenges, the Commission intends to focus initial efforts on pervasive and pressing challenges. This will help to create foundational infrastructure at the Commission and the utilities it regulates to immediately begin improving outcomes for all Hawaii residents. Aligned with this approach and noting the Resolutions' particular focus on electricity-sector activities and impacts, the Commission has initially named the Consumer Advocate, Hawaiian Electric, Maui Electric, Hawaii Electric Light, and Kauai Island Utility Cooperative as Parties to the docket. The Commission encourages but does not require participation by Hawaii Gas and envisions that the work done and lessons learned in this docket will be directly applicable to the regulation of Hawaii Gas. The Commission aims to focus the scope of the docket in order to expediently deliver improved outcomes for Hawaii's residents and set a strong foundation which could then inform and bear on other proceedings in the near future.

Aligned with challenge #8, above, and in the interest of hearing from as wide a range of interested persons and groups as possible, the Commission has attempted to reduce and remove barriers to participation in this docket. The Commission hopes to hear from any interested persons on equity issues, and especially from communities that host energy facilities, people with a high energy burden, and people that do not typically participate in Commission dockets. Accordingly, the Commission has waived any fees associated with filing motions to intervene or participate and has stated that no formal motion is required to provide input regarding this proceeding. The Commission has encouraged participation by members of the Energy Equity Hui, representatives from the Counties, Hawaii Energy, and any others who may be interested. Success in this docket and more broadly is contingent on a transparent, inclusive process that seeks input from diverse perspectives, particularly those impacted by the decisions being made and those who have historically been left out of decision-making.

Informed by both the equity tenets and major challenges enumerated above, the Commission has identified broad categories of tools to address energy equity and justice issues that should be considered within the docket. These include:

1. Energy affordability measures and direct financial assistance;
2. Equitable access to clean energy;
3. Utility business model reforms; and
4. Procedural equity improvements.

A description of each category, including measures that fall under the topic are addressed in turn below. This is not intended to be an exhaustive list of measures, but is instead intended to serve as a starting place for docket participants to assess the benefits and drawbacks of different equity tools in serving the ultimate objectives identified.

Energy Affordability Measures and Direct Financial Assistance

This category of tools may include actions and measures such as:

- Rate discounts (e.g., a percentage or fixed amount discount for eligible customers);
- Bill credits (e.g., subsidies or money applied directly to customer bills);
- State and federal LIHEAP;
- Expanded and enhanced bill assistance and payment programs (e.g., long-term payment plans, debt forgiveness programs, etc.);

- Benefits for specific customers such as retired senior citizens, fixed income customers, or customers with infants, etc.

This category of tools would directly impact the amount that customers are paying towards their bills and directly addresses utility bill affordability and energy burden. In pursuing such actions, Hawaii can learn from other states that have implemented low-income customer utility rates or discounts with varying structures.¹² Additionally, research shows that modifying payment plans, such as by lowering the amount due, lengthening the payback period, or tying debt forgiveness to consistent payments can increase the overall amount of revenue collected, reduce utility costs, and therefore create net benefits for all customers.¹³ However, it is important to carefully consider these types of measures to ensure that rate discounts or bill credits do not shift costs to other vulnerable customers.

Equitable Access to Clean Energy

This category of tools may include actions and measures such as:

- Improving access to and distribution of benefits from customer programs (e.g., distributed energy resource (DER) programs, CBRE, demand response, energy efficiency, time-varying rates, electrification of transportation (EoT), and other programs);
- Expanding and improving community input into system planning, community benefits agreements, and host community benefits for grid-scale energy infrastructure; and
- Expanded and enhanced financing programs for clean energy and energy efficiency (e.g., GEMS and GEM\$).

This category of tools recognizes that certain populations have been overburdened or left out of the clean energy transition to date. Customer-sited solar made up nearly half of the renewable energy mix in the Hawaiian Electric territories in 2021 and helps to offset customer bills, but these resources are not accessible to everyone.¹⁴ For example, renters, customers who own/rent units in multi-unit dwellings, LMI households, and houseless individuals are much less able to physically install or afford DER systems, which require roof space and large upfront investments. Expanded financing opportunities and creative program design can help to improve access to such programs. At the same time, time-varying rates, demand response, and energy efficiency can give customers improved control over their energy bills and help to reduce energy consumption overall. This category of tools should also include ensuring that all communities benefit from the reduced air pollution, cost savings, and other benefits of electrified transit (such as ensuring bus routes in LMI communities are electrified first, ensuring equitable distribution of EV charging infrastructure, and increasing access to electrified transit options for customers who do not own cars).

¹² 2018 research determined that at least 11 states offered low-income rates or discounts. Lee Hansen, OFFICE OF LEGISLATIVE RESEARCH FOR CONNECTICUT LEGISLATURE, Research Report - Utility Rate Discounts for Low-Income Customers in Other States (Feb. 1, 2018) (available at <https://www.cga.ct.gov/2018/rpt/pdf/2018-R-0051.pdf>).

¹³ See Brockway, N. et al., Low-Income Assistance Strategy Review, SYNAPSE ENERGY ECONOMICS, INC. (Nov. 11, 2014) (available at <https://www.synapse-energy.com/sites/default/files/Low-Income-Assistance-Strategy-Review-14-111.pdf>).

¹⁴ See HAWAIIAN ELECTRIC, Taking Action of Climate Change Together - 21/22 Sustainability Report at 4,5 (available at <https://view.hawaiianelectric.com/2021-2022-sustainability-report/page/4-5>).

Historically, fossil fuel infrastructure in Hawaii has often been sited in Native Hawaiian, LMI, or otherwise vulnerable communities. Communities that host infrastructure experience early and often greater impacts from the equipment (e.g., noise, air pollution, traffic, odors, contaminant spills, etc.) and give up land that could be used for other purposes. This proceeding may consider ways to improve the process for soliciting community input into energy/utility system planning and project solicitation, ensure that community benefits packages are impactful and relevant, and/or otherwise consider what benefits may be appropriate for host communities.

While these programs and efforts have the potential to create significant bill savings for customers and to improve other outcomes such as reduced air pollution, it is also important to continuously monitor the impacts of programs and community benefits packages on vulnerable communities. Setting up regular review points, clear metrics for tracking success, and clear lines of communications with participants is critical to minimizing unintended outcomes and being able to adapt to changing circumstances nimbly and in a timely manner.

Utility Business Model Reforms

This category of tools may include actions and measures such as:

- Modifications to the performance-based regulation (“PBR”) framework (e.g., developing an equity-focused PIM, developing an LMI assistance fund, assessing the equity of the existing revenue and performance PBR mechanisms, etc.);
- Improved reporting and transparency on key utility metrics (number of disconnections, arrearages, equity in service restoration times, equity in service reliability, etc.);
- Consideration of disconnection moratoriums or bans;
- Pursuing innovative pilots to support vulnerable customers;
- Modified accounting practices (e.g., deferred accounting, better tracking and managing uncollectible expenses, etc.); and
- Universal basic kWh programs.

This category of tools recognizes that there are incentives built into the current public utility business models that may or may not promote customer equity. These tools aim to identify the effects of different aspects of the utility business model and elevate those that improve equity and modify or remove those that do not. For example, accounting practices may be modified to improve customer bill payment outcomes and it may be worthwhile to consider whether there are circumstances under which disconnections should be banned entirely or customers provided with a basic amount of electricity monthly. Tracking key metrics related to equitable outcomes for customers increases visibility on areas that are working well and others that are not. When assessing these types of tools, it is critical to maintain the financial integrity of the utility and to balance costs with benefits for vulnerable customers.

Procedural Equity Improvements

This category of tools may include programs and measures such as:

- Streamlining and simplifying procedures for customers to qualify for programs;
- Improved customer outreach and education;
- Streamlined and effective community engagement;

- Making Commission proceedings more accessible (e.g., via reduced barriers to entry or payment for intervention);
- Establishing Commission-specific reporting metrics to monitor and assess the efficacy of activities; and
- Developing an equity and justice action plan or decision-making framework for the Commission.

These tools aim to build equity and justice principles into regulatory processes and across utility functions. This category of tools is important to ensure that equity outcomes are addressed systemically, rather than ad hoc, and that efforts are sustainable and become common practice. An important component of whether the actions and programs developed or expanded in this proceeding are successful is whether customers are aware of them and able to easily access them. This may include creating a single application for multiple programs or assistance options, reducing the amount of information needed to apply, creating additional channels for accessing applications, and ensuring that marketing and education are appropriate and effective. Additionally, it is important not to draw on the same communities' or individuals' time over and over again. For that reason, it is not only critical to ensure that community engagement is impactful and authentic, but also coordinated across utilities, the Commission, and other agencies.

As noted above, the regulatory process is not always conducive to attracting new and diverse viewpoints, which improves decision-making and outcomes. For this reason, it will be important to consider tools such as improved education on regulatory processes, reduced barriers to participation, and intervenor compensation. In addition, the Commission may consider developing metrics, review points, and a comprehensive equity action plan to ensure that it is aligned on goals, desired outcomes, and is continuously tracking progress and improving. Some of this work may need to be done internally at the Commission rather than as part of this docket. However, it is important that all these efforts are coordinated and aligned.

IV. Next Steps

In early 2023, the Commission will host an opening conference in the docket to solicit initial feedback on the proposed scope and process. The Commission envisions that its staff will provide an initial proposal of equity actions such as those above for reactions and input from stakeholders. This will inform subsequent steps, which may include establishing working groups to further develop specific proposals or explore specific topics, additional conferences, workshops, and meetings, soliciting additional public comments, ordering limited discovery, soliciting statements of position if and when appropriate, and issuing Commission decisions and orders if needed.

In addition to direct actions taken by the Commission and utilities, this docket may result in recommendations to the Legislature, which the Commission will relay as appropriate.

Section 2: Hawaii LIHEAP Working Group

This section provides an overview of the LIHEAP Working Group and its findings and recommendations.

I. LIHEAP Working Group Background

SCR 242, SR 133, and HR 44 requested that the Commission convene a working group, in collaboration with the Consumer Advocate to “create a Hawaii Low Income Home Energy Assistance Program to assist low-income households with paying for their home energy.”¹⁵ These resolutions also requested a report on findings and recommendations. The LIHEAP Working Group’s mandate relates to other Resolutions passed by the Hawaii State Legislature discussed above, including the investigation of measures benefitting vulnerable utility customers pursuant to SR 33 and opportunities to mitigate burdens for low- and moderate-income (LMI) customers pursuant to SCR 48, SR 43, and HR 43, as LIHEAP targets low-income and vulnerable customers.

Pursuant to the Legislature’s Resolutions, the Commission and the Consumer Advocate convened a Working Group with members from the following organizations:

- Public Utilities Commission;
- Department of Commerce and Consumer Affairs’ Division of Consumer Advocacy;
- Department of Human Services’ Division of Benefit, Employment and Support Services;
- Department of Labor and Industrial Relations’ Office of Community Services;
- Hawai’i State Energy Office;
- Hawaiian Electric Companies;
- Kauai Island Utility Cooperative;
- City and County of Honolulu;
- The Chairperson of the House of Representatives Standing Committee on Energy and Environmental Protection;
- The Chairperson of the Senate Standing Committee on Energy, Economic Development, and Tourism; and
- Hawaii Energy.

The Working Group met monthly from September to December 2022. Meetings were planned to sequentially build group knowledge on both Hawaii’s context and program design options, while allowing members to begin crafting a program that meets the state’s specific and unique needs. The Working Group encouraged idea development, creativity, and an environment of trust and collaboration by adhering to Chatham House Rules.¹⁶ The recommendations included in this report are those that had broad support across Working Group members. However, given the wide range of stakeholders in the group, no recommendations had unanimous support and these findings and recommendations should not be taken as having full support from all represented organizations.

¹⁵ SCR 242; SR 133; HR 44.

¹⁶ Under Chatham House Rules, meeting participants can use information received in meetings, but the identity or organizational affiliation of the speaker will not be shared without permission. CHATHAM HOUSE, [Chatham House Rule](https://www.chathamhouse.org/about-us/chatham-house-rule), <https://www.chathamhouse.org/about-us/chatham-house-rule> (last visited on December 14, 2022). These rules are intended to increase openness in meetings. Id.

II. Summary of Findings and Recommendations

The Hawaii LIHEAP Working Group found that despite considerable need, Hawaii receives the lowest federal LIHEAP funding among all of the states. In addition, the number of eligible households in Hawaii that receive benefits is usually below 10%. Therefore, the Working Group recommends the creation of a Hawaii LIHEAP to complement the federal program. The Working Group continues to explore program design options, but proposes the following initial recommendations:

- Program funding should come from a combination of taxpayer and ratepayer sources.
- Such a program may best be run by the current administrator of the federal LIHEAP, the Department of Human Services (DHS), provided additional funding for adequate staffing and information technology are made available to ensure program success.
- To reach the highest number of vulnerable customers, a categorical approach could be used in which participants of other relevant programs are automatically qualified.
- Depending on available funding, eligibility should be expanded beyond current eligibility thresholds.
- Any new program should require integration with energy efficiency actions, such as weatherization assistance, energy efficiency measures, and customer connection with Hawaii Energy.¹⁷
- A new program should consider the addition of new education and outreach measures to better reach eligible customers and should require tracking of key metrics and outcomes for program participants.
- Some Working Group participants recommend rebranding a Hawaii-state LIHEAP program in order to increase program awareness and to reduce possible stigma associated with low-income branding.
- The new Hawaii LIHEAP would be best established through legislative action for greater funding options and to provide adequate resources to DHS, and the Working Group will continue to provide recommendations and proposed legislation, as needed.

III. Working Group Meetings

On September 27, 2022, the Working Group meeting focused on level-setting. The meeting's objectives were:

1. Ensuring common understanding of Legislative requests;
2. Aligning on near-term Working Group objectives, timeline, and process; and
3. Providing a group learning opportunity on the current LIHEAP landscape & program development efforts to date.

The PUC provided an overview of recent data showing the level of need for home energy assistance in Hawaii using information provided in quarterly reports by the Hawaiian Electric Companies, Kauai Island Utility Cooperative, and Hawaii Gas in Docket No. 2020-0088 and Docket No. 2020-0209. At the

¹⁷ Hawaii Energy is the third-party administrator for energy efficiency programs within the Hawaiian Electric Companies' service territories.

September 27th Working Group meeting, a version of the Table 3, below, was presented to provide a summary of the need for home energy assistance as of the second quarter in 2022.

Table 3: The Hawaii LIHEAP Landscape: Home Energy Assistance Need (September 27, 2022)

Metric (Data for Q2 2022) ¹⁸	Hawaiian Electric Companies ¹⁹	Kauai Island Utility Cooperative (KIUC) ²⁰	Hawaii Gas ²¹
Customers disconnected in Q2 2022 (# of customers, % of all customers)	<ul style="list-style-type: none"> • 1,235 • 0.3% 	<ul style="list-style-type: none"> • 44 • 0.1% 	<ul style="list-style-type: none"> • 106 • 0.3%
Customers in arrears more than 30 days past due (# of customers, % of all customers)	<ul style="list-style-type: none"> • 45,971 • 9.8% 	<ul style="list-style-type: none"> • 1,895 • 4.9% 	<ul style="list-style-type: none"> • 3,719 • 10.3%
Total value of unpaid balances more than 30 days past due	~\$45 million	~\$1.2 million	~\$1.8 million
Avg. amount per overdue bill for residential customers in arrears	~\$380	~\$159	~\$91

Elisa Furtado-Fischer of the DHS, the current administrator of the federal LIHEAP for the State of Hawaii, presented a detailed overview of LIHEAP in practice in Hawaii. The presentation covered how the program is administered, types of assistance, eligibility requirements and limitations, funding levels, and other details on the program’s implementation. Dean Nishina, Executive Director of the Division of Consumer Advocacy presented on recent efforts to create a state LIHEAP in Hawaii, discussing guiding principles for program development and questions and concerns regarding initial proposals that had surfaced.

¹⁸ The version of this table presented by the Commission during the September 27th Working Group meeting used data for Hawaiian Electric Companies’ customer arrearages that included arrearages past due for less than 31 days as of the end of Q2 2022. The table has been amended for a more equivalent comparison across the utilities, but the Working Group notes that the total value of unpaid balances for the Hawaiian Electric Companies would be higher (approximately \$85 million) if customer arrearages past due by less than 31 days were included, and the number of customers in arrears would be higher. The table has also been amended to reflect that the average amount per residential customer in arrears cannot be calculated using available data, so the updated metric represents the average amount per overdue bill for residential customers in arrears. Some customers may have more than one overdue bill, so the actual average amount overdue per customer may be higher.

¹⁹ Letter From: Hawaiian Electric To: Commission Re: Docket No. 2020-0209 - “Hawaiian Electric Companies Quarterly Customer Reports; Submission of Non-Confidential Information,” filed on August 8, 2022 ([available at https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22H09B02628E01850](https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22H09B02628E01850)).

²⁰ Letter From: KIUC To: Commission Re: Docket No. 2020-0088 - “Kauai Island Utility Cooperative’s Quarterly Customer Report Required By Order No. 38227,” filed on July 11, 2022 ([available at https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22G12B12627J02030](https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22G12B12627J02030)).

²¹ Letter From: Hawaii Gas To: Commission Re: Docket No. 2020-0209 - “July 2022 Quarterly Report,” filed on July 15, 2022 ([available at https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22G18B23719B03282](https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22G18B23719B03282)).

On October 18, 2022, the Working Group focused on the following objectives:

1. Learning about possible methods to better target customers in need and best practices from other states; and
2. Beginning to develop program proposals & vet ideas.

The Working Group continued learning through a presentation by a leading expert in the field of utility assistance programs, David Carroll (Managing Director, Applied Public Policy Research Institute for Study and Evaluation). The presentation focused on furthering the group's understanding of the federal LIHEAP's effectiveness in Hawaii, and on the benefits and drawbacks of program design options used in other states relevant to the four high-level topics being considered by the Working Group (funding, administration, eligibility, and pathways to program implementation). Additionally, Mr. Carroll provided the group with an overview of data sources relevant to the group's questions.

The Working Group split into four sub-Working Groups to address the following issues regarding the creation of a Hawaii LIHEAP:

- Funding Models;
- Program Administration and Education;
- Eligibility and the Application Process; and
- Pathways to Program Implementation.

During this meeting, sub-groups were also given an opportunity to work together on key questions, such as:

- What program design options are available relevant to this topic?
- What are the pros and cons of each option?
- For each option, are there other implementation details or outstanding questions to be answered?
- What additional data sets are necessary or would be helpful to decide on which option is best?
- What questions came up for you for the other groups?

This work provided a foundation for further developing proposals, as discussed later in this report.

On November 15, 2022, the Working Group met with the following objectives:

1. Providing a group learning opportunity from the National Energy & Utility Affordability Coalition (NEUAC);
2. Hearing about refined sub-group proposals and continuing proposal development; and
3. Discussing the process for drafting the Legislative report & next meeting's objectives.

Katrina Metzler (Executive Director, NEUAC) provided a presentation that responded directly to questions posed by the Working Group. Ms. Metzler presented details of the federal LIHEAP history, current funding allocation methods, and their impacts in Hawaii. Ms. Metzler also provided information on program models in other states, and key considerations for developing a successful program. During this meeting, sub-groups presented on recommended pathways for consideration by the larger Working Group, discussed further below.

On December 6, 2022, the Working Group met with the following objectives:

1. Review draft Legislative report;
2. Align on key program objectives and Legislative recommendations; and
3. Determine future Working Group cadence and activities.

The Working Group made significant progress towards alignment on key objectives and recommendations as well as future activities. These results are described below in the Recommendations and Next Steps sections.

IV. Findings

Throughout this process, the Working Group identified findings on federal LIHEAP administration, state utility assistance programs, and the need for energy assistance in Hawaii that are important considerations for the development and implementation of a state LIHEAP.

Funding - Background

The State of Hawaii received the lowest amount of federal funding for LIHEAP of all jurisdictions in FY 2022, while still being subject to the same rigorous administrative requirements for distributing energy assistance to those in need. According to estimates from NEUAC, Hawaii received 0.14% of federal LIHEAP funds in FY 2022, roughly half of the next-lowest state Wyoming, which received 0.28% of federal LIHEAP funds.²² Funding for states is determined based on a formula developed in 1984, which inherently favors states with both heating and cooling consumption and does not consider specific energy prices within states.²³

In FY 2020, total federal LIHEAP funding available to Hawaii was \$6,372,402, which served 8,567 low-income households with heating and cooling assistance, crisis assistance, and weatherization assistance. Over \$1.3 million of CARES Act funding associated with LIHEAP carried over to FY 2021.²⁴ In FY 2021, total federal funding available to Hawaii was \$11,406,646, which included supplemental funds from the American Rescue Plan Act of 2021 (“ARPA”) that were allowed to carry over to FY 2022. The federal LIHEAP funding served 8,249 households in Hawaii in FY 2021.²⁵ NEUAC estimates that the number of households eligible for LIHEAP funding in Hawaii is over 110,000,²⁶ so LIHEAP funds likely served less than 10% of

²² Metzler, K., State Utility Assistance Program Options (Nov. 15, 2022) (Prepared for the Hawaii State LIHEAP Working Group).

²³ LIHEAP was originally established in 1981 to provide assistance for heating costs to customers, and though LIHEAP was amended in 1984 to include assistance for cooling costs, the formula favors states with higher heating and cooling costs. The annual parameters that affect the formula determining the distribution of energy assistance to states are Total Residential Energy Consumption by state, Temperature Variation by state, Total Residential Heating and Cooling Consumption by state, Low-Income Household Heating and Cooling Consumption by state, and Total Spending on Heating and Cooling by state.

²⁴ U.S. DEPT. OF HEALTH AND HUMAN SERVICES, ADMINISTRATION FOR CHILDREN & FAMILIES, Hawaii LIHEAP FY2020 State Profile (available at <https://liheappm.acf.hhs.gov/sites/default/files/private/congress/profiles/2020/FY2020-HawaiiProfile-508Compliant.pdf>).

²⁵ Furtado-Fischer, E., Low Income Home Energy Assistance Program (LIHEAP) (September 27, 2022) (Prepared for the Hawaii State LIHEAP Working Group).

²⁶ NATIONAL ENERGY & UTILITY AFFORDABILITY COALITION, Maximize LIHEAP Funding in 2022 - Hawaii By the Numbers (available at <https://neuac.org/wp-content/uploads/2022/03/Hawaii-State-Sheet-2022.pdf>).

eligible households in the State in both FY 2020 and FY 2021. The current LIHEAP assists needy households in two ways. First, the Energy Crisis Intervention (“ECI”) focuses on those at risk for disconnection or those who have already been disconnected. Second, the Energy Credit (“EC”) assists households that are not in crisis, but still in need of assistance. An eligible household can receive assistance from ECI or EC only once per program year. In addition, the application window for EC assistance is limited to a window from June 1 through June 30 each year.

The current need for energy assistance in Hawaii remains high, considering the State’s high price of electricity²⁷ coupled with inflation. In a recent report, for households at or below the federal Poverty Level (“FPL”), the energy burden is estimated to be 15.2% of household income. In contrast, the average energy burden in Hawaii is 1.9%.²⁸ In addition, as already noted, participation in the federal LIHEAP is relatively low – usually below 10%. For instance, a recent report shows that only 7.81% of eligible households were served by the federal LIHEAP; across the country, the range of participation was from a low of 4.63% to a high of 46.16%.²⁹

While the exact energy assistance need in Hawaii is unknown, a recent application from Hawaiian Electric clearly demonstrates that customers continue to have trouble paying their electricity bills, which the COVID-19 Pandemic exacerbated. In the application, Hawaiian Electric reports that for the period of March 2020 through December 2021, Hawaiian Electric recorded over \$27.4 million in bad debt expense as of December 31, 2021,³⁰ which has been reduced to approximately \$13.8 million as of September 30, 2022. Bad debt generally represents customer non-payment of bills beyond what Hawaiian Electric plans for in ‘typical’ years.³¹ Additionally, KIUC and Hawaii Gas continue to report a relatively high value of overdue customer balances that have been unpaid for over a month, with KIUC reporting about \$670,000 and Hawaii Gas reporting about \$2.6 million as of the end of the third quarter in 2022, as shown below in Table 2.

In the absence of additional federal funding, state funding is necessary to fill the gap in energy assistance for those in need in Hawaii. Table 4 updates the information in Table 3, which was provided to the Working

²⁷ SCR 242 notes that Hawaii’s electricity prices are one of the highest in the nation, at close to three times the national average. Additionally, electricity prices have risen in 2022 in Hawaii.

²⁸ Department of Business Economic Development and Tourism’s Electricity Burdens on Hawai’i Households, July 2021, at 3. https://files.hawaii.gov/dbedt/economic/data_reports/reports-studies/Electricity_Burdens_on_Hawaii_Households_2021.pdf.

²⁹ Report to Congress Low Income Home Energy Assistance Program (LIHEAP) An Assessment of the Program’s Formula and Allocations of Funding Among States, at 50. https://www.acf.hhs.gov/sites/default/files/documents/ocs/rpt_liheap_congressional_request_for_formula_analysis_fy2020_final.pdf.

³⁰ Docket No. 2022-0118, “Application of Hawaiian Electric Company, Inc., Hawai’i Electric Light Company, Inc., and Maui Electric Company, Limited; Exhibits A-I; Verification,” filed on June 9, 2022 ([available at https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22F13B11339B02770](https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22F13B11339B02770)). See also [Id.](#) at Exhibit A.

³¹ Docket No. 2022-0118, “Hawaiian Electric Company, Inc., Hawai’i Electric Light Company, Inc., and Maui Electric Company, Limited’s Reply Statement of Position; Exhibits 1-2,” filed on November 30, 2022 ([available at https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22L01B24404C01656](https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22L01B24404C01656)) (Note that Hawaiian Electric reports that “bad debt expense is higher than the amount in rates by approximately \$3.3 million YTD September 2022, consolidated[.]”).

Group during its September 27th meeting with similar data as of the third quarter of 2022 for the Hawaiian Electric Companies, KIUC, and Hawaii Gas.

Table 4: Updated Hawaii LIHEAP Landscape: Home Energy Assistance Need

Metric (Data for Q3 2022) ³²	Hawaiian Electric Companies ³³	Kauai Island Utility Cooperative (KIUC) ³⁴	Hawaii Gas ³⁵
Customers disconnected in Q3 2022 (# of customers, % of all customers)	<ul style="list-style-type: none"> • 1,815 • 0.4% 	<ul style="list-style-type: none"> • 21 • 0.1% 	<ul style="list-style-type: none"> • 157 • 0.4%
Customers in arrears more than 30 days past due (# of customers, % of all customers)	<ul style="list-style-type: none"> • 46,325 • 9.8% 	<ul style="list-style-type: none"> • 1,809 • 4.7% 	<ul style="list-style-type: none"> • 4,137 • 11.5%
Total value of unpaid balances more than 30 days past due	~\$33 million	~\$670,000	~\$2.6 million
Avg. amount per overdue bill for residential customers in arrears	~\$368	~\$177	~\$107

Funding and Distribution of Funds – Design Options

Funding for assistance programs meant to complement the federal LIHEAP assistance varies across states, with the most-common sources being ratepayers (often through a surcharge on all energy schedules or specific energy schedules) or taxpayers (often through a general tax or fuel tax). In Hawaii, possible tax sources may be allocations from the General Fund, the Barrel Tax, a visitor tax, property taxes for vacation or second homes, or a tax on properties that violate the Energy Code. The Working Group also discussed the possibility of charitable donations or shared rooftop solar models, although these are likely to be smaller funding pools than needed. Some states have implemented unique mechanisms for both the collection of funds and the distribution of funds. A Universal Service Fund (“USF”) is one example of a

³² This table uses data for customer arrearages that are past due for more than 30 days as of the end of Q3 2022, as reported by the utilities in Docket No. 2020-0209.

³³ Letter From: Hawaiian Electric To: Commission Re: Docket No. 2020-0209 - “Hawaiian Electric Companies Quarterly Customer Reports; Submission of Non-Confidential Information,” filed on November 7, 2022 ([available at https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22K09B00412B00058](https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22K09B00412B00058)).

³⁴ Letter From: KIUC To: Commission Re: Docket No. 2020-0209 - “Kauai Island Utility Cooperative’s Q3 2022 Quarterly Customer Report,” filed on October 12, 2022 ([available at https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22J13A95519C01173](https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22J13A95519C01173)).

³⁵ Letter From: Hawaii Gas To: Commission Re: Docket No. 2020-0209 - “October 2022 Quarterly Report,” filed on October 14, 2022 ([available at https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22J17B22513I01625](https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22J17B22513I01625)).

mechanism used to collect and hold funds intended for low-income energy assistance. USFs can be funded by surcharges on natural gas and electric bills or by specific classes of ratepayers.³⁶

However, the Working Group discussed that due to high electricity rates and utility bills, adding a surcharge to electric bills to fund a state LIHEAP would exacerbate the underlying problems the program attempts to address. If applied to all customers, the surcharge would collect program funds from the very same groups that the LIHEAP is meant to benefit—an inequitable outcome. Additionally, whether implemented as a flat \$/kWh or flat \$/month charge, a utility surcharge can be considered regressive, as it creates a higher burden on those with lower incomes and utility rates do not consider income levels. A possible fix would be using ratepayer funds from only certain classes of ratepayers, such as large industrial or commercial customers, rather than the rate base as a whole. For example, Georgia uses a USF to collect and distribute funds for energy assistance, which is funded through surcharges on large industrial users. This option would necessitate Commission action and utility provider involvement in a Commission proceeding. In addition, allocating costs to certain customer classes may also result in negative impacts such as decreased affordability, inequitable cost allocation among customer classes, and inefficient pricing signals that encourage inefficient investments that should be considered before taking such an approach. A final supplementary funding approach suggested by Working Group members is a charitable endowment like Energy Share Montana.³⁷

Options for distributing funds include annual supplements to offset energy costs, which is the model used in the federal LIHEAP. The amount of funds allocated can be based on determined need or a fixed amount. A Percentage of Income Payment Plan (“PIPP”) is another example of a state regulatory solution for the distribution of funds. Customers enrolled in a PIPP pay a capped percentage of their household income (e.g., 5% or 6%) for their energy bills each month. The main strength of PIPP is that it eliminates bill spikes thus leading to fewer utility bill non-payments and subsequent shutoffs. General issues with the PIPP mechanism include the need to reverify annual income and lack of incentive to conserve energy. A mechanism such as PIPP may be difficult to implement in Hawaii given high energy burdens and the need to incentivize energy efficiency and conservation. Other options such as providing percentage discounts on rates or bills or reducing or eliminating customer charges also create concerns about inequitable cost allocation and impacts on incentives for efficiency and conservation via rate design.

Program Administration – Background

LIHEAP in Hawaii is currently administered by the Department of Human Services (“DHS”), which handles administration, contracts, policy, budgets, and reports. Currently, the federal LIHEAP is administered by a single employee at the DHS. Community Action Agencies serve under contract to DHS and are responsible for application intake, determining eligibility, follow-up, and energy education and referrals. The current process reflects administrative efficiencies since the Community Action Agencies also assist

³⁶ For example, in New Jersey the USF is funded by surcharges on natural gas and electric bills. In Georgia, the USF is funded by surcharges on large industrial natural gas customers. NEW JERSEY DEPT. OF COMMUNITY AFFAIRS, Universal Service Fund, <https://www.nj.gov/dca/divisions/dhcr/offices/usf.html> (last visited on December 14, 2022); U.S. DEPT. OF HEALTH AND HUMAN SERVICES, ADMINISTRATION FOR CHILDREN & FAMILIES, State PBF/USF History, Legislation, Implementation - Georgia, <https://liheapch.acf.hhs.gov/dereg/states/georgia.htm> (last visited on December 14, 2022).

³⁷ See, e.g., ENERGY SHARE OF MONTANA, <https://www.energysharemt.com/> (last visited on December 14, 2022).

targeted beneficiaries with applying for other assistance programs, such as Supplemental Nutrition Assistance Program (“SNAP”) and Temporary Assistance for Needy Families to name two examples, which allows beneficiaries a “one-stop” convenience. Utility companies provide customer information to DHS. When DHS determines which households will receive LIHEAP assistance and the amount of the LIHEAP assistance, DHS then sends a payment directly to the utility and the utility applies credits to reduce the households’ outstanding energy bills. No LIHEAP assistance goes directly to the utility customer.

Program Administration – Design Options

The administration of assistance programs varies by state, but the state entity that administers the federal LIHEAP funding often also administers the federal program known as the Low Income Household Water Assistance Program and supplemental state assistance programs with additional staff. Considering the low level of funding provided to Hawaii via the federal LIHEAP compared to other states, only 10% of which is allowed towards administration costs, supplementing the administrative funds for a state program will be a foundational step in creating a state LIHEAP, and vital to the success of the program. Additional funding for administrative costs would allow for better outreach to eligible customers, increased staffing to manage the program, especially if it is expanded by a state program, facilitate adequate supporting equipment (e.g., computers, software applications, etc.), and possibly facilitate enlarging the application window for EC assistance. Other options for program administration include utilities and third-party program administrators, which could operate independently or in conjunction with DHS. While a third-party administrator could potentially have greater community trust as compared to the utilities, they will also most likely be more expensive with a lengthy contract negotiation process. Most importantly, the program administrator needs proper funding, including the hiring of more full-time employees.

Eligibility and Applications – Background

Current eligibility for the federal LIHEAP in Hawaii includes: a LIHEAP application and interview, Hawaii residency, U.S. Citizen or U.S. National status, identification, Social Security Number, income less than 150% of FPL for Energy Crisis Intervention and Energy Credit, and 60% State Median Income (SMI) for Disaster Energy Crisis Intervention. Additional requirements include a current utility bill, a charge for usage, and release of utility information to DHS and Community Action Agencies.

Eligibility and Applications – Design Options

To simplify applying to programs such as LIHEAP and to advance equitable outcomes, many now advocate for categorical and geographic approaches. In a categorical approach to eligibility, potential recipients are automatically qualified through participation in other programs such as the federal LIHEAP, SNAP, etc. At least 19 states already use a categorical approach.³⁸ As noted earlier, this option spares participants from having to fill out additional applications and simplifies the process by eliminating the need to collect and verify income data. The Legislature could also decide to extend state LIHEAP eligibility requirements beyond the federal eligibility requirements; for example, including non-citizens and individuals not connected to the electric grid. Expansion of the program in this way would allow more people in need to access assistance but would require thoughtful implementation. For example, it would be important to

³⁸ U.S. DEPT. OF HEALTH AND HUMAN SERVICES, ADMINISTRATION FOR CHILDREN & FAMILIES, Categorical Eligibility, https://liheapch.acf.hhs.gov/delivery/income_categorical.htm (last visited on December 14, 2022).

ensure that ratepayers are not paying to assist off-grid customers to avoid causing additional equity issues. Customer privacy is one area of concern with a categorical approach, as automatic qualification based on other programs may necessitate the sharing of participant data between agencies.

A second option for eligibility is a geographic approach where recipients are qualified based on a geographic designation such as zip codes or census tracts that meet identified criteria, such as income or poverty levels. Like the categorical approach, this approach's strength is its simplicity. However, it carries a higher risk of missing intended recipients, where customers that do not need assistance will receive benefits, which ultimately decreases the assistance to those that need it the most. In addition, a zip code approach may exclude eligible customers that do not live in targeted areas. Examples of programs that use a geographic approach to eligibility include New York State's Energy Research and Development Authority and the Federal Office of Rural Health Policy Grants.³⁹

Due to Hawaii's high electricity rates, it may be beneficial to raise eligibility above the current threshold for the federal LIHEAP program, which is 150% of federal Poverty Level and/or 60% of state median income. Increasing the eligibility cap would provide support for more of those in need, including moderate-income households and households who are just over the current eligibility thresholds. However, this change would require additional funding. In addition, given that the current program serves fewer than 10% of eligible households, the Working Group is still considering the pros and cons of different program design choices, such as whether the program should initially pursue wider participation or deeper support for those most in need to address the concerns that the most vulnerable customers are not receiving adequate support, or whether it may be possible to pursue both options. Additional data and analysis are needed.

State programs may use physical applications, online applications, or both. While online applications can make the process of applying for LIHEAP benefits easier for some, many vulnerable populations lack access to devices and services that facilitate online applications. Providing both physical and online options is currently seen as best practice, and presently, 36 other states offer an online application.

Pathways to Implementation

State energy assistance programs have been implemented both by legislatures and public utilities commissions. State energy assistance programs, such as a state LIHEAP, are normally established by legislation, though there is the option to initiate a program through a Commission docketed process. The pathway to program establishment is largely contingent on the source of program funding and the administrator of the program. Establishment through the legislature allows the usage of taxpayer funds, while PUC establishment limits funding to ratepayers. Benefits of legislative action include that the Legislature could provide explicit policy guidance on eligibility, the ability to share customer information more easily between agencies, and explicit authority to allocate costs to certain customer classes. Action

³⁹ NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY, [Geo-Eligibility for Lower Interest Rates](https://www.nysedra.ny.gov/ny/lmi%20contractor), <https://www.nysedra.ny.gov/ny/lmi%20contractor> (last visited December 14, 2022). See also FEDERAL REGISTER, [Revised Geographic Eligibility for Federal Office of Rural Health Policy Grants](https://www.federalregister.gov/documents/2020/09/23/2020-20971/revised-geographic-eligibility-for-federal-office-of-rural-health-policy-grants) (Sept. 23, 2020) (available at <https://www.federalregister.gov/documents/2020/09/23/2020-20971/revised-geographic-eligibility-for-federal-office-of-rural-health-policy-grants>).

via the PUC would work well for allocating ratepayer funding for specific elements of a program, such as energy efficiency assistance and measures.

As most state assistance programs were established more than a decade ago, pilot programs are less common today and are no longer viewed as a best practice prior to program establishment. Pilot programs could lead to an under-funded assistance program that provides too little assistance to too few customers and is ultimately deemed unsuccessful.

V. Recommendations

Funding Models

The Working Group has identified a need to more fully explore the level of assistance needed across the state and to align on specific outcome-based objectives for the state LIHEAP in order to determine which funding sources may be most appropriate and sustainable. However, the Funding Models Subgroup recommends initially pursuing a mix of taxpayer and ratepayer funding to meet three objectives:

1. Support modernized program implementation through taxpayer funding.
2. Use taxpayer funding to supplement variable federal funding and create stable, predictable funding levels.
3. Use the ratepayer-funded Public Benefits Fee (PBF) as a supplement to assist with energy efficiency.

As an initial step, the Working Group views taxpayer funding as a critical source for supporting updated and modernized program administration efforts, which may include updated software, hardware, and additional employees. Additionally, until the full level of need is determined, the Working Group recommends that taxpayer funds are used to maintain a stable level of funding year to year in case there are fluctuations in federal funding, as has been the case. While states with utility assistance programs often use ratepayer funds, the Working Group found that this may not be the best option for fully funding a program in Hawaii, due to the regressive nature of surcharges and possible rate design implications. However, the Working Group recommends requiring support for energy efficiency as part of the program design, which would be funded via supplementary funding from the PBF.

Program Administration and Education

The Administration subgroup recommends using the existing program administrator, DHS, and allowing state provided funds to increase the cap for funding allowed for administrative spending from 10% to 15%. This option allows any new program to take advantage of the infrastructure that is already in place to support program administration. Allocating additional funding for administration would provide for updated software, resources for customer outreach, modernized application processes, additional staff, and general support for DHS. Currently, the federal LIHEAP in Hawaii is administered by a single employee at DHS.

Eligibility and the Application Process

The Working Group recommends that the state program consider serving customers who are not eligible for federal LIHEAP benefits or who are difficult to reach (e.g., non-residents, non-citizens, renters with utilities included in their rent, houseless, and/or moderate-income customers). The Working Group also recommends streamlining the application process (e.g., make use of eligibility from other low-income

programs, incorporate online applications, and use of categorical or geographic eligibility approaches, etc.).

Regarding the application process, the subgroup recommends using a physical paper option that is available both through mail and in-person, at the minimum, in addition to an online application option designed to be compatible with computers, tablets, smartphones, or other online devices. If funding is made available to offset the costs of development, a smartphone application option could be explored.

Pathways to Program Implementation

Given that the LIHEAP Working Group recommends a combination of taxpayer and ratepayer funding as well as continued Department of Human Services administration, a legislative mandate for the creation of a state LIHEAP, supplemented by Commission implementation and oversight, is appropriate. The Working Group stands ready to assist with drafting legislation.

Additional Recommendations

The Working Group recommends integrating energy efficiency as a program requirement (e.g., via provision of energy efficiency and measures, weatherization assistance, and customer education/connection to Hawaii Energy). Integrating energy efficiency will help to reduce beneficiaries' energy burdens and also provide educational resources to help beneficiaries learn more on ways to decrease their energy burden. The Working Group also recommends consideration of additional education and outreach measures to better reach eligible customers and recommends establishing and tracking key metrics and outcomes for program participants. For example, these could include reporting on how long benefits last / how frequently customers apply for LIHEAP, how long qualifying customers stay out of crisis, impacts of efficiency and behavior change efforts, how long it takes a customer to fill out the application form, how many customers want the LIHEAP application form in a different language, and where do the customers who receive LIHEAP assistance reside. Finally, the Working Group has found cross-entity collaboration valuable and recommends continued collaboration across stakeholders involved in providing energy assistance.

VI. Next Steps

The Working Group made significant progress in surveying state energy assistance programs across the country and evaluating considerations for establishing a state LIHEAP in Hawaii, but the Working Group believes there remain several outstanding questions ahead of the creation of a Hawaii LIHEAP. The Working Group identified the following as high-level questions to help determine the objectives for the state LIHEAP:

- What specific gaps in existing energy assistance should be filled?
- What customers should receive expanded energy assistance?

Additionally, the Working Group identified the following questions to help further define the parameters of the state LIHEAP:

- What is the need for annual energy assistance in Hawaii?
 - This will help to define feasible outcome-based objectives for the program, which will in turn help to determine the amount of funding needed to meet those objectives. The Working Group can then better examine specific funding proposals, but at this time, this

is unknown largely due to incomplete data sets and the unresolved question of what customers should be eligible for energy assistance.

- Why is uptake of the federal LIHEAP in Hawaii lower than average, and how could more low-income customers in need be reached?
 - This will help identify specific gaps related to outreach, education, and other barriers to entry that a new program could address.
 - Feedback from Community Action Agencies will be needed to understand how outreach can be improved.
- How should eligibility and high energy burden in the Hawaii context be defined?
 - This will help determine how funds may be best distributed to participants and inform details of program operations.
- Will administrative rules be necessary (regardless of the program administrator) to establish the program?
 - This will help the Working Group more clearly identify near- and long-term next steps.

The Working Group plans to continue meeting and investigating these issues, and the Working Group may provide updated recommendations and/or proposed legislation as they become available. The Working Group is committed to the overarching goal of establishing a state LIHEAP program to address the ongoing need for additional home energy assistance in the state of Hawaii.

Appendix A – Draft Literature Review on Guiding Equity Definitions for the Commission

Hawaii Public Utilities Commission Guiding Equity Definitions

Lawrence Berkeley National Laboratory (LBNL) with assistance from National Renewable Energy Laboratory (NREL) and guidance from Argonne National Laboratory (ANL), Oak Ridge National Laboratory (ORNL), and Pacific Northwest National Laboratory (PNNL) are developing a comprehensive list of equity elements and shared language contained in the academic and quasi-academic literature for the Hawaii Public Utilities Commission (HIPUC). This literature review is intended to help inform the HIPUC's development of a consistent framework to measure the energy and environmental justice impacts for the review of utility applications for energy generation projects. This document is still under review. Ultimately, these terms will be prioritized and further customized for the HIPUC renewable energy (RE) procurement process.

Currently, the content and terms in this document are selected from the literature for the Hawaii context and enable a systematic rubric for assessing the equity dimensions of energy proposals. Five interactive tools to measure equity and a number of programs were evaluated across ten states to provide examples of how to measure, operationalize or regulate renewable energy procurement in Hawaii. Please note that HIPUC may already be familiar with these terms and may have already implemented them in their own regulation.

1. Defining Native Hawaiians, Hawaiians, and Pacific Islander

In this document, we present different identity definitions from the literature for HIPUC to consider for use in their forthcoming RE procurement framework. However, it would be beneficial for the HIPUC to develop definitions of Native Hawaiians, Hawaiians, and Pacific Islanders that are also cross-cutting and can be used in future regulation. Please note that these identity definitions may be different from the Department of Hawaiian Homeland identity definitions, which developed their terms for the specific purpose of allocating land. The HIPUC will be using their terms for altering regulation.

The terms Hawaiian and Native Hawaiian were not validly ratified at the Hawaii Constitutional Convention of 1978.¹ Generally, the term Native Hawaiian is a smaller class of people. The Office of Hawaiian Affairs identifies a minimum blood quantum to be considered Native. Many Indigenous peoples oppose blood quantum metrics and characterize them as a colonial framework of oppression to dispossess Native peoples from land, resources, and federal entitlements.² Instead, many Indigenous peoples identify themselves as Native through ancestry, kinship, customs, and ceremony. Definitions of Pacific Islander identities were not as widely available and appeared more open to interpretation.

Native Hawaiian (Kānaka ʻŌiwi, Kānaka Maoli)

1. “Native Hawaiians comprise a distinct and unique indigenous people with a historical continuity to the original inhabitants of the Hawaiian archipelago whose society was organized as a Nation prior to the arrival of the first nonindigenous people in 1778.”³

¹ Hawaii Legislative Reference Bureau - Article XII, section 7 (accessed August 2, 2022) <https://lrb.hawaii.gov/constitution/>

² Harvard Political Review (accessed August 3, 2022) <https://harvardpolitics.com/blood-quantum/>

³ U.S. Congress 42 USC §11701. Senate Bill 2681 (accessed August 3, 2022) <https://www.govinfo.gov/content/pkg/USCODE-2011-title42/html/USCODE-2011-title42-chap122.htm>

2. “Native Hawaiian means any individual who is a descendent of the aboriginal people who, prior to 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii.”⁴
3. “Native Hawaiians are defined as individuals having at least 50 percent Hawaiian blood.”⁵
4. “The term 'native Hawaiian' means any descendant of not less than one-half part of the blood of races inhabiting the Hawaiian Islands previous to 1778.”⁶
5. “Native Hawaiian means any descendant of not less than one-half part of the races inhabiting the Hawaiian Islands previous to 1778, as defined by the Hawaiian Homes Commission Act, 1920, as amended; provided that the term identically refers to the descendants of such blood quantum of such aboriginal peoples which exercised sovereignty and subsisted in the Hawaiian Islands in 1778 and which peoples thereafter continued to reside in Hawaii.”⁷

Hawaiian

1. “Hawaiian means any descendant of the aboriginal peoples inhabiting the Hawaiian Islands which exercised sovereignty and subsisted in the Hawaiian Islands in 1778, and which peoples thereafter have continued to reside in Hawaii.”⁸
2. Hawaiians meaning “descendants of native Hawaiians who inhabited the Hawaiian Islands prior to 1778.”⁹

Pacific Islander (also Pasifika)

1. “Pacific Islanders refers to the original inhabitants of the islands of Oceania.”¹⁰
2. Dr. Lilikalā Kame’eleihiwa defines Pacific Islanders as “the people whose ancestors were on [the Pacific] islands.”¹¹
3. “A native or a descendant of a native of one of the islands of Melanesia, Micronesia, or Polynesia in the Pacific Ocean.”¹²
4. “Pacific Islanders refer to those whose origins are the original peoples of Polynesia, Micronesia, and Melanesia. Polynesia includes Hawaii (Native Hawaiian), Samoa (Samoan), American Samoa (Samoan), Tokelau (Tokelauan), Tahiti (Tahitian), and Tonga (Tongan). Micronesia includes Guam (Guamanian or Chamorro), Mariana Islands (Mariana Islander), Saipan (Saipanese), Palau (Palauan), Yap (Yapanese), Chuuk (Chuukese), Pohnpei (Pohnpeian), Kosrae (Kosraean), Marshall Islands (Marshallese), and Kiribati (I-Kiribat). Melanesia includes Fiji

⁴ U.S. Congress S.J. Res 19 -1993 (accessed August 3, 2022)

https://www.doi.gov/sites/doi.gov/files/uploads/apology_resolution_107_stat_1510.pdf

⁵ Department of Hawaiian Home Lands (accessed August 2, 2022) <https://dhhhl.hawaii.gov/hhc/laws-and-rules/>

⁶ Kahalekai v. Doi - section V, line 342 (accessed August 2, 2022) <https://casetext.com/case/kahalekai-v-doi>

⁷ Hawaii Rev Stat § 10-2 (accessed August 3, 2022) <https://law.justia.com/codes/hawaii/2021/title-10/chapter-10/section-10-2/>

⁸ Ibid.

⁹ Office of Hawaiian Affairs (accessed August 2, 2022) <https://www.oha.org/about/abouthistory/>

¹⁰ Hawaii Journal of Social Welfare (accessed August 9, 2022) <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8538117/>

¹¹ Today, How inclusive is 'AAPI'? Pacific Islanders debate the label, interview (accessed August 9, 2022)

<https://www.today.com/news/how-inclusive-aapi-pacific-islanders-debate-label-t218371>

¹² Merriam-Webster (accessed August 9, 2022) <https://www.merriam-webster.com/dictionary/Pacific%20Islander>

(Fijian), Papua New Guinea (Papua New Guinean), Solomon Islands (Solomon Islander), and Vanuatu (Ni-Vanuatu).”¹³

5. “A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.” “Including Carolinian, Fijian, Kosraean, Melanesian, Micronesian, Northern Mariana Islander, Palauan, Papua New Guinean, Ponapean (Pohnpeian), Polynesian, Solomon Islander, Tahitian, Tarawa Islander, Tokelauan, Tongan, Trukese (Chuukese), and Yapese.”¹⁴
6. “People who trace their origins to the countries, states, jurisdictions and/or the diasporic communities of the [Pacific Islands], including: Carolinian, Chamorro, Chuukese, Fijian, Guamanian, Hawaiian, Kosraean, Marshallese, Native Hawaiian, Niuean, Palauan, Pohnpeian, Papua New Guinean, Samoan, Tokelauan, Tongan, Yapese.”¹⁵
7. Additional Hawaiian sources that would require outreach and discussion with scholars.¹⁶

2. Definitions and aspects of energy and environmental justice

Table 1 provides terms to describe fundamental energy and environmental justice concepts.

Table 1. Definitions of energy and environmental justice.

Term	Definition
Climate Justice [2]	The remediation of the impacts of climate change on poor people and people of color, and compensation for harms suffered by such communities due to climate change.
Energy Democracy [2]	The notion that communities should have a say and agency in shaping and participating in their energy future.
Energy Equity [2]	The goal of energy equity is to achieve equity in both the social and economic participation in the energy system, while also remediating social, economic, and health burdens on those historically harmed by the energy system.
Environmental Justice [2]	The recognition and remediation of the disproportionately high and adverse human health or environmental effects on communities of color and low-income communities. The key principles of the movement include fair distribution of the burdens of development, and involvement in all aspects of the “development, implementation and enforcement of environmental laws, regulation, and policies.” [3]
Equity [2]	Equity or justice “refers to achieved results where advantage and disadvantage are not distributed on the basis of” [4] social identities. “Strategies that produce equity must be targeted to address the unequal needs, conditions, and positions of people and communities that are created by institutional and structural barriers.” [4]
Just Transition [2]	The transition away from the fossil-fuel economy to a new economy that provides “dignified, productive, and ecologically sustainable livelihoods; democratic governance; and ecological resilience.” [5]

¹³ CSUSM Defining Diaspora: Asian, Pacific Islander, and Desi Identities (accessed August 9, 2022) <https://www.csusm.edu/ccc/programs/diaspora.html>

¹⁴ Office of Management and Budget, Vol. 62, No. 210, pg. 58786 (accessed August 9, 2022) <https://www.govinfo.gov/content/pkg/FR-1997-10-30/pdf/97-28653.pdf>

¹⁵ Asian Pacific Institute on Gender-Based Violence (accessed August 9, 2022) <https://www.api-gbv.org/resources/census-data-api-identities/>

¹⁶ University of Hawaii, Center for Pacific Island Studies <https://hawaii.edu/cpis/become-student/oceania/>

Table 2 describes various forms of justice related to renewable energy procurement.

Table 2. Definitions of energy justice tenets.

Term	Definition
Distributive Equity [6]	Distributive equity is recognized as sustainability programs and policies resulting in fair distributions of benefits and burdens across all segments of a community, prioritizing those with highest need.
Procedural Equity [6]	Procedural equity is the inclusive, accessible, authentic engagement and representation in processes to develop or implement sustainability programs and policies.
Recognition Justice [12]	Recognition justice identifies who is being ignored in decision-making, and how that should be remedied so that all individuals are fairly represented and offered equal political rights.
Restorative Justice (Intergenerational Justice) [7]	Restorative justice relies on making decisions based on whether a decision would “increase rather than limit the development options of future generations.” [8]

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Table 3 provides terms to describe demographics, identities, and how communities are affected by pollution and energy decision making.

Table 3. Definitions of populations.

Term	Definition
Native Hawaiian	TBD (see Section 1)
Hawaiian	TBD (see Section 1)
Pacific Islander	TBD (see Section 1)
Disadvantaged Communities [1]	Those who most suffer from economic, health, and environmental burdens.
Environmental Communities [1]	Those who are most affected by environmental harms and risks.
Fenceline Communities [1]	Communities living in closest proximity to dangerous facilities (within one-tenth of a facility’s vulnerability zone).
Frontline Communities [1]	Communities that experience the first and worst of air pollution resulting from energy systems.
Highly Impacted Communities [1]	Communities living in geographic locations characterized by energy inequity and facing economic or historical barriers to participation in energy decisions and solutions.
Low- to Moderate-income Persons [1]	People who make less than 80% of the area median income.
Marginalized People [1]	People excluded from participating in decision-making and those who lack access to basic economic, political, cultural and social activities.
Over-burdened Populations [1]	Minority, low-income, tribal or Indigenous populations, or geographic locations that potentially experience disproportionate environmental harms and risks.
Underserved Communities [1]	People who have a decreased level of service or access to energy system services.
Vulnerable Populations [1]	Those who are economically disadvantaged, racial and ethnic minorities, the elderly, rural residents, those with inadequate education, and those with other socioeconomic challenges.

Table 4 defines measurements of how insufficient energy access may be experienced by residents.

Table 4. Definitions of energy inequity outcomes.

Term	Definition
Energy Burden [1]	The percent of a household’s income spent to cover energy cost.
Energy Insecurity [1]	The inability of a household to meet their basic needs.
Energy Poverty [1]	The lack of access to basic, life-sustaining energy.
Energy Vulnerability [1]	The propensity of a household to suffer from a lack of adequate energy services in the home.

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Appendix B – LIHEAP Working Group Meeting Minutes and Slides

MEETING #1
HAWAII STATE LIHEAP WORKING GROUP
Tuesday 27 September 2022, 10:30am-12:30am HST
WebEx Meeting

Welcome & opening remarks

- Commission staff presented Webex instructions, meeting Norms, and meeting agenda.
- Commissioner Potter expressed gratitude for the group's participation, noted the aggressive timeline for responding to the Legislature, encouraged creativity, and respecting one another's viewpoints and ideas, and that taking care of people that need it the most is right up our alley in Hawaii.

Introductions by organization

- State Senate
- State House of Representatives
- Hawai'i State Energy Office
- Department of Human Services
- City and County of Honolulu
- HECO
- KIUC
- Hawaii Gas
- Hawaii Energy
- Consumer Advocate
- PUC

Review of Legislative requests

- Energy burden is a significant issue that we need to tackle.
- Convene a working group to create a LIHEAP group for the State of Hawaii.
- Working group needs to submit our findings and recommendations in the 2023 session. The PUC intends to open a complementary proceeding which will look at low-income rates, lump sum subsidies, how we can address arrearages, disconnections, etc.

Overview of current LIHEAP landscape in Hawaii

- Commission staff presented information on the level of need for assistance to inform program design.
 - a. ALICE Study 2020:
 - i. Data from 2018 found that 9% of Hawaii households living in poverty and an additional third was ALICE.
 - ii. Numbers have increased due to COVID pandemic, etc.
 - b. Energy burden is % of income spent on energy. 6% is high energy burden, and 10% is severe energy burden. There is a high need for utility assistance in our state.
 - i. A high percentage of utility customers is in arrears.
 - ii. Total value of unpaid balances in state is upwards of \$80 million.
 - c. There are a number of programs already in place to support customers:
 - i. Federal Emergency Rental Assistance Program;
 - ii. HECO & KIUC offer other support programs;
 - iii. Hawaii Energy offers a host of programs targeted towards families in need.

- The Department of Human Services provided a brief overview of the LIHEAP Federal block grant.
 - a. LIHEAP assists low-income households with energy need and the state has flexibility in how it runs the program. It is administered between agencies, includes cross-referrals to other programs, and partners with all utilities (HECO, KIUC).
 - b. Customers provide information to accurately determine need for household and to apply credit.
 - c. There are two types of assistance:
 - i. Energy Crisis Intervention (ECI): assists households in crisis. The electric or gas service has been or will be disconnected, and the household has been notified via a disconnection notice from the utility company.
 - ii. Energy Credit (application Period in June): assists households who are not in crisis but need assistance with bill payment for the heating and cooling of their residence.
 - d. Eligibility: Have to be residing in Hawaii, citizenship requirements, identification, signature, SSN.
 - i. Additional Requirements: must be connected to grid, must have a charge for usage, no limits to amount of time households can apply, but only one benefit per fiscal year.
 - ii. Energy household: all people residing at that address/meter are considered one LIHEAP household. Starting in 2024, LIHEAP should be able to help renters with utilities included in rent.
 - iii. Ineligible: temporary visitors, dorms, protective shelters, commercial properties (AirBNBs), etc.
 - iv. The speaker noted that they are not able to help as many people as they'd like.
 - v. Certain income streams are exempt (e.g., financial aid, etc.)
 - e. Household Types:
 - i. Energy credit component includes flat rate household, subsidized households, or PV households.
 - ii. Those that are not flat rate household have energy credit based on "Points".
 1. Dollars are awarded on \$/point basis.
 2. Oahu has a maximum of 9 points and neighbor islands have 10.
 - f. Based on our federal report, 2022 \$11 million total funding available was because of LIHEAP CARES and ARPA funds.
- Question: Since it's a federal block grant, there's only a certain amount that can be used for administrative/overhead purposes. Is this 10%?
 - a. Yes.
- Question: Why does the application window for Energy Credit start on June 1st?
 - a. Historically, the reason for that is due to staffing. Staff traveling from program to program. We have discussed making it a year-round program, but we don't have the authority to do that.
- Question: it sounds like you have a sense for where the gaps are. Sounds like there could be good places where state could step in to help out.
 - a. Yes – discussed more in depth later.

Presentation on efforts on state LIHEAP development to date

- The Consumer Advocate presented information on developments for a state program to date.
- Noteworthy: of eligible households, less than 10% are receiving federal LIHEAP benefits.

- Guiding questions: What can we do in state of Hawaii to fill the gap if the federal program ended? Could we set up a state LIHEAP program? What gaps exist with respect to federal program that state program could help fill? Raise the 10% to a higher number. The energy burden for vulnerable customers is high. Especially for neighbor islands.
- After 2017, the Consumer Advocate was thinking about what they could do to help stand up a state LIHEAP, and reached out to Human Services, HECO, and Hawaii Energy. Considerations included:
 - Increase funds available to customers
 - Take advantage of existing procedures
 - Is there a way to make an additional pool of money to supplement existing program?
 - Can we require energy efficiency and awareness?
- Efforts included:
 - Reached out to stakeholders, including people likely to be participants
 - Circulated few drafts including establishment of state LIHEAP with eligibility guidelines.
 - Considered what a good amount of funding would be and landed on \$500,000.
- Questions and concerns about initial proposal:
 - Funding source
 - Avoiding a surcharge in utility rates

Near-term Working Group Objectives

- The Working Group needs to set up some sub-working groups and needs both a long and short-term plan.
- Report is due to Legislature by early December 2022 (no later than the 15th)
- Other Objectives:
 - Opportunity to collaborate on proposals
 - Other future legislative action
 - Others? (See below)

Facilitated discussion on Working Group needs and questions

- Question: what is the essence of the problem? Does anyone have a sense of the demand/need? (i.e., is it \$25 million short, etc.)
 - Fewer than 10% of eligible households receive federal LIHEAP.
 - At the federal level:
 - 10% goes to weatherization
 - A bit of delay now, b/c of covid, but currently 4 agencies should be submitting data on this
 - Say there is \$4 million left-
 - Starts w/flat households
 - What's left goes to those w/the points
 - \$139 was the benefit in 2020, lower rate in previous years
 - (Benefit is essentially taking the remainder funds and dividing by applicants)
 - Research shows about \$88 million in arrears, so there is a tremendous need

- Question: ARPA funds were mentioned under group learning - how does link to the Infrastructure Investment Jobs Act (IIJA)?
 - A member noted that this might be a good collaboration point for Working Group members.
- Question: Member is interested in the Inflation Reduction Act (IRA) and asked what data may be available. they are looking into retrofits, not the LIHEAP alone,
- Question: Member asked what is being done on the backend or to improve inefficient systems?
 - Member shared website through the chat: <https://www.oneoahu.org/renthelp>
 - The city has deployed ~\$200 million of this funding to the city
 - They are working with their sister agency to learn how to better support the LIHEAP
- Member noted Hawaii Energy's Affordability & Accessibility (A&A) programs and customers and that it would be good to have mapping and what that journey would be for customers to ensure positive customer experience.

Discussion on Program Design

- **What funding model most appropriate?**
 - What is a viable and sustainable source?
 - IIJA, IRA, etc. may not be long lasting
 - Members are eager to make sure that multi-unit LMI buildings take advantage of IRA funding to reduce energy burden via building energy retrofits, and there's a lot of intersection with this LIHEAP effort
 - Percentage of the barrel tax but may not be good for long term.
 - Utility rates are regressive and include no consideration for income.
 - If you used income taxes as a basis, you would not be collecting from most vulnerable.
 - If this is on top of federal funds, should there be more than 10% of the funding available for administration?
- **What organization should administer this program?**
 - In the past, parties have contemplated utility-run programs
 - The state could have more flexibility, but wondered if it may be more burdensome to DHS?
 - Stacking onto the existing agency may help by lowering admin costs
- **How are low-income households defined, identified, qualified, enrolled? Can current processes be improved?**
 - The existing federal LIHEAP program is 150%, slightly higher for Alaska/Hawaii because of higher cost of living.
 - Federal program has a very well-defined eligibility, or if you're a participant in Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF), the auto eligibility assumes US citizenship
 - In past discussions, members have considered whether we need to limit to low-income, could it go to moderate income?
 - Do we want to expand to moderate income, and if so, how to define?
 - Member noted that stakeholders have considered including moderate income customers in past conversations.

- Also trying to avoid utilities collecting income data
 - Question: noting that less than 10% of eligible customers are receiving federal LIHEAP, what is the barrier to the remaining 90%? Is the application process difficult to navigate? Maybe better to meet the needs of lower income group that can't get through process rather than expanding eligibility?
 - Question: what are other states doing? Anything we could model after? Or what goes through the app process? Who needs this benefit the most?
 - The main consideration is whether the state program should go after additional folks, OR provide additional funds for neediest households.
 - Eligibility criteria can affect the need level for households: E.g., What is the income for that household? How do we treat households with mixed citizenship? What income limits are we looking at (e.g., social security can push some customers just barely over the limit)? If we want to increase the limits, what is that threshold?
- **How are funds administered? (i.e., reimburse utility, how much towards admin, etc.)**
 - It still makes sense to make a reimbursement to the utility, similar to Covid funds, rather than as an extra step to customer.
 - This saves a middle-person step.
 - This offers reassurance the funds are being used as intended.
 - Could consider a higher level for an administrative funding cap.
 - Additional flexibility to support the DHS team is needed.
 - Is there a different mechanism to be used around the volumetric part of this? Could be a base fixed percentage and could scale up and down with a sliding increase.
- **What actions are necessary to establish the Program (PUC D&O, Legislation, etc.)?**
- **What other actions exist or could be developed to assist vulnerable customers w/utility bills and continuity of service?**
 - Question: is there anything existing for someone receiving LIHEAP services to get energy efficiency services at same time? Is this an opportunity?
 - The collaboration between HECO/Hawaii Energy is key for sharing information
 - This collaboration comes down to data privacy, not lack of willingness. Right now, customers in LIHEAP are provided an opportunity to learn about Hawaii Energy, but if someone is in a crisis situation, it's challenging for energy efficiency to fully meet the need. We have to be able to serve customers in a rapid manner and having a stepwise customer journey is something this group can inform to provide the best services possible, in collaboration with one another.
 - The past state LIHEAP proposal that was circulated previously, tied in upfront education that includes energy efficiency.
 - During this past year, approved LIHEAP applicants are offered an "opt-in" opportunity where HECO puts them in a low-tier rate program.
 - Customers were also offered the option to opt-in to provide data to Hawaii Energy, HECO, and the Community Action agencies.
 - Customers are referred to Hawaii Energy for their home appliances.
 - Energy education can be missed in the summer months because of the high number of applicants (~9K in June) to process.

- DHS currently does not have a database and funding for software should be considered. They work with the four (4) counties to streamline the process.
- Another state has a combined application for LIHEAP, LIWAP, and Weatherization Assistance. Once a customer is approved, they qualified for all three (3) programs at once and also received an automatic percentage discount on utility bills for electricity/natural gas supply for the year.
- <https://energy.hawaii.gov/what-we-do/financial-assistance-and-grants/financial-assistance-resources/>

Next Steps & adjourn

- Working Group (“WG”) is asked to contemplate needs & questions offline and provide thoughts via email.
 - What key topics should WG discuss?
 - Best use of our time? Are subgroups necessary?
 - What questions do you have that you’d like answered to help design a state LIHEAP program?
 - What do you want to learn more amount (designs, needs of Hawaii residents, funding sources, etc.)?
- We only have two (2) more meetings before this final report is due. We want to make sure we are effectively using our time, need to have folks break out and come up with their own questions.

Hawaii State Low-Income Home Energy Assistance Program (LIHEAP) Working Group

Meeting #1

September 27th, 2022

Hosted by the Hawaii Public Utilities Commission and the Division of
Consumer Advocacy



WebEx Meeting Instructions

- Please identify yourself and your organization when speaking.
- Participants will be muted. Please remain muted unless speaking.
- For questions and comments, please use the “raise hand” or chat functions and the host will call on you.
- We encourage you to turn your video on to facilitate dialogue and interaction amongst attendees.
- We will record the meeting only for future Working Group reference.
- If you are experiencing technical difficulties, please contact peter.b.polonsky@hawaii.gov.

Meeting Norms

- Encourage idea development and creativity.
- Create an environment of trust and collaboration.
- Keep confidences via Chatham House Rules (do not attribute work or statements to either people or organizations without permission).

Meeting Agenda

- Welcome & opening remarks
- Introductions by organization
- Review of Legislative requests
- Overview of current LIHEAP landscape in Hawaii
- Presentation on efforts on state LIHEAP development to date
- Align on near-term Working Group objectives
- Group discussion on Working Group needs and questions
- Discussion of Working Group timeline and process



Welcoming Remarks



Meeting Objectives

1. Ensure common understanding of Legislative requests.
2. Align on near-term Working Group objectives, timeline, and process.
3. Group learning on current LIHEAP landscape & program development efforts to date.



Introductions by Organization



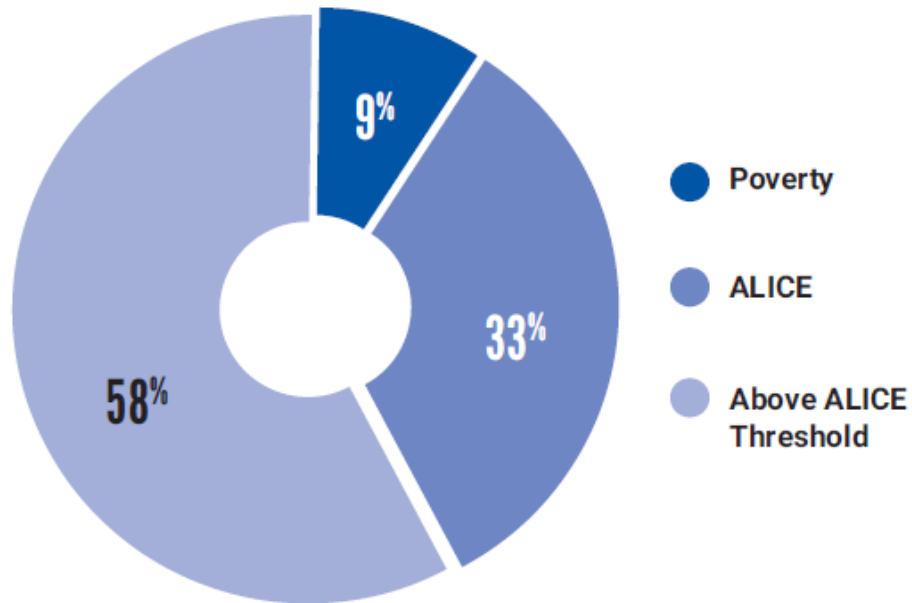
Review of Legislative Requests

- SCR 242 / SR 133 / HR 44
 - Convene a working group to create a Hawaii LIHEAP program to assist low-income households with paying for their home energy.
 - Submit a report of findings and recommendations, including proposed legislation, at least 20 days prior to the 2023 Session.
- The PUC intends to open a complementary proceeding focused on energy equity.
 - This will address other resolutions passed by the Legislature (SCR 48 SD1 / SR 43 SD1 / HR 43 HD1 and SR 33 SD1).



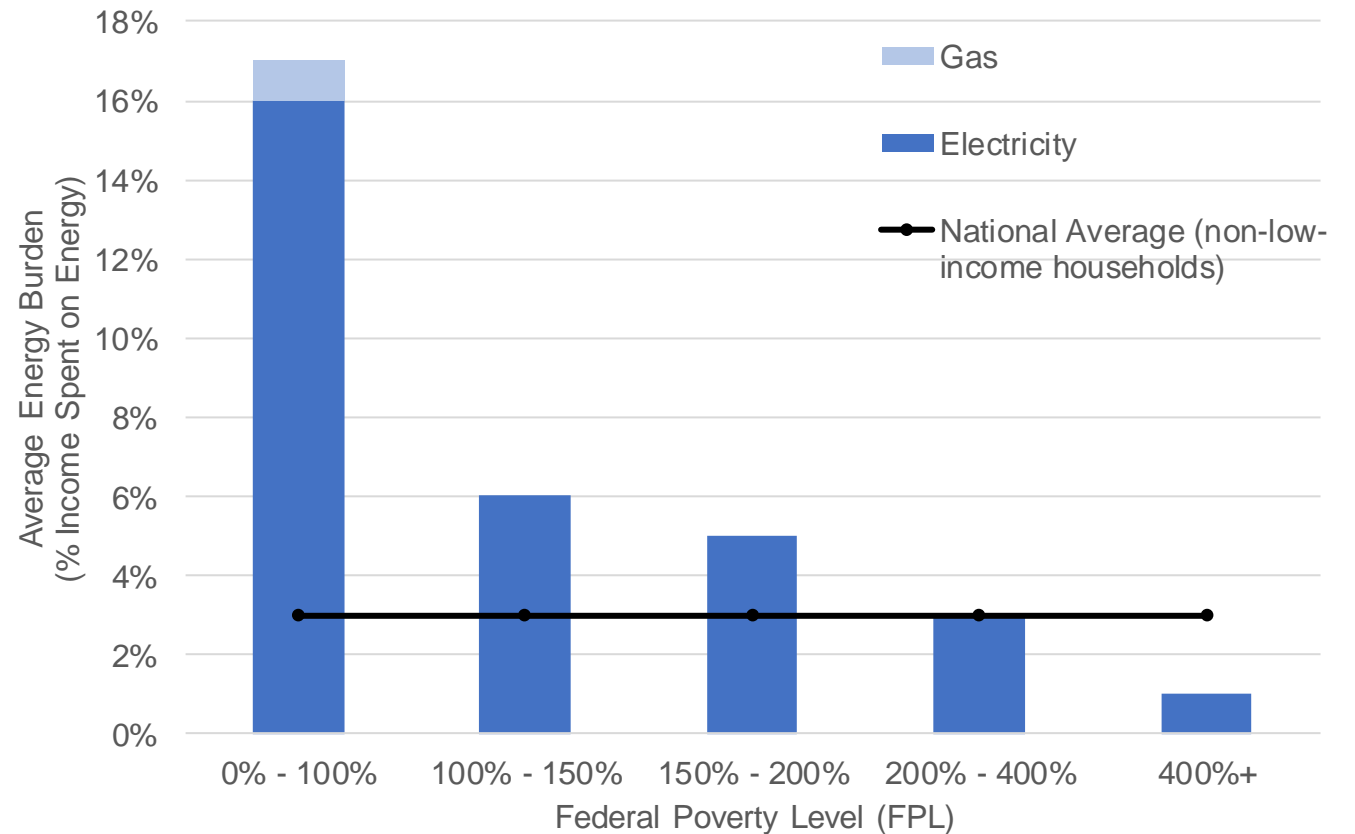
The Hawaii LIHEAP Landscape: Need

Asset Limited, Income Constrained, Employed (ALICE) Hawaii Households, 2018



Source: ALICE In Hawaii: A Financial Hardship Study, 2020

Hawaii Average Energy Burden



Source: US Department of Energy Low-Income Energy Affordability Data Tool



The Hawaii LIHEAP Landscape: Need (Continued)

Metric (Data for Q2 2022)	Hawaiian Electric Companies, Combined	Kauai Island Utility Cooperative (KIUC)	Hawaii Gas Company
Customers disconnected (# of customers, % of all customers)	<ul style="list-style-type: none"> • 1,235 • 0.3% 	<ul style="list-style-type: none"> • 44 • 0.1% 	<ul style="list-style-type: none"> • 106 • 0.3%
Customers in arrears* (# of customers, % of all customers)	<ul style="list-style-type: none"> • 74,617 • 16% 	<ul style="list-style-type: none"> • 1,895 • 5% 	<ul style="list-style-type: none"> • 3,719 • 10%
Total value of unpaid balances*	~\$85 million	~\$1.2 million	~\$1.8 million
Avg. amount per residential customer in arrears*	~\$580	~\$159	~\$183

*Values for KIUC and Hawaii Gas are for customers in arrears for more than 31 days.



The Hawaii LIHEAP Landscape: Other Support

- Federal Emergency Rental Assistance Program (Runs through 9/2025)
 - Administered via County Rental and Utility Relief Programs
- HECO & KIUC offer other support programs:
 - HECO Tier Waiver Provision Program auto-enrolls residential LIHEAP customers to receive the lowest tiered rate for their energy for 12 months
 - HECO Special Medical Needs rate discount, Ohana Gift Program, Life Support Program, etc.
 - KIUC Low Income Assistance Fund
- Hawaii Energy offers numerous programs targeted towards ALICE families funded via the Public Benefits Fee rate surcharge



What are the Group's Near-term Priorities and Objectives?

- Kickoff the Working Group process and develop a longer-term plan for establishing state LIHEAP funding.
- Facilitate group learning on LIHEAP program needs and program design options.
- Develop an initial report for submission to the Legislature and Governor by early December 2022.
- Other objectives?
 - Collaborative development of LIHEAP program design
 - Discuss need and opportunity for future legislative action
 - Others?



Program Design Questions

- What funding model is most appropriate? Considerations include:
 - Sustainability of funding source
 - Equity of funding burden (i.e. not from recipients of the support)
- What organization(s) should administer the program?
- How are low-income households defined, identified, qualified, and enrolled? Can current processes be improved?
- How are funds administered (i.e. reimbursement to the utility, how much is allotted towards administration, etc.)?
- What actions are necessary to establish the program (i.e. PUC Decision, Legislation, etc.)?
- What other actions exist or could be developed to assist vulnerable customers with utility bills and continuity of service?



Working Group Needs & Questions

- What key topics should the Working Group discuss?
- How would the Working Group's time be best used?
- What questions do you have that you'd like answered to help design a state LIHEAP program?
- What do you want to learn more about (program designs, the needs of Hawaii residents, funding sources, etc.)?



Next Steps & Potential Meeting Topics

Proposed Meeting Schedule

- 10/18/22 (10:30 am – 12:30 pm)
 - Learning on best practices from other jurisdictions
- 11/15/22 (10:30 am – 12:30 pm)
 - Parties present and discuss program design ideas
- 12/6/22 (10:30 am – 12:30 pm)
 - Review of Legislative report and findings

Sub-groups

- Sub-groups may form and meet independently to develop and refine proposals



Mahalo!



Appendix Slides



The Hawaii LIHEAP Landscape: Federal Funds

- One-time annual payment for electric or gas bills (between \$350 - \$1,410 for cooling and \$650 for crisis)
- \$4.7 million in Federal funding for FY 2022
- Income eligibility level is 150% of Federal Poverty Level (FPL) for cooling assistance, and at or below 60% of the State Median Income for crisis assistance
- SNAP recipients are eligible, regardless of income
- 2022 Households served: ~\$540 / household
 - 7,670 heating/cooling households
 - 984 crisis
 - 37 weatherization
- Administered by the Honolulu Community Action Program, and Maui / Kauai / Hawaii Island Economic Opportunity offices

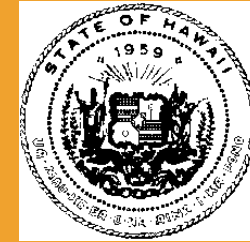


What do other jurisdictions do?

- Approximately half of states offer state-specific utility assistance programs.
- Funding comes from:
 - Sales tax on fuel purchases
 - Tax rebates
 - Property taxes
 - Rate surcharges
 - Legislative appropriations
 - Donations and grants



Low Income Home Energy Assistance Program (LIHEAP)

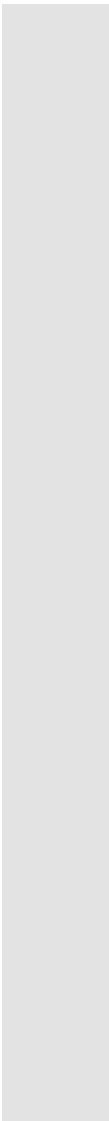


Department of
Human Services
Benefit,
Employment, and
Support Services
Division



Purpose of LIHEAP

To assist households with low incomes, particularly those with the lowest incomes that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs.



State of Hawaii DHS LIHEAP Office

Administer LIHEAP
Program

Contracts

Policy

Budget

Reports

Community Action Agencies

Application intake

Eligibility determination

Follow-up

Energy education and
referrals

Utility Companies

Provide customer
information

Apply credits to eligible
households

Applicant

Complete application

Provide verification

Cooperate with the CAA
and Utility companies in
determining eligibility

Administering LIHEAP

Types of LIHEAP Benefits

Energy Crisis Intervention (ECI)

One-time only assistance paid to the utility company to prevent termination or restore electric or gas power to the residence of an eligible household

Payment is based upon the amount required to prevent termination or restore power

Energy Credit (EC)

One-time only assistance deposited into the utility account of an eligible household to help offset the energy costs for heating and/or cooling of the home

Payment amount is based upon the household's circumstances

COVID-19 Disaster ECI

In April 2020, CARES funds received were used to create a special Disaster ECI for households that demonstrate a reduction of income due to the ongoing COVID-19 pandemic.

- Higher income limits
- Higher benefit maximum
- Allowed to receive EC and Disaster ECI

A supplemental payment was made to households to exhaust remaining CARES funds. The maximum payment was \$520.

Basic Eligibility

- Complete a LIHEAP Application and Interview
- Be a resident of Hawai`i
- Must be a U.S. citizen, U. S. National, or meet the other citizenship conditions
- All adults (anyone 18 and over) must provide identification and sign the application
- All household members 1 year and older must provide SSN
- Income is less than 150% of Federal Poverty Level (FPL) for EC and ECI, 60% State Median Income for Disaster ECI

Additional Requirements

- Provide a Current Utility Bill with an address that matches the residence address
- Must have a charge for usage
- A credit balance on a utility bill that exceeds the annual usage for the household shall not be eligible
- All subscribers must agree to release utility information to DHS and CAAs
- If the applicant is not the subscriber – the subscriber must provide their ID and sign a [Subscriber Release Form](#) (L-3)

Other Requirements

- Separated adults who share custody of a child, only one household can apply for the child
- There is no limit to number of times an applicant can apply, but can only receive one benefit per fiscal year
- Cannot split benefits among utilities
- Cannot switch utility once the household selection has been made
- Collect electric bill for all households applying for gas

“Household” means the entire energy household, i.e., any/all individuals or group of individuals who are living together at the residential service address for which the utility company bill or termination notice is submitted



All individuals living in the residence on the first day of the month of application and who will benefit from the LIHEAP credit when it is applied to the utility account shall be included in the application filed by the household

Who is in the household?

Who is ineligible?

Ineligible Members

- Temporary resident/Visiting
- Temporary caretakers
- Applicants residing in an institution
- Assisted Living Facilities or Arrangements

Ineligible Households

- Dormitories/Boarding Homes
- Temporary protective facilities or shelters
- Households where all utilities are included in the rent or paid for by others
- Commercial Properties

Income Limits

- Use income of all household members
- Total Gross must be below limit for eligible HH size
- For EC and regular ECI, Gross Income must be below 150% of the Federal Poverty Level (FPL)

Exempt Income

- Earned Income Tax Credit
- All financial aid and scholarships, both federal and private
- College Work–Study
- VA GI Bill for education expenses are exempt, monies paid as living allowances are countable income
- All loans (includes student loans and personal loans)
- Income from pandemic acts (CARES, CAA, ARP)
- Recovery Rebates a.k.a. Stimulus checks

Household Types

Regular Household

- No one is in receipt of TANF, SNAP, or SSI benefits
- Income is calculated

Categorical Household

- One household member is in receipt of TANF, SNAP, or SSI on the 1st day of the month of application
- Income is assigned by eligible household size

Flat Rate Households

Zero Rent or Mortgage

- No mortgage
- Third-party pays shelter cost
- Resident Manager
- In-Kind tenant

Subsidized Households

- Public Housing
- Section 8
- Other types of subsidized rent

Photovoltaic Households

- HH generating more power than used are not eligible
- HH generating less power than they use are eligible

Household Size	1-2 persons	1 point
	3-5 persons	2 points
	6 or more	3 points
Region	Oahu	1 point
	Hawaii, Maui, Kauai County	2 points
Income Limits (FPL)	101-150%	1 point
	51-100%	2 points
	0-50%	3 points
Vulnerability	Households containing a child age 5 and under, a disabled adult, or an adult 60+	1 point
Energy Burden	Current utility bill is 30% above monthly income	1 point

Points

Hawaii

LIHEAP FY2021 State Profile

Total Funding Available*

\$11,406,646

Total Households Served

8,249

Income Eligibility
Requirements

\$45,195

for a 4-person household

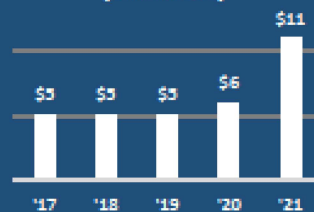
% of State Income-Eligible
Population Served

10%

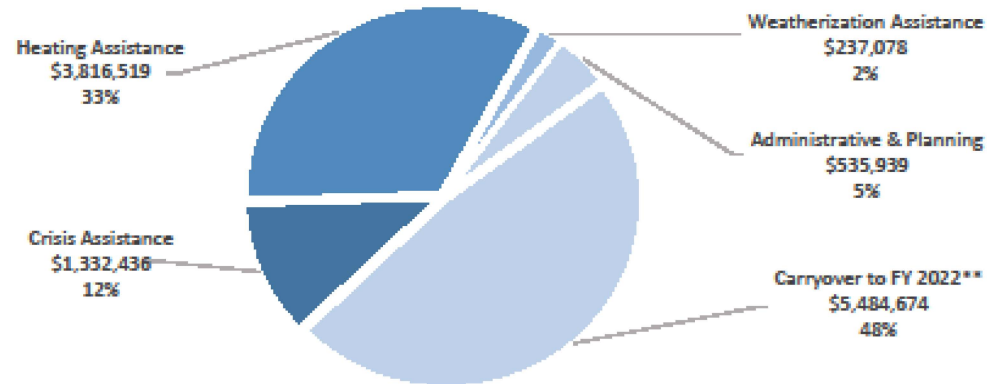
State Income-Eligible
Population

79,565

Annual Funds, 2017-2021
(\$ millions)

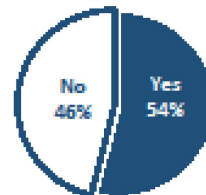


Uses of Funds

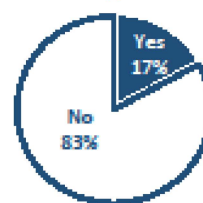


Vulnerable Recipient Households

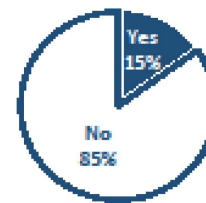
Households with
Elderly Member



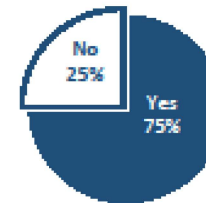
Households with
Young Child



Households with
Disabled Member



Households with Any
Vulnerable Member



Types of Assistance

Heating Assistance served 6,850 households with a reported average benefit of \$1,208 (regular LIHEAP funds).

Year-Round Crisis Assistance served 1,672 households with reported average benefits of \$583 (regular LIHEAP funds) and \$842 (LIHEAP CARES funds).

Weatherization Assistance served 56 households with a calculated average benefit of \$4,234.

*Total Funding Available includes \$9,142 returned to the federal government.

**Includes supplemental ARPA funds, of which 100% were allowed to be carried over to FY 2022.

Data are current as of August 19, 2022.

For more information, see <https://liheapm.scf.hawaii.gov/>.



Any Questions?

**For more information,
please visit**

<https://humanservices.hawaii.gov/bessd/liheap/>

Mahalo!



The Division of Consumer Advocacy

Let's create a State
LIHEAP fund!

About Us

The Division of Consumer Advocacy is an agency in the Department of Commerce and Consumer Affairs

- Once a part of the Hawaii Public Utilities Commission (“PUC”) but now a separate agency. Pursuant to HRS § 269-51, we are a party to every PUC proceeding.
- Represents the interests of all consumers of regulated utilities and transportation services
- Appears before regulatory bodies such as the PUC, Federal Communications Commission, and the Federal Energy Regulatory Commission



- Federal LIHEAP Program
 - The Low Income Home Energy Assistance Program (LIHEAP) assists low-income households with their energy costs, bill payment assistance, energy crisis assistance, weatherization and energy-related home repairs
 - LIHEAP eligibility
 - Households with members that participates in other benefit programs, such as Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), or other Federal assistance programs, may be automatically eligible.
 - There are annual household income limits that range from
 - 1 member: Max income of \$23,444
 - With additional \$8,145 for each household member

- Federal LIHEAP Program (continued)
 - LIHEAP provides assistance to needy households with their electric or gas utility service in two ways
 - Energy Crisis Intervention (ECI)
 - If electric or gas utility service has been or will be disconnected due to non-payment, assistance is directed towards restoring service or preventing disconnection
 - Assistance is available throughout the year but there is limited funding, which limits the amount of requests that can be approved each month
 - Energy Credit (EC)
 - Applications are currently accepted once a year during the period of June 1 through June 30.
 - For households that are not in crisis (i.e., service may be immediately terminated) but may need assistance with utility bills.

- Federal LIHEAP Program (continued)
 - LIHEAP provides assistance to needy households with their electric or gas utility service in two ways (continued)
 - A household generally receives only one type of LIHEAP payment per program year (program year is from October 1 – September 30)
 - Regardless of whether the assistance is received as ECI or EC, the benefits are paid as a one-time only credit paid directly to the appropriate utility company
 - LIHEAP is administered by the Dept. of Human Services with applications generally accepted by community action agencies
 - Hawaii island – Hilo Community Services Office
 - Kauai – Kauai Economic Opportunity
 - Maui County – Maui Economic Opportunity: Maui office, Hana office, Molokai office, and Lanai office
 - Oahu – Honolulu Community Action Program: Central district office, Kalihi-Palama district office, Leahi district office, Leeward district office, and Windward district office

- Federal LIHEAP Program (continued)
 - In 2017, the possible decrease or elimination of Federal LIHEAP funding raised concerns
 - See, e.g., Center for American Progress article dated April 26, 2017, “100 Ways, in 100 Days, that Trump has Hurt Americans”.
 - **Proposed budget cuts ... will cause 5.7 million low-income residents to lose assistance with their heating bills and about 673,000 to lose cooling assistance.** President Trump’s proposal to eliminate the Low-Income Home Energy Assistance Program, or LIHEAP, will be especially dangerous as more states experience extreme weather.

- Why a State program could help
 - Besides the threat of de-funding the Federal LIHEAP (which thankfully never materialized)...
 - Many programs associated with technology adoption result in higher utility bills for non-participants, including vulnerable customers
 - Additional investments and expenditures will be made during Hawaii's energy transition, which will likely place upward pressure on utility bills
 - The energy burden (ratio of energy bill to household income) is especially high for low income customers and is more pronounced on the neighbor islands
 - The number of applicants is relatively low compared to the potential eligible households
 - A State program could enhance outreach so that more eligible households could benefit

- Efforts to create a State LIHEAP
 - DCA reached out to various possible stakeholders with the general proposal of creating a State LIHEAP with the intention of:
 - Increasing the amount of funds available to the program
 - Exploring the possibility of taking advantage of the existing procedures and processes to avoid creating duplicative work and unintentionally reducing the net amount of assistance that could be made available
 - Adding an energy efficiency and education component to not only help targeted customers with financial assistance but increase awareness and ability to manage their utility bills in the future

- Recent efforts to create a State LIHEAP (continued)
 - Working with Hawaiian Electric, drafts of possible legislation were circulated. The draft legislation included proposals to:
 - Require the establishment of a State LIHEAP within HRS § 346
 - Provide eligibility guidelines
 - Make clear that the State program was not meant to affect Federal funding
 - Including a requirement that the Public Benefits Fund Administrator created in HRS §269 would provide energy efficiency education to LIHEAP recipients
 - Appropriate an annual amount of \$500,000 for the program

- Recent efforts to create a State LIHEAP (continued)
 - Some of the various questions or concerns regarding the initial proposals included:
 - Funding source and the size of the fund
 - More assurances that it would not create unintended and/or unaddressed impacts on any state agency, especially DHS
 - The likelihood that rulemaking may be necessary if DHS has to stand up a state LIHEAP
 - The possibility of additional DHS staff that may be needed if more applications are anticipated
 - The possible need to improve DHS and/or community processes and infrastructure to improve efficiency of processing applications

- Mahalo

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- Extra/Backup

- LIHEAP allocations

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total LIHEAP funds allocated to Hawaii	\$ 2,402,960	\$ 5,182,356	\$ 6,588,570	\$ 6,235,292	\$ 6,107,051	\$ 5,419,804	\$ 6,170,658	\$ 5,626,917	\$ 5,488,162	\$ 5,146,987	\$ 5,005,043	\$ 5,012,869	\$ 4,389,318	\$ 10,064,331
Number of Low-Income HH	103,926	120,192	120,767	133,230	133,230	128,521	126,864	117,901	113,015	114,245	113,359	110,693		
% of HH served	6.59	5.77	7.02	7.65	7.50	7.51	7.51	7.58	7.79	7.79	7.82	7.81		
Average bill payment assistance per recipient HH	\$ 332	\$ 668	\$ 708	\$ 536	\$ 575	\$ 523	\$ 567	\$ 588	\$ 565	\$ 532	\$ 469	\$ 464		
source: Administration for Children & Families Report to Congress on the Low Income Home Energy Assistance Program (2008 - 2019)														
source: LIHEAP clearinghouse (2020 - 2021)														

- Energy Burden Rankings

State	All households		Owners		Renters	
	Electricity burden	Rank	Electricity burden	Rank	Electricity burden	Rank
Alabama	3.10%	2	2.70%	2	4.60%	2
Alaska	1.60%	37	1.60%	33	1.70%	42
Arizona	2.30%	9	2.10%	9	3.00%	15
Arkansas	2.40%	8	2.20%	8	3.30%	9
California	1.20%	47	1.20%	47	1.40%	49
Colorado	1.10%	50	1.00%	50	1.30%	50
Connecticut	1.80%	31	1.60%	36	2.80%	18
Delaware	1.80%	29	1.70%	27	2.50%	28
District of Columbia	0.90%	51	0.80%	51	1.20%	51
Florida	2.40%	7	2.20%	7	3.10%	14
Georgia	2.30%	12	2.00%	14	3.20%	10
Hawaii	1.90%	26	1.60%	35	2.50%	27
Idaho	1.80%	30	1.70%	28	2.50%	25
Illinois	1.30%	46	1.20%	46	1.70%	43
Indiana	2.20%	16	2.00%	16	3.20%	12
Iowa	1.90%	27	1.80%	24	2.40%	30
Kansas	2.10%	18	1.90%	21	3.00%	16
Kentucky	2.40%	5	2.20%	6	3.40%	6
Louisiana	2.90%	3	2.50%	3	4.40%	3
Maine	2.00%	21	1.90%	20	2.60%	22
Maryland	1.50%	42	1.40%	42	1.90%	39
Massachusetts	1.50%	41	1.40%	41	1.80%	41
Michigan	1.90%	24	1.80%	25	2.60%	24
Minnesota	1.30%	44	1.30%	44	1.50%	46
Mississippi	3.20%	1	2.90%	1	4.60%	1
Missouri	2.30%	10	2.10%	12	3.40%	7
Montana	2.20%	14	2.10%	10	2.70%	21
Nebraska	2.20%	15	2.00%	17	3.20%	11
Nevada	1.90%	25	1.60%	31	2.50%	29
New Hampshire	1.70%	35	1.70%	29	2.10%	35
New Jersey	1.20%	48	1.20%	48	1.40%	47
New Mexico	1.70%	34	1.60%	34	2.20%	34
New York	1.40%	43	1.30%	43	1.50%	45
North Carolina	2.10%	19	1.80%	22	2.90%	17
North Dakota	1.90%	23	1.90%	18	2.10%	36
Ohio	2.00%	22	1.80%	23	2.70%	20
Oklahoma	2.20%	13	2.00%	15	3.10%	13
Oregon	1.60%	38	1.40%	40	2.20%	33
Pennsylvania	1.90%	28	1.70%	26	2.50%	26
Rhode Island	1.70%	33	1.60%	37	2.30%	32
South Carolina	2.70%	4	2.40%	4	3.70%	4
South Dakota	2.20%	17	2.00%	13	2.80%	19
Tennessee	2.30%	11	2.10%	11	3.40%	8
Texas	2.10%	20	1.90%	19	2.60%	23
Utah	1.10%	49	1.10%	49	1.40%	48
Vermont	1.70%	36	1.70%	30	2.00%	38
Virginia	1.80%	32	1.60%	32	2.40%	31
Washington	1.30%	45	1.20%	45	1.60%	44
West Virginia	2.40%	6	2.20%	5	3.50%	5
Wisconsin	1.60%	39	1.50%	38	2.00%	37
Wyoming	1.60%	40	1.50%	39	1.80%	40
United States	1.80%	-	1.70%	-	2.30%	-

- Energy Burden By County (2018)

		All Households	Federal Poverty Level				
			400%+	200 - 400%	150-200%	100-150%	0-100%
Hawaii County							
	percentages	2.9%	1.7%	3.4%	6.2%	8.2%	18.4%
	households	68,412	22,582	21,475	6,167	6,895	11,293
Honolulu County							
	percentages	1.5%	1.0%	2.2%	3.7%	4.9%	12.4%
	households	311,525	143,992	95,861	22,805	19,597	29,269
Kauai County							
	percentages	3.0%	1.9%	3.9%	7.3%	9.7%	23.3%
	households	22,524	9,436	7,101	1,688	1,812	2,487
Maui County							
	percentages	2.5%	1.6%	3.3%	5.9%	8.2%	19.5%
	households	54,321	22,647	18,026	4,157	4,218	5,273

- Energy Burden Statewide

Household Type		Housing count ¹	Average annual income	Average monthly electricity cost	Average electricity burden ²
All households		456,782	\$97,562	\$152.7	1.9%
House tenure	Owners	266,362	\$119,358	\$161.3	1.6%
	Renters	190,420	\$67,074	\$140.7	2.5%
Building structures³	Single-family house	306,479	\$111,749	\$171.6	1.8%
	Condo/apartment	149,571	\$68,692	\$114.3	2.0%
Area median income (AMI)	100%+ AMI	192,244	\$165,788	\$171.1	1.2%
	80-100% AMI	52,456	\$85,093	\$153.5	2.2%
	60-80% AMI	57,689	\$64,242	\$148.8	2.8%
	30-60% AMI	86,147	\$41,403	\$138.2	4.0%
	0-30% AMI	68,245	\$13,364	\$123.0	11.0%
Federal poverty level (FPL)	400%+	198,657	\$157,120	\$156.6	1.2%
	200%-400%	142,464	\$74,514	\$158.5	2.6%
	150-200%	34,817	\$39,213	\$149.7	4.6%
	100-150%	32,522	\$27,020	\$140.6	6.2%
	0-100%	48,321	\$10,178	\$129.2	15.2%

- Poverty Guidelines

2022 POVERTY GUIDELINES FOR HAWAII	
Persons in family/household	Poverty guideline
1	\$15,630
2	\$21,060
3	\$26,490
4	\$31,920
5	\$37,350
6	\$42,780
7	\$48,210
8	\$53,640
For families/households with more than 8 persons, add \$5,430 for each additional person	

MEETING #2
HAWAII STATE LIHEAP WORKING GROUP
October 18th, 2022, 10:30am-12:30am HST
WebEx Meeting

Meeting Objectives

- Learn about funding models, administration, eligibility, and implementation pathways from other states.
- Begin to develop proposals & vet ideas.

Agenda

1. Welcome & opening remarks
2. Introductions by organization
3. Presentation on LIHEAP models from other states
4. Breakout group activity on program proposal development
5. Plenary share-out of key findings from breakout discussions
6. Next Steps & adjourn

HOUSEKEEPING:

1. Name in the WebEx – w/org
2. Muted
3. Raising hands, turn on video, be mute, will be recorded (internal reference)
4. Encourage idea development and creativity – environment trust/collab
5. Chatham house rules – no attribution

Agenda

1. Welcome & opening remarks
 - a. We're at the rubber hitting the road, 2nd meeting / halfway point, we'll be working in subgroups, looking for independent work in the next few weeks, addressing energy & equity burden is critically important.
 - b. Objectives – we'll be looking at possible methods, best practices, other states' models, program implementation and outreach to customers, and we're beginning to develop our proposals.
2. Introductions by organization
 - a. HSEO
 - b. CCH
 - c. HECO
 - d. Hawaii Gas
 - e. Hawaii Energy
 - f. CA
 - g. PUC

3. Presentation on LIHEAP models from other states: David Carroll, APPRISE (Applied Public Policy Research Institute for Study & Evaluation) presenting on Low-Income Energy Assistance Programs [See slides for additional details]
 - a. APPRISE doesn't advocate on particular topic, their role is research & evaluation, particularly on state/local energy utility programs and low-income EE programs
 - b. Best practices are whatever set of policies & procedures are consistent w/achieving your goals. Each state has adapted different goals, this is why different types of policies can be best practices.
 - c. Presentation will discuss states that are implementing different ideas that were developed in a different way, aligned with your questions on funding models, administration, eligibility, and ways to develop the program – The goal is to just give an intro to help with your brainstorming, if in the future you want more info, can come back in future.
 - d. 2019 LIHEAP in Hawaii:
 - i. Why 2019? In 2020-2022 very unusual circumstances (higher funding)
 - ii. Funding – Hawaii received \$5.1 million – administrated by the state office of Human Services
 - iii. Income eligibility is 150% of federal Poverty Level
 - iv. Our program excludes customers who pay for utilities in rent
 - v. Provides state breakdowns for federal LIHEAP offices – you can see all of your info in all one place, such as how you distributed your funds.
 - e. LIHEAP Program Impacts – 2019 (2021 in parentheses)
 - i. Average income - \$20,673 (21,358)
 - ii. Average energy bill - \$1,590 (1,506)
 - iii. Pre-LIHEAP Energy Burden – 7.7% (7.1%)
 - iv. Average LIHEAP benefit \$598 (\$1,033)
 - v. Post-LIHEAP Energy Burden 4.8% (2.2%)
 - vi. Prevented Loss of Service for 1,016 households
 - vii. Restored Service for 111 HHs
 - f. LIHEAP Program Notes
 - i. 2023 funding – never a linear relationship, because funding is based on a complicated formula
 - ii. Even though eligibility level is set at 150% of Federal Poverty Level (FPL), 80% of households Hawaii serves have Income < 100%
 - g. Notes on how other states treat eligibility:
 - i. Most states in Northwest/Midwest can serve about 35% that are income eligible
 - ii. Southern states are closer to 10% range (similar to Hawaii)
 - h. Questions:
 - i. How do states choose whether to serve more people or provide more to fewer households?
 1. States need to decide if you trying to resolve affordability issues or if you are you trying to provide funding more widely.
 - i. How many states include customers who pay for electricity in rent?

- i. Connecticut is the best example – for eligible households, if you have an energy bill, we’ll give you assistance w/energy bill, if you have rent, we’ll give you a portion
 - ii. In DC, if you pay electricity in rent, you receive a \$250 rebate
 - iii. In Oregon, for most people living in multi-dwelling units, most electricity payments are in Landlord names, but household pays for it
- j. Question on accessing the data from LIHEAP - is there a way to see household numbers?
 - i. Data comes from your state LIHEAP office, customers approve data to be released to LIHEAP (and that can go to APPRISE, to create a database)
- k. Is it possible to look at multi-unit buildings?
 - i. Question on whether there is an issue of high usage, or high users (e.g., many household members)
 - ii. A lot of states are looking at solar to address affordability
- l. Program design issues – (see slide w/data)
 - i. Eligibility
 - 1. Population (100%, 150%, 60% HHS PIG)
 - 2. Benefit types
 - a. Matrix
 - b. Rate
 - c. Percentage of income
 - ii. How to administer programs (State LIHEAP Program Office vs. Utility Program Admin vs. Collaborative models)
 - 1. Can determine a standard for what is considered affordable, e.g., percentage of Income (3% ,6%, 10% vs. varies, or not-stated - national standard is 6%)
 - 2. For renters with electricity included in rent, utilities are about 20% of rent – so 20% or 30% (rent) is 6%
 - iii. Legal/regulatory authority (legislation v. regulation)
 - iv. Funding type
 - 1. Most/all are ratepayer funded
 - 2. Taxpayer funding in (OR/DC)
 - 3. Some have voluntary/shareholders (i.e., fuel funds, etc. – but these types are less than 1% of funds)
- m. Provided examples on [see slides for additional data]:
 - i. California:
 - 1. Eligibility (trying to target 100% of eligible HHs)
 - ii. Oregon:
 - 1. Eligibility – income 60% of SMI
 - 2. Benefit type – LIHEAP benefit matrix
 - 3. Program administrator – state program office
 - 4. Policy targets – maintain service
 - 5. Special procedures – local agency decision-making
 - iii. New Jersey:
 - 1. 30 % of eligible HHs – regulatory authority

- 2. Funded by Lifeline Seniors Program (previously by Casino Revenues)
- iv. DC:
 - 1. Eligibility – income 60% of SMI
- n. Questions:
 - i. Does the funding take into consideration inflation adjustment?
 - 1. No. Funding usually is a political decision and doesn't try to figure out how to address inflation. Additional notes from David:
 - a. Federal LIHEAP Funds – Each year, Congress allocates funds to LIHEAP. It is completely unpredictable how much they will allocate. This year, the initial funding amount was a small increase over the prior year. But, then at the last minute, they added another \$1 billion to the funding. One common complaint among state LIHEAP program managers is that it is hard to plan their programs when they don't know how much funding they will get until HHS sends the allocation, which often doesn't happen until November. [Note: HHS has not yet sent out allocation amounts for FY 2023 yet.] Special Note: Since Hawaii has a program that is more focused on cooling, you are in a better position than states who want to start their heating program on November 1.
 - b. State/Ratepayer LIHEAP Funds – If you establish a state taxpayer or ratepayer funded LIHEAP program, it might make sense to pick a budget and then increase that each year based on the inflation rate. However, I don't know of any state/ratepayer programs that do that. In most cases, they design a program and estimate the cost of it. However, since the programs are sometimes undersubscribed and sometimes oversubscribed, the actual spending often is different from the budget. The only way to control the cost is to cut off program enrollment when it reaches the budgeted level. But I don't know of any states that do that.
 - ii. Is State funding considered supplementary to the federal funding that comes in for LIHEAP?
 - 1. This doesn't impact the dollar amount coming in from federal funding.
 - iii. Can we consolidate our request for data from DHS so we don't all separately ask the office for that?
 - 1. Yes
- 4. Breakout group activity on program proposal development
 - a. Breaking out into 4 subgroups – what models do we have for funding models, Admin/education, eligibility & apps, pathways to program implementation
- 5. Plenary share-out of key findings from breakout discussions
 - a. Funding Models:

- i. They discussed numerous options relating to general funding, and dedicated taxes – e.g.: Portland grant fund, ways to capture value in the solar/photovoltaic (PV) chain, opportunity for additional PV to go back on the grid, etc.
 - ii. Recognizing this is an important issue for a whole bunch of stakeholders – want to involve many stakeholders in decision-making
 - b. Administration options:
 - i. Using the current/existing administrator – They already have structure in place, are in touch with the customers, have the billing system, etc.
 - ii. HECO – They don't necessarily have income data; some utilities don't have that funding for administration
 - iii. Third party contractor – they could have the resources, but might have higher admin fees
 - c. Eligibility & Application:
 - i. Are we going deeper with smaller subset, or broader with a population in need?
 - ii. There are trade-offs on eligibility methodologies such as for geography based, census blocks, using other programs that do qualifications to tag into
 - iii. On where – and who is qualifying, even the data that is qualified
 - iv. Didn't get too much into the app process, but discussed possibly moving into using phones / mobile apps
 - v. These questions are tough ones to crack – need more time for figuring this out!
 - d. Pathways to Program Establishment:
 - i. Depends on what they want the program to look like, especially in terms of where the funding is coming from
 - ii. A PUC decision would be needed if funding comes from ratepayers
 - 1. A purely PUC decision would likely be quicker, but a potential con is that funding/benefits may be limited to utility customers
 - iii. As a group they liked BOTH legislative, and PUC action – but this would require more coordination, and Legislative action is subject to that process
 - iv. One conclusion was that they need information from other groups before they can make determinations on how best to proceed
 - e. Questions for breakout groups:
 - i. Did the Eligibility group talk about California's self-certification model?
 - 1. Need to do more research on all of these types of models
 - 2. There are multiple ways to do self-certification to consider
- 6. Homework Assignment –sub-groups
 - a. Meet / collaborate between today and Nov 15
 - b. Continue to refine sub-group's ideas on the:
 - i. Range of options
 - ii. Best option & why
 - iii. Examples or best practices
 - iv. Second best choice be and why
 - v. Are there examples and/or best practices?
 - vi. Other potential issues
- 7. Next Steps & adjourn

Hawaii State Low-Income Home Energy Assistance Program (LIHEAP) Working Group

Meeting #2

October 18th, 2022

Hosted by the Hawaii Public Utilities Commission and the Division of
Consumer Advocacy



WebEx Meeting Instructions

- Please identify yourself and your organization when speaking.
- Participants will be muted. Please remain muted unless speaking.
- For questions and comments, please use the “raise hand” or chat functions and the host will call on you.
- We encourage you to turn your video on to facilitate dialogue and interaction amongst attendees.
- We will record the meeting only for future Working Group reference.
- If you are experiencing technical difficulties, please contact peter.b.polonsky@hawaii.gov.

Meeting Norms

- Encourage idea development and creativity.
- Create an environment of trust and collaboration.
- Keep confidences via Chatham House Rules (do not attribute work or statements to either people or organizations without permission).

Meeting Agenda

- Welcome & opening remarks
- Introductions by organization
- Presentation on LIHEAP models from other states
- Breakout group activity & share-out:
 - Funding models
 - Program administration & education
 - Eligibility and applications
 - Pathways to program implementation
- Next steps & homework assignments



Welcoming Remarks



Meeting Objectives

1. Learn about possible methods to better target customers in need and best practice from other states.
 - A handful of states have been executing state sponsored LiHEAP programs for decades.
 - Our group will learn from practices in California, New Jersey, DC, and other states.
2. Begin to develop proposals & vet ideas.



Introductions by Organization



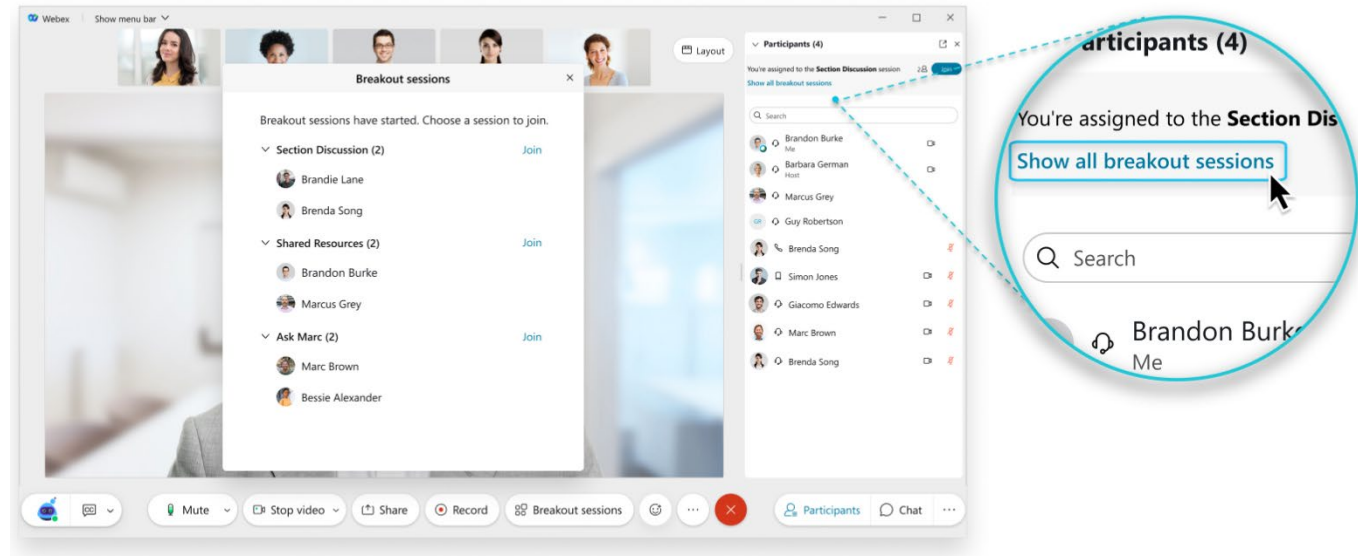
Breakout Groups

- Four breakout groups:
 - Funding models
 - Administration & education
 - Eligibility and applications
 - Pathways to program implementation
- Instructions:
 - Use the Google Docs to develop program ideas & think through possible challenges to implementation
 - Assign a note-taker
 - Assign someone to report back to the group



Breakout Groups

- To join a breakout group:
 - Locate the “Participants” button on the right side of your panel
 - Click “Show all breakout sessions”
 - Click “Join” on the far right to join the breakout session of your choice
- Alternatively, you can locate the “Participants” tab in the menu at the top of your panel



Homework Assignment

- Meet or collaborate between today and November 15
- Continue to refine your sub-group's ideas:
 - What are the range of options?
 - Which is the best option and why? Are there examples and/or best practices?
 - What would your second-best choice be and why? Are there examples and/or best practices?
 - Are there any potential issues?
 - What remaining questions do you have?
- Instructions:
 - Use the Google Docs to refine your group's ideas
 - Breakout groups should come with proposal ideas and questions for the entire group



Next Steps & Potential Meeting Topics

Proposed Meeting Schedule

- 11/15/22 (10:30 am – 12:30 pm)
 - Parties present and discuss program design ideas
- 12/6/22 (10:30 am – 12:30 pm)
 - Review of Legislative report and findings

Sub-groups

- Breakout groups should meet independently to develop and refine proposals between 10/18 and 11/15.



Mahalo!



Hawaii

LIHEAP FY2019 State Profile

Total Funding Available

\$5,170,426

Total Households Served

8,648

Income Eligibility Requirements

\$43,305

for a 4-person household

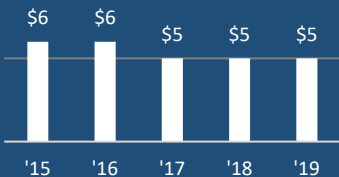
% of State Income-Eligible Population Served

11%

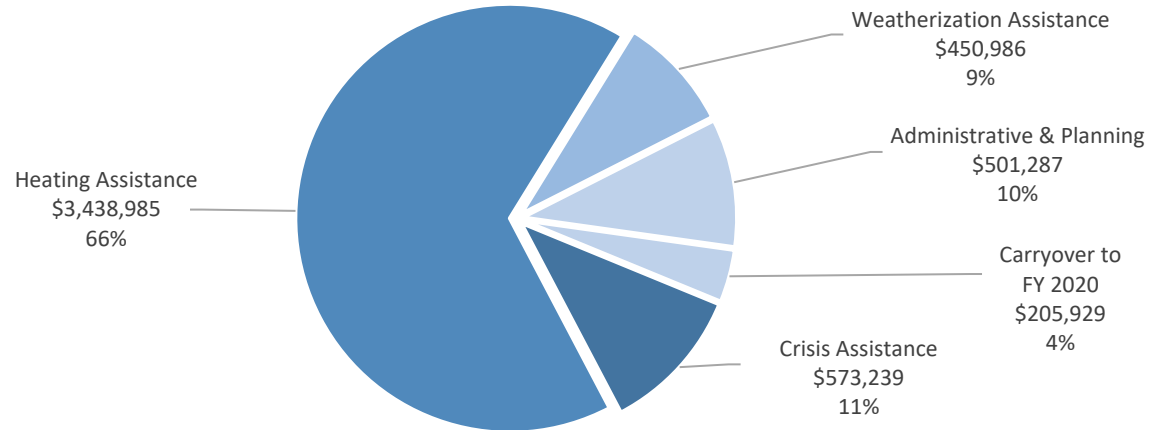
State Income-Eligible Population

81,819

Annual Funds, 2015-2019 (\$ millions)

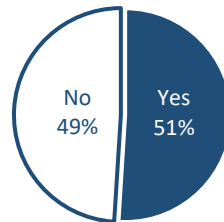


Uses of Funds

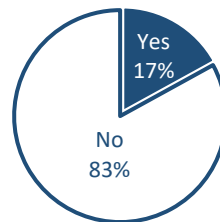


Vulnerable Recipient Households

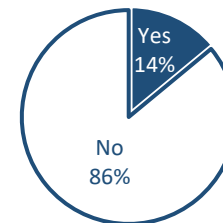
Households with Elderly Member



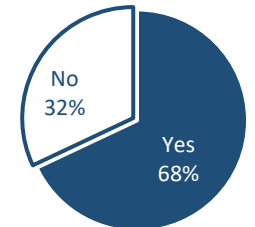
Households with Young Child



Households with Disabled Member



Households with Any Vulnerable Member



Types of Assistance

Heating Assistance served 7,500 households with a reported average benefit of \$705.

Year-Round Crisis Assistance served 1,127 households with a reported average benefit of \$509.

Weatherization Assistance served 83 households with a calculated average benefit of \$5,434.

Data are current as of July 22, 2020

For more information, see <https://liheappm.acf.hhs.gov/>.

HAWAII FY 2019 LIHEAP

PERFORMANCE MANAGEMENT SNAPSHOT

In FY 2019, Hawaii furnished LIHEAP bill payment assistance to 8,627 households. They collected energy burden data for 7,215 households (84%)

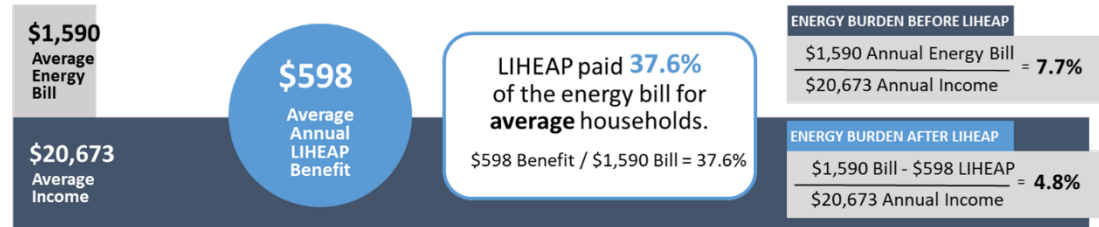
Does LIHEAP furnish higher benefits to higher burden households?

Yes. In Hawaii, the total LIHEAP benefit received by high burden households in FY 2019 was about **\$160 (27%) more** than the total LIHEAP benefit received by the average recipient household.

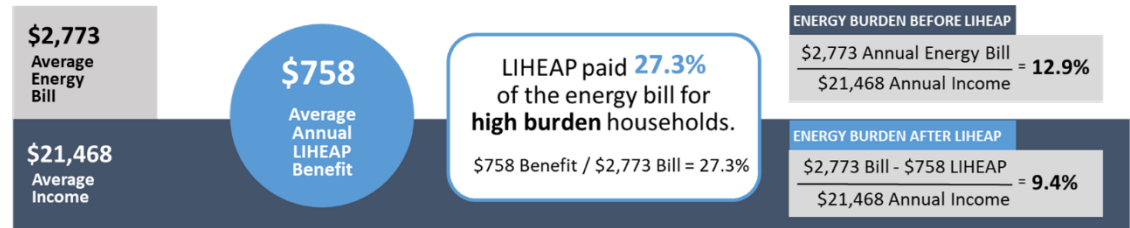
Does LIHEAP pay a larger share of the home energy bill for high burden households?

No. In FY 2019, LIHEAP paid **37.6%** of the energy bill for average households in Hawaii, while LIHEAP paid **27.3%** of the energy bill for high burden households.

All Households



High Burden Households



Prevention and Restoration of Home Energy Service Loss

As a Result of Bill Payment Assistance

Prevention (90%)
1016 Occurrences

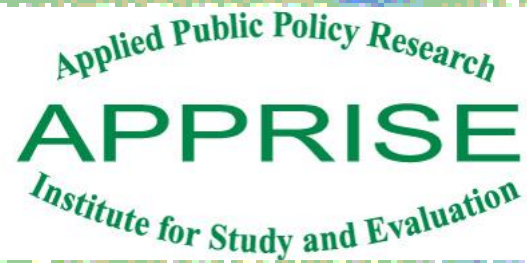
Restoration (10%)
111 Occurrences

As a Result of Equipment Repair or Replacement

Hawaii did not report preventions or restoration as a result of equipment repair or replacement

- In FY 2019, LIHEAP benefits in Hawaii **prevented the loss of service 1,016 times**, by stopping threatened utility service disconnections and by delivering fuels to homes that were at risk of running out.
- In FY 2019, LIHEAP benefits **restored home energy service 111 times** for households who had been disconnected by their utility provider or who had run out of fuel oil, propane, or wood.

* High burden recipient households represent 25% of all recipient households with 12 months of bill data, based on having the highest energy burden. The attached State Snapshot provides detailed income, energy cost, and burden statistics across all fuel types. Data are current as of July 27, 2020.



Low-Income Energy Assistance: *Program Models*

David Carroll, Managing Director, APPRISE

October 18, 2022

2019 LIHEAP Program

- Funding – Federal = \$5,170,426
- Administrative – State Management / CBOs Intake
- Eligibility
 - Income Eligibility = 150% HHS Poverty Income Guideline
 - 81,819 HHs Income Eligible
 - Program Eligibility = Excludes HHs with Utilities in Rent
- Uses of Funds = Regular (66%), Crisis (11%), WX (9%), Administrative (10%), Carryover (4%)
- Served 8,648 HHs / 11% of Income Eligible HHs

See Hawaii LIHEAP Profile for FY 2019

LIHEAP Program Impacts

- 2019 Program Statistics
 - Average Income = \$20,673
 - Average Energy Bill = \$1,590
 - Pre-LIHEAP Energy Burden = 7.7%
 - Average LIHEAP Benefit = \$598
 - Post-LIHEAP Energy Burden = 4.8%
 - Prevented Loss of Service for 1,016 HHs
 - Restored Service for 111 HHs

Performance Management Executive Summary

LIHEAP Program Impacts

- 2020 Program Statistics
 - Average Income = \$23,969
 - Average Energy Bill = \$2,082
 - Pre-LIHEAP Energy Burden = 8.7%
 - Average LIHEAP Benefit = \$490
 - Post-LIHEAP Energy Burden = 6.6%
 - Prevented Loss of Service for 733 HHs
 - Restored Service for 85 HHs

LIHEAP Program Impacts

- 2021 Program Statistics (preliminary)
 - Average Income = \$21,358
 - Average Energy Bill = \$1,506
 - Pre-LIHEAP Energy Burden = 7.1%
 - Average LIHEAP Benefit = \$1,033
 - Post-LIHEAP Energy Burden = 2.2%
 - Prevented Loss of Service for 1,196 HHs
 - Restored Service for 0 HHs

LIHEAP Program Notes

- 2023 Funding = Probably GT \$5 million (Total Funding Available = \$4.7 billion compared to \$3.6 billion in 2019)
- Population Served = 80% of HHs have Income < 100% HHS PIG
- Average Energy Bills = \$1,500 or \$2,000? Need to review 2019, 2020, and 2021 Calculations
- Program Eligible HHs – Need to calculate number of HHs with electricity in rent

QUESTIONS

Program Design Issues

- Population
 - HHs at or below 100% HHS PIG = 50K [- In Rent]
 - HHs at or below 150% HHS PIG = 80K [- In Rent]
 - HHs at or 60% of State Median = 110K [- In Rent]
- Benefit Types
 - Benefit Matrix [OR]
 - Rate Discount [CA, DC, MA]
 - Percent of Income [NJ, PA, OH, NV]

Program Design Issues

- Program Administration
 - State LIHEAP Program Office [OR, IL, OH]
 - Utility Program Administration [NY, PA, CA, MA, OH]
 - Collaboration [DC, NJ]
- Affordable Percent of Income
 - 3% [DC, NV]
 - 6% [IL, NY]
 - 10% [OH]
 - Varies by Poverty Level [PA]
 - Not Stated [OR, MA]

Program Design Issues

- Legal / Regulatory Authority
 - Legislation [NJ, DC]
 - Regulatory [CA, NY, PA]
 - Needs Research [NV, IL, OH, MA, OR]
- Funding Type
 - Ratepayer [All]
 - Taxpayer [OR, DC]
 - Voluntary / Shareholders [All] [Note: Less than 1% of funding]

California Program Example

- Eligibility – Income 60% of SMI for CARES / 80% of AMI for FERA
- Benefit Type – CARES = 20% Rate Discount
- Program Administration – Regulated Utilities [Note: SMUD and LA DWP have programs]
- Policy Targets - Serve 100% of Eligible HHs
- Special Procedures - Self-Certification
- Regulatory Authority – CPUC
- Funding - Ratepayers

Oregon Program Example

- Eligibility – Income 60% of SMI
- Benefit Type – LIHEAP Benefit Matrix
- Program Administration – State Program Office
- Policy Targets – Maintain Service
- Special Procedures – Local Agency Decision-Making
- Regulatory Authority – Needs Research
- Funding - Ratepayers

New Jersey Program Example

- Eligibility – Income 60% of SMI
- Benefit Type – Percent of Income
- Program Administration – Collaboration
- Policy Targets – 6% of Income
- Special Procedures – Fixed Benefit / Arrearage Forgiveness / Screen SNAP Program Participants
- Regulatory Authority – Legislative
- Funding – Ratepayers
- Note: Lifeline Seniors Program previously funded by Casino Revenues

DC Program Example

- Eligibility – Income 60% of SMI
- Benefit Type – Rate Discount
- Program Administration – Collaboration
- Policy Targets – 3% of Income
- Special Procedures – Utility Rate Discount / LIHEAP
Benefit Matrix / PIPP Under Consideration
- Regulatory Authority – Needs Research
- Funding – Ratepayers & Taxpayers

Recommendations

- **Coordination with LIHEAP**
 - Ensure programs work together toward your common goal
- **Affordability**
 - Consider percent of income & extraordinary circumstances
 - Address needs of low-income & high usage
- **Accessibility**
 - Coordinate with other social service and housing programs
- **Administrative**
 - Collaboration between state program office, local CBOs, and energy vendors

Recommendations

- Local Information Gathering
 - LIHEAP Intake Agencies
 - WAP Agencies
 - Housing Agencies
 - Other CBOs / Habitat, Food Banks, Other
 - Utility Executives
 - Utility Managers
 - Utility Staff (Customer Service & Collections)

Recommendations

- National Information Gathering
 - Online
 - LIHEAP Clearinghouse – Other State Programs
 - LIHEAP Performance Management Website – Data and Statistics
 - NEUAC/NEADA – Other Information
 - ACEEE – Program Models / Population Needs
- Special Guests
 - DC: DOEE + Office of the People’s Counsel
 - IL: State Program Office + Advocates + Utilities
 - CA: CPUC + Advocates + Utilities

QUESTIONS

MEETING #3
HAWAII STATE LIHEAP WORKING GROUP
November 15th, 2022, 10:30am-12:30am HST
WebEx Meeting

Meeting Objectives

- Group learning from the National Energy & Utility Affordability Coalition (NEUAC).
- Hear about refined sub-group proposals and continue proposal development.
- Discuss the process for drafting Legislative report & next meeting's objectives.

Agenda

1. Welcome & opening remarks
2. Introductions by organization
3. Presentation on by Katrina Metzler on State Utility Assistance Program Options
4. Sub-groups meet for final presentation preparations
5. Group presentations and discussion
6. Next steps for Legislative report drafting and 12/6 meeting
7. Adjourn

Introductions:

- CCH
- KIUC
- HECO
- Hawaii Gas
- Hawaii Energy
- CA
- PUC

Main Presentation:

Katrina Metzler w/NEUAC national energy & utility affordability coalition

- NEUAC's MISSION: improve awareness, and understanding of the nature and magnitude of limited-income energy and utility challenges, energy affordability
- Hawaii - increased funding available from FY17 to present
 - Why does Hawaii receive the lowest proportion of funds (0.14%) versus 9.92% (NY, highest) out of ~\$3.5 billion annual (federal)?
 - Annual Parameters: 1984 revised formula (prior only allowed for cold-weather weatherization) opened for heating & cooling assistance
 - 2 million homes were assisted last year with A/C assisting
- The federal energy assistance was an outgrowth of the 1973 open oil embargo/Project Fuel from the State of Maine
- Historical Events impacting efforts:
 - Great Blizzard 1978
 - 1979 Maine Snowstorm
 - Summer 1980: Heatwave in Missouri

- 1995 Chicago Heatwave
 - Great documentary: Cooked, Survival by Zip Code (re: Chicago Heatwave 1995)
- Hawaii:
 - 110,644 eligible households
 - Number of low-income households that received LIHEAP in Hawaii in 2020 = 8,567
- What else is being done to address the need?
 - Energy efficiency/education
 - Weatherization
 - Low income solar/other renewable options
 - Fuel funds, local/state/regional funding
 - PIPP, USF
- Who pays?
 - 20-30 states use ratepayer funds
 - Taxpayers help in a few cases (DC, Massachusetts)
 - Some states talk about energy burden – NJ limits payment to an energy burden of 6%
- States with third party administrators for state programs:
 - Ohio’s program is a good example
 - How are 3rd administrators paid?
 - These programs are capped (as determined by the state)
 - Administration for Federal program is capped at 10% of funding and is the “best bargain” – if your local state would like to increase, we request that
 - State programs can either be equal or more – we would like to see that increased
- Underfunded pilots are problematic – they could create an equity issue as to who gets served and the longevity of the Program
 - For new programs, it’s generally best determined a plan of action, then moved forward and adjust as needed
- 36 states offer online LIHEAP applications – the complexity depends on the stage – many were formalized during the COVID – pros/cons, we’re in a great position to pick & choose
 - Universal Services Fund example:
 - New Jersey’s USF – the 150% of PFL eligibility level was deemed too low, set it at 175%
 - Other State Regulatory Solutions: include PIPP (percentage of income payment plan)
 - PIPP bases payments on % of household income
 - Must make payments to reduce arrears as an incentive to pay
 - Percentage of Income Payment Plan (PIPP): OH, PA, CO, IL, VA
- Successful Partnering:
 - Partnering is critical and any way we can streamline will make it easier to implement across the board
- Qs to direct program design (more on slide):
 - Who do we want to help?
 - What gaps are we trying to fill?
 - How should we collect/distribute funds?
 - How should we distribute benefits?

- How to define eligibility
- What is the max/min benefit?
- Should benefits be proportionate to need?
- How to define high energy burden?
- How to track program outcomes/how often?
- Who will set policies?
- NEUAC Annual Conference will be held in San Diego (Jun 12-15, 2023) & is the largest conference on energy affordability.
 - Would be interesting to see a presentation from Hawaii, what led to this working group, how the efforts go, program design, etc.
 - The conference is taking presentation proposals through the first part of December

Q&A with Katrina:

1. Concerns about income sharing:
 - a. From the PIPP panel
 - b. In state of Ohio – they work with households
 - c. Challenges are not often discussed – if you are only paying \$10, how do you encourage energy efficiency?
 - d. Other issue is income certification process, they did a sampling, if they didn't re-certify they were then expected to pay the arrears, it is an effective tool in the tool belt?
2. Re: administrative, if one of our moves is to prop up admin funds
 - a. A: this will be one of the issues for Hawaii, as the smallest recipient of funds
 - b. That's why what are concerns
 - c. Checking the state box – streamlining process, using the current structures
 - d. Don't recreate the wheel
 - e. Needing the commitment from the group state – hopeful that the commit
3. Is there a software tool that could be helpful?

Sub-group Presentations

Finance Group:

- Need to understand what the program will look like to decide on funding
- Recommendations – 3 main priorities
 - Support more robust/modernized implementation of the current LIHEAP program
 - Not enough money allocation for administrative costs
 - Could be taxpayer funded (this portion)
 - Levelize the Federal Funding amount – to top up the program on an annual basis
 - Look to the PBF, and look for allocations to support for EE and financial literacy
- Q&A for the finance group:
 - What were you thinking for EE? Is the funding intended for bill relief, or was it meant to support EE measures (like power strips)?
 - Proposal needs more detail
 - Energy equity hui is also researching PIPP – Synapse economics research shows the utility and overall system benefits low-income programs are higher for models with more consistent payment structures

- Are customers being dis-incentivized for EE, does this create a larger energy burden for others?
 - The group certainly discussed the large pitfalls that programs can transfer the burden to other customers and the kWh collection of PBF, certainly amplify that risk

Program Administration Group

- FIRST CHOICE – DHS
- SECOND CHOICE – Third party administrator plus DHS
 - Potential Issues:
 - Need for more funding
 - Needing more office space
 - Need more agency contracts
- Additional data needed:
 - Number of households not being served
- Q&A:
 - Is there a need to upgrade hardware/software?
 - DHS is expecting LIHEAP to support part of the overhead costs for upgrades, so would want to pursue something short-term until they get on that system
 - Are there entities (NGOs, or the utility, as examples) that could provide updated hardware and is that allowed?
 - DHS would have to consult with the Community Action Partners
 - They were able to purchase all new laptops during the pandemic

Eligibility & application group:

- Explored combined/streamlined applications
 - E.g., a single application can serve 30 different programs (i.e., for TANF, welfare programs, etc.)
 - Med-QUEST did its own application
- Eligibility
 - Programs could have the same application, but would be for different programs
- Q&A
 - Did the group discuss recertification year to year?
 - No, but may be possibilities to reduce barriers to participation by not requiring annual re-certification
 - Need to understand the scale of funding to scale

Pathways group:

- Had discussed a pilot program, but per Katrina this may not be equitable
- The Legislation approach may take a 2-year cycle
- The group preferred the legislative, but second approach may be to pursue a PUC docket
- Q&A:

- Are we trying to deepen support for more in-need, or are we trying to widen the program reach?
 - Moderate-income and Asset Limited, Income Constrained, Employed (ALICE) folks are also a group that needs to be considered and need additional support
 - Can we aim to BOTH groups (e.g., deep and wide)?
 - It is certain that we need to provide more admin support before we even move into this question
 - We also need to understand the data better how much it would take to support both groups
- Do we have clear data on the outcomes of the current LIHEAP program? How much does it help families (e.g., how many months does the annual payment cover, or how long does it keep families out of crisis?)
 - What data is out there? Is there a database that can help us understand the program outcomes? How many customers have been turned away?
- What can we do to help educate customers and to help make them more informed consumers? Or help them to rely less on the federal/state program?
 - We only have data on what LIHEAP provides (e.g., number of customers applied/denied/approved, but then they don't really follow up after assistance is provided) – would need to work with utilities to develop these data.

Discussion on 12/6 Final Meeting & Legislative Report:

- Proposed plan for 12/6 meeting:
 - Discuss Report draft, overall LIHEAP objectives, & working group next steps
 - Possible to meet in person?
- Proposed plan for the Report:
 - PUC will collect any relevant info from sub-groups & create an initial draft
 - PUC will circulate a draft week of Thanksgiving
 - Each organization, should assign Report Reader by November 18th
 - Reader will collect organizational feedback
 - Trying to get something final/polished to the legislature, but this really should be a working document (meaning, identify what we know vs. what we don't know, vs. what we still have questions around)

Hawaii State Low-Income Home Energy Assistance Program (LIHEAP) Working Group

Meeting #3

November 15th, 2022

Hosted by the Hawaii Public Utilities Commission and the Division of
Consumer Advocacy



WebEx Meeting Instructions

- Please identify yourself and your organization when speaking.
- Participants will be muted. Please remain muted unless speaking.
- For questions and comments, please use the “raise hand” or chat functions and the host will call on you.
- We encourage you to turn your video on to facilitate dialogue and interaction amongst attendees.
- We will record the meeting only for future Working Group reference.
- If you are experiencing technical difficulties, please contact peter.b.polonsky@hawaii.gov.

Meeting Norms

- Encourage idea development and creativity
- Create an environment of trust and collaboration
- Keep confidences via Chatham House Rules (do not attribute work or statements to either people or organizations without permission)

Meeting Agenda

- Introductions by organization
- Presentation by Katrina Metzler on State Utility Assistance Program Options
- Sub-groups meet for final presentation preparations
- Group presentations
 - Funding models
 - Program administration
 - Eligibility and applications
 - Pathways to program implementation
- Next steps for Legislative report drafting & 12/6 meeting



Meeting Objectives

1. Group learning from the National Energy & Utility Affordability Coalition (NEUAC)
2. Hear about refined sub-group proposals and continue proposal development
3. Discuss the process for drafting Legislative report & next meeting's objectives



Introductions by Organization



Presentation Preparation

- Format
 - 5 minutes for preparation
 - 5-minute presentation
 - 8 minutes for questions and discussion
- Presentation
 - What are the range of options?
 - Which is the best option and why? Are there examples and/or best practices?
 - What would your second-best choice be and why? Are there examples and/or best practices?
 - Are there any potential issues?
 - What remaining questions do you have?



Aligning on Program Objectives

- Given the interdependence amongst sub-group topics, the Working Group will aim to align on overall objectives for state LIHEAP, if possible
- This discussion should surface major questions for the larger group
- Sub-groups have already identified some questions for other groups:
 - What are the “policy targets” of the program / what type of program are we funding?
 - What modifications may be possible to pursue related to the Federal program?
 - How much funding may be available to work with & how far can that take us?
 - What data are available to inform decisions?



During discussion, seek clarity and provide feedback in the form of questions

Clarifying Questions

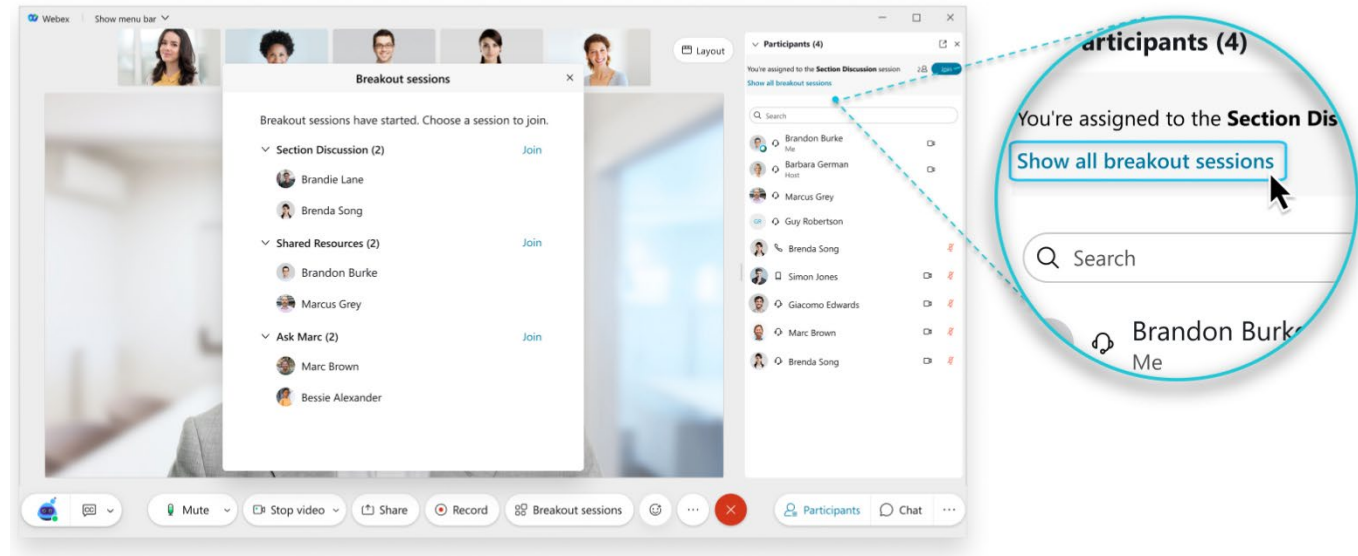
- Goal:
 - To increase and improve individual and communal understanding about an idea or concept.
- Sample clarifying questions:
 - “Can you please explain...?”
 - “What informed your thinking on ...?”
 - “How do you envision ...?”
 - “What alternatives to ____ did you consider?”

Coaching Questions

- Goal:
 - Foster increased understanding of an idea or concept
 - Provide supportive feedback that will be helpful to refine an idea or concept
 - Goal is not to "poke holes" in or dismiss an idea or concept.
- Sample coaching questions:
 - “Have you considered...?”
 - “Is there a plan for...?”
 - “What would you do differently if...?”

Breakout Groups

- To join a breakout group:
 - Locate the “Participants” button on the right side of your panel
 - Click “Show all breakout sessions”
 - Click “Join” on the far right to join the breakout session of your choice
- Alternatively, you can locate the “Breakout Sessions” tab in the menu at the top of your panel



Drafting the Legislative Report

- PUC will collect any relevant information from the sub-groups & create an initial draft
- PUC will circulate a draft the week of Thanksgiving
- Assigning a Reader:
 - Each organization should assign a lead Report Reader by November 18
 - Email grace.e.relf@hawaii.gov
 - This Reader will collect organizational feedback and provide input on the initial draft between the end of November and December 2



Final Meeting

- Proposed 12/6 meeting activities:
 - PUC Staff will provide a detailed overview of the report and the feedback received from Readers
 - The Working Group will aim to reach alignment on questions that need to be answered by the full group (i.e. align on objectives for the state LIHEAP mechanism)
 - The Working Group will discuss how to move forward as a group
- Are there other objectives you have for the 12/6 meeting? How can this time best be used?



Next Steps

Staff Proposal

- PUC collects information from the sub-group and creates an initial report draft
- PUC circulates draft the week of Thanksgiving
- Working Group Readers provide input by 12/2

Final Meeting

- 12/6/22 (10:30 am – 12:30 pm)
 - Review of Legislative report and findings



Mahalo!



Appendix Slides



Questions for Groups (Coaching Questions)

- What do you think the most valuable thing you learned was?
- Where is there still uncertainty for your group?
- What challenges do you see going forward for your group's topic?
- **Where does your group's decision depend on the decisions of other groups?**



neuaac

NATIONAL ENERGY & UTILITY AFFORDABILITY COALITION

Katrina Metzler,
Executive Director

State Utility Assistance Program Options
Prepared for Hawaii Working Group
November 15, 2022

neuac

“We rise by lifting others.”

NATIONAL ENERGY & UTILITY AFFORDABILITY COALITION

Improve awareness and understanding of the nature and magnitude of limited-income energy and utility challenges

Formulate and advance limited-income energy policy through compilation, analysis, and dissemination of data

Provide technical assistance in the creation and development of fuel funds and promote the development of statewide and regional fuel funds

Currently located in the **DuPont Circle neighborhood of Washington D.C.**, NEUAC staff work with our committed members to advance our mission.

FY 23 Funding: **TBA**

FY 22 Funding: **\$3.89 billion**

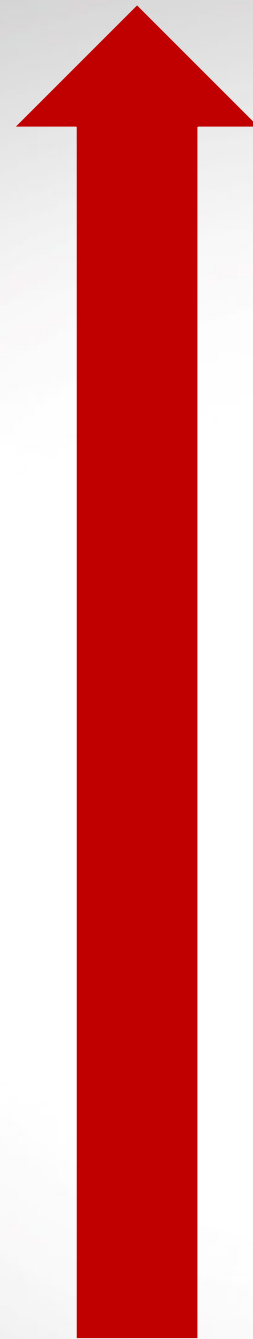
FY21 Funding: **\$3.75 billion**

FY20 Funding: **\$3.74 billion**

FY19 Funding: **\$3.65 billion**

FY18 Funding: **\$3.64 billion**

FY17 Funding: **\$3.39 billion**



% of Combined	State
9.92%	New York
5.33%	Pennsylvania
5.31%	California
4.65%	Texas
4.56%	Illinois
4.30%	Michigan
4.17%	Ohio
3.58%	Massachusetts
3.36%	New Jersey
3.10%	Minnesota
2.92%	North Carolina
2.79%	Florida
2.79%	Wisconsin
2.65%	Virginia
2.23%	Missouri
2.21%	Georgia
2.06%	Maryland
2.05%	Indiana
1.96%	Tennessee
1.95%	Connecticut
1.75%	Washington
1.71%	Alabama
1.59%	Colorado
1.53%	Kentucky
1.49%	Louisiana

1.45%	Iowa
1.40%	South Carolina
1.29%	Oklahoma
1.06%	Maine
1.02%	Oregon
0.99%	Mississippi
0.97%	Kansas
0.88%	Arkansas
0.87%	Nebraska
0.85%	Arizona
0.85%	West Virginia
0.75%	North Dakota
0.75%	New Hampshire
0.70%	Utah
0.69%	Montana
0.65%	Rhode Island
0.61%	South Dakota
0.59%	Idaho
0.58%	New Mexico
0.56%	Vermont
0.52%	Alaska
0.40%	Nevada
0.36%	Delaware
0.31%	DC
0.28%	Wyoming
0.14%	Hawaii

Percentages of FY 22 LIHEAP Funds (Regular and Infrastructure) by State*

**estimated*

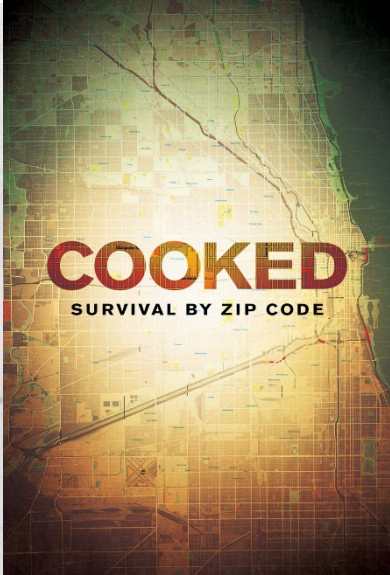
Annual parameters that affect the formula

- 1984 formula required updated data
- Typically use data on total low income households from the American Community Survey and energy costs and consumption by the U.S. Energy Information Administration.
 - Total Residential Energy Consumption by state
 - Temperature Variation by state
 - Total Residential Heating and Cooling Consumption by state
 - Low-Income Household Heating and Cooling Consumption by state
 - Total Spending on Heating and Cooling by state

Detailed History of Federal Energy Assistance

1973-1974	OPEC Oil Embargo
1973	Project Fuel is initiated, State of Maine
1975-1978	U.S. Emergency Energy Conservation Program <ul style="list-style-type: none">▪ Modeled on Project Fuel▪ Focused on weatherization
1979	Program began administering direct bill assistance
1980	Low Income Energy Assistance Program
1981	Low Income Home Energy Assistance Program
1984	The Human Services Reauthorization Act added a new goal to provide funds for cooling costs . Congress required use of more recent population and energy data in formula, funding cooling states

Historical events that shaped energy assistance



Great Blizzard of '78



**1979 Maine
Snowstorm**



**Summer 1980
Heatwave, Missouri**

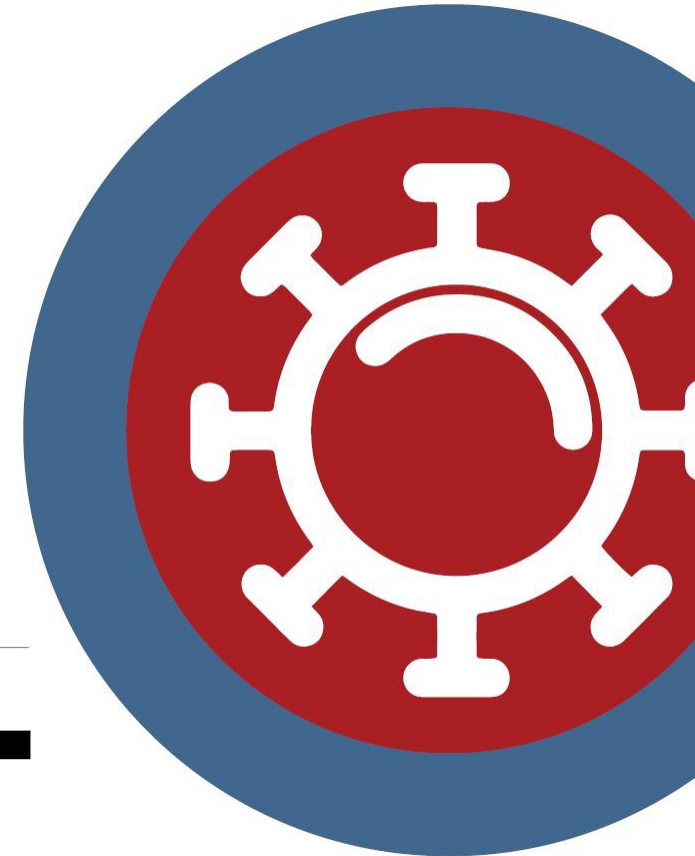


**1995 Chicago
Heatwave**

Today...

FY 20 LIHEAP preliminary data
[The LIHEAP Data Warehouse](#)

- Grantees provided LIHEAP assistance to an estimated **5.6 million households**
- Grantees provided an estimated **\$2.02 billion in heating assistance** to serve approximately 4.8 million households
- Grantees provided an estimated **\$464 million in cooling assistance** to serve approximately 820,445 households
- Grantees provided an estimated **\$402 million in assistance for low-cost residential weatherization** or other energy-related home repairs to 50,424 households.
- Grantees provided an estimated **\$916 million for crisis assistance** *Note -- this funding could have been used for heating OR cooling*



PRESENT

Hawaii By the Numbers

The role and reach of LIHEAP

Total FY22: **\$3.85 billion**

Eligible households served: **1/5**

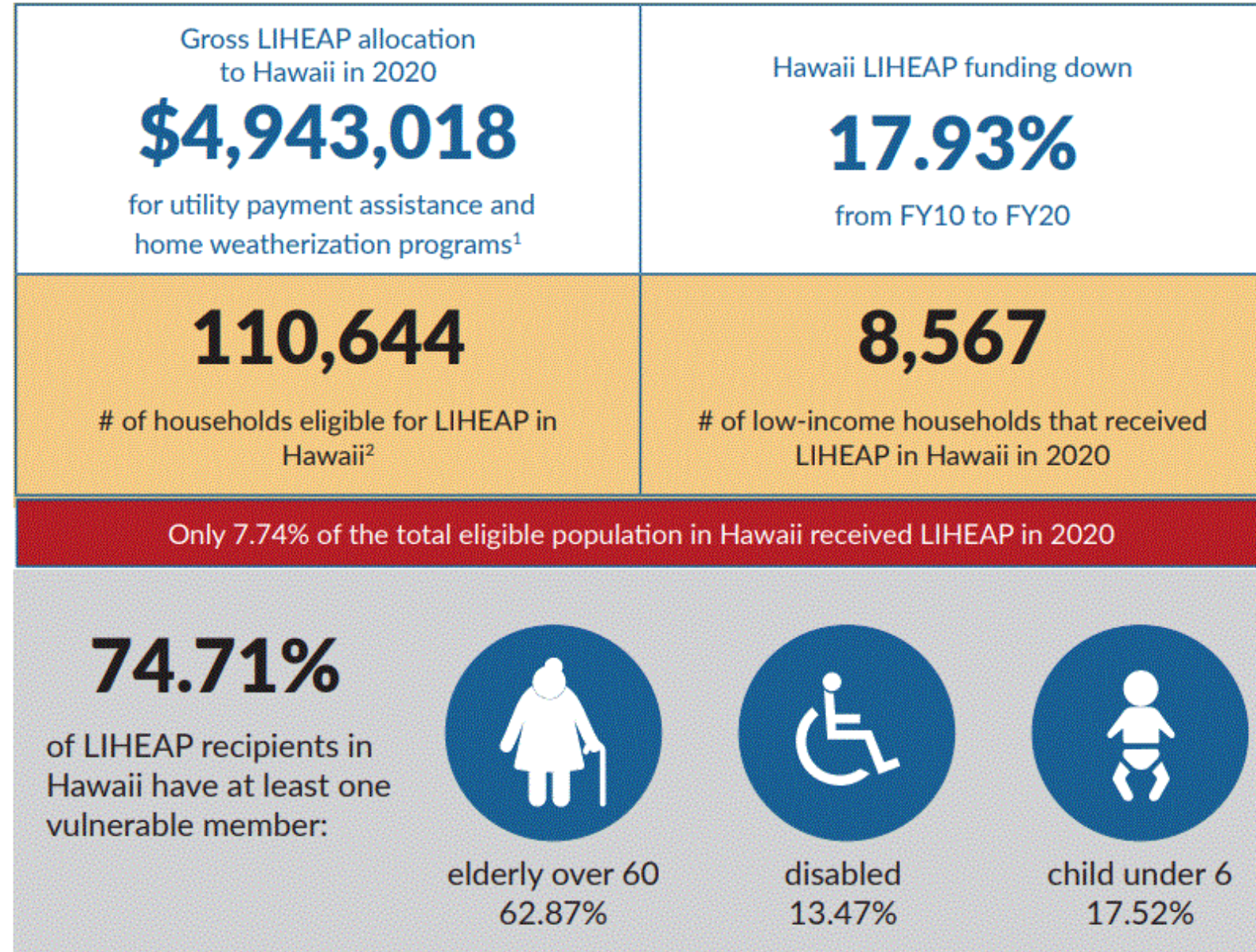
Estimated funding to reach 100% of eligible households:

\$17 billion

Conclusion:

LIHEAP cannot do it alone.

<https://neuac.org/wp-content/uploads/2022/03/Hawaii-State-Sheet-2022.pdf>



What else is being done to address energy poverty?

- Energy efficiency and energy education
- Weatherization
- Low income solar and other renewable options
- Fuel funds and local/state/regional funding
- PIPP
- USF



Who pays?

- Ratepayers – 20-30 states (e.g. CA, NY, PA, MD, MA, NJ, IL)
- Taxpayers – District of Columbia, Massachusetts



Comprehensive Listing of State Programs

<https://liheapch.acf.hhs.gov/leverage/FY2010/10stlvsm.htm>

Examples of Online Applications

<https://development.ohio.gov/individual/energy-assistance/apply-now-energy-assistance-programs>

States with Online Applications

<https://neuac.org/liheap-online-app-available/>

Innovation One-Pager

<https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:b385f55f-1947-3060-97c3-3b139eb7412c>

State Regulatory Solutions

- Universal Services Fund

Setting the standard:

New Jersey's USF was created to help make energy bills more affordable for low income customers. The goal is to ensure that income eligible New Jersey utility customers pay no more than **6%** of their annual income for their natural gas and electric service combined.

Households with income equal to or less than 175% of the Federal Poverty Level are income eligible.

State Regulatory Solutions: Georgia

A Universal Service Fund (USF) was established by the original gas deregulation law and **funded through surcharges on large industrial users**. Initially designed to benefit the gas industry, the law was amended in 2001 and **energy assistance is now the primary recipient of the fund**.

Since December 2001, in response to gas price increases and severe weather, the Georgia Public Service Commission has disbursed about **\$59 million in USF funds**, usually at least once per year, through the LIHEAP grantee, the Department of Human Resources, with a portion aimed at low-income seniors and the remainder for other LIHEAP households. In 2010, \$500,000 was provided as crisis assistance to gas customers. See [utility restructuring legislation](#).

In 1987, the PSC mandated that major gas and electric utilities waive their monthly service charge for customers age 65 or over earning less than \$10,000 per year. Since then, the PSC has made several increases to the income limit and the amount of the service charge waiver. Currently seniors making less than \$14,355 receive a waiver of \$14 per month. Other utilities have smaller discounts.

Around **62,000 seniors** receive the electric discount yearly, and about **36,000 receive the gas discount**, amounting to about \$16.4 million annually.

State Regulatory Solutions

■ Percentage of Income Payment Plan

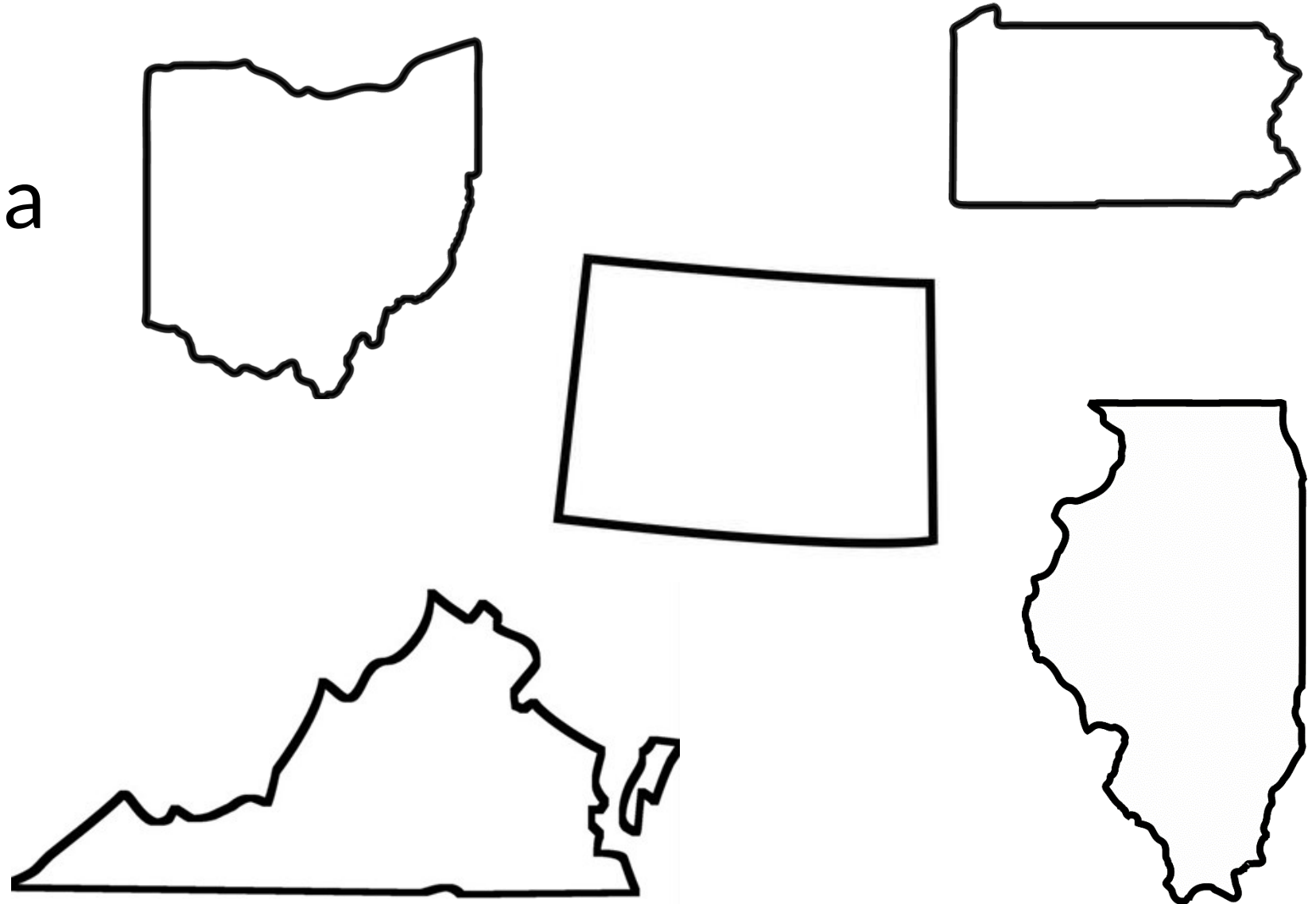
Setting the standard:

[Ohio's PIPP](#) helps eligible households manage their energy bills year-round. Payments are based on a percentage of household income and are consistent year-round.

- Customers pay 5% of gross household income for natural gas, and 5% of gross household income for electric.
- If customers heat with electric, the monthly payment is 10% of gross household income.
- The balance of your utility bill is subsidized by the Universal Services Fund.
- Monthly minimum payment - \$10.00.
- If the customer makes 24 on-time PIPP payments, their outstanding balance (arrearages) is eliminated.
- Required to re-verify your income each year.

Sampling of states leading with a PIPP

- Ohio
- Pennsylvania
- Colorado
- Illinois
- Virginia



Successful Partnering

- Important to show value to local providers for their contributions to grassroots success



Idea: Consider improving the administrative rate for a state program to ensure resources are available to successfully implement

- It is important to partner not just for service delivery, but to engage providers in the design and decision-making for the program, and ongoing policies



Idea: Create an advisory board to gather input and expertise from stakeholders

Questions to Direct Program Design

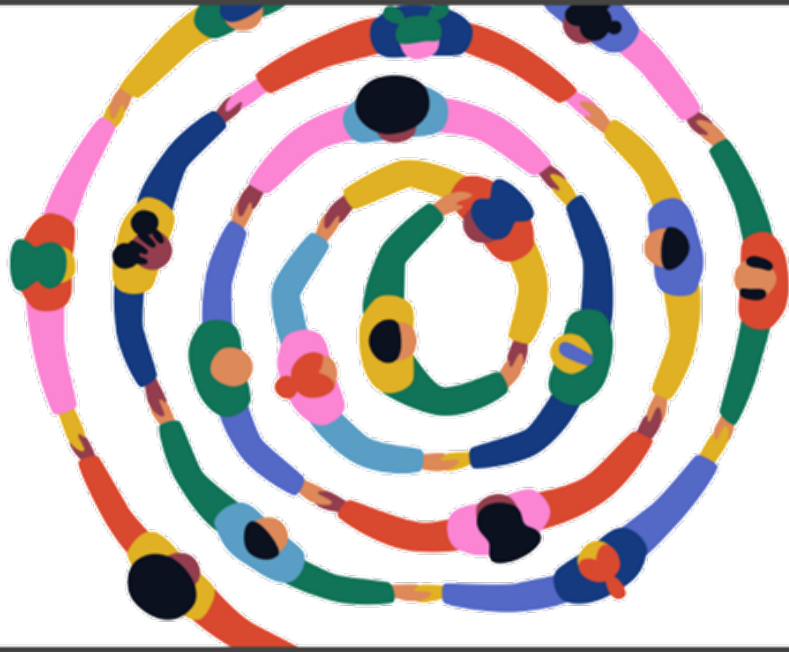
- Who do we want to help?
- What gaps are we trying to fill?
- How will we collect and distribute the funds to operate the program?
- How do we distribute benefits to eligible households?
- How do we define eligibility?
- Do we establish a maximum/minimum benefit?
- How will benefits be proportionate to need?
- How do we define high energy burden?
- How will we track program outcomes, and how often?
- Who will set policies for the program as it progresses?

What other questions are you considering?

All in this together.

It will take all of us to address energy poverty in a comprehensive, specific way appropriate for each household.

It will require a multifaceted approach that includes increasing resources, strengthening the safety net, implementing compassionate practices by utility companies, regulatory proceedings and communication between all partners.



2023 Annual Conference

All Hands on Deck!
Navigating a Sustainable Future

June 12 Preconference
June 13-15 Conference
Sheraton San Diego Hotel and Marina

[Submit your proposal](#)

Questions?

Katrina Metzler
Executive Director

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NATIONAL ENERGY & UTILITY
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MEETING #4
HAWAII STATE LIHEAP WORKING GROUP
December 6th, 2022, 10:30am-12:30am HST
WebEx Meeting

- Welcoming Remarks
 - Chair Asuncion - General thanks & note importance of work
 - Dean Nishina - echoing thanks
- Legislative Draft Report Discussions
 - General review of status of draft report
 - Feedback on sections
 - Section 1 – Introduction
 - Don't have a complete list of those who attended working group meeting
 - No one identified themselves as someone who has attended this or previous meetings but not been identified yet
 - We will update attendance list to include City/County of Honolulu
 - Section 2 - Summary of Findings and Recommendations
 - Noted concern that some comments hadn't been incorporated - they will be incorporated before final draft.
 - Section 3 - Working Group Meetings
 - No substantive comments
 - Section 4 - Findings
 - One comment to add more context re: additional COVID funding for LIHEAP - PUC will be working to address
 - Reviewers recommended deletion of a sentence - it will be deleted
 - Recommendation to include additional context on Hawaii Gas and KIUC status on outstanding collections
 - Reviewer will amend/clarify \$27 million figure of bad debt to lower it – figure has reduced because of actions HECO has taken to address customer issues - ERAP / longer term payment arrangement
 - Section 5 - Recommendations
 - Include examples from other jurisdictions in categorical eligibility / funding models
 - Emphasize that PBF funds would be additional to other funding to bolster goals
 - Noted concerns about geographical approach to eligibility - too much range in financial status even within relatively small geographic areas in Hawaii
 - If we try to include people who are not on the grid – need to be careful that people with utility bills could be subsidizing people off the grid entirely

- Question regarding inclusion of Hawaii residents versus American citizens
- Interstitial Next Steps Discussion
 - Comment regarding next steps – WG should undertake outreach for those already utilizing the program or, if it's been done, make that info more visible in report
 - PUC will revise draft and will ask for approval by organization
- Discussion of Program Objectives and Recommendations
 - General discussion of survey results
 - Should consider having a greater tolerance for free-ridership and should allow it to be balanced
 - Objective should be on maximizing funds getting to who actually needs them - minimize administrative procedural hurdles
 - Consider the delicate balance between addressing free ridership and making sure affected people are actually helped
 - Concerns with possibly creating conflict / discrepancy with federal LIHEAP program
 - Concerns with customers “double-dipping” - will a customer applying for federal or state LIHEAP reduce the amount of funding received
 - Questions about whether federal LIHEAP takes into consideration the number of applicants each year, regardless of awarded benefit
 - Federal LIHEAP does consider number of applicants or approvals (not sure which) as part of the formula to determine awarded benefit
 - Funding Sources
 - Utility rates are somewhat regressive, so using utility rates to cover LIHEAP funds is similarly regressive and compounds existing energy burdens
 - General discussion on possible additional funding on federal level
 - Can we reach out to congressional delegates to increase federal funds?
 - Not sure how much funding we can get (all the Congressional delegates are supportive)
 - The formula is complicated – part of it is based on applicants & approvals → greater value on additional outreach for the program
 - LIHEAP applicants have been declining across the country
 - Creating a charitable endowment is another possible source of funding which would allow flexibility and stability - worked well in Montana
 - Questions about success of Hawaiian Electric’s Ohana Gift Program - can it be quantified?
 - The program is primarily used by customers to provide funding for close friends / family - most of the time the fund remains at 0 - no tax deduction
 - Funding Distribution
 - Big issue with customers running into trouble is unpredictable spike in monthly bill - more predictable bills helps all including low-income customers avoid getting into arrears

- Need for data on this topic
 - Do we know of any reasons that participation in federal LIHEAP has dropped?
 - No specific known reason
- Other Recommendations
 - Re: rebranding - known awareness of program is hugely helpful, but otherwise LIHEAP doesn't mean anything
 - Already looking to rebrand, so a rebrand for this program could align with that - by October 2023 at the earliest
 - What info is needed could depend on which design is selected and which design should be selected could depend on how much funding is available
 - The most vulnerable group is those who are actually getting disconnected - do we have data on whether that group is applying / eligible for LIHEAP?
 - Many people disconnected / in arrears can't get LIHEAP funds because they're so far in arrears (9-12k often) that LIHEAP funds wouldn't help them
 - Discussion re: many customers had to prioritize other bills during the pandemic, but they could help people via triaging by number of months in arrears
- Next Steps
 - Should we try to connect more with people working on affordable housing?
 - Structure of Working Group
 - Some find current format / working groups effective
 - Should strive for more in-person meetings

Hawaii State Low-Income Home Energy Assistance Program (LIHEAP) Working Group

Meeting #4

December 6th, 2022

Hosted by the Hawaii Public Utilities Commission and the Division of
Consumer Advocacy



WebEx Meeting Instructions

- Please identify yourself and your organization when speaking.
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Meeting Norms

- Encourage idea development and creativity
- Create an environment of trust and collaboration
- Keep confidences via Chatham House Rules (do not attribute work or statements to either people or organizations without permission)

Meeting Agenda

- Introductions by organization
- Welcoming remarks
- Discussion of Legislative report draft
 - Review of structure & initial feedback
 - Real-time input, if any
- Discussion on Program objectives and recommendations
 - Outcome-based objectives
 - Program design elements
 - Other recommendations
- Determine future Working Group cadence and activities



Introductions by Organization



Welcoming Remarks



Meeting Objectives

1. Review the draft Legislative report.
2. Align on any key program objectives and Legislative recommendations.
3. Determine future Working Group cadence and activities.



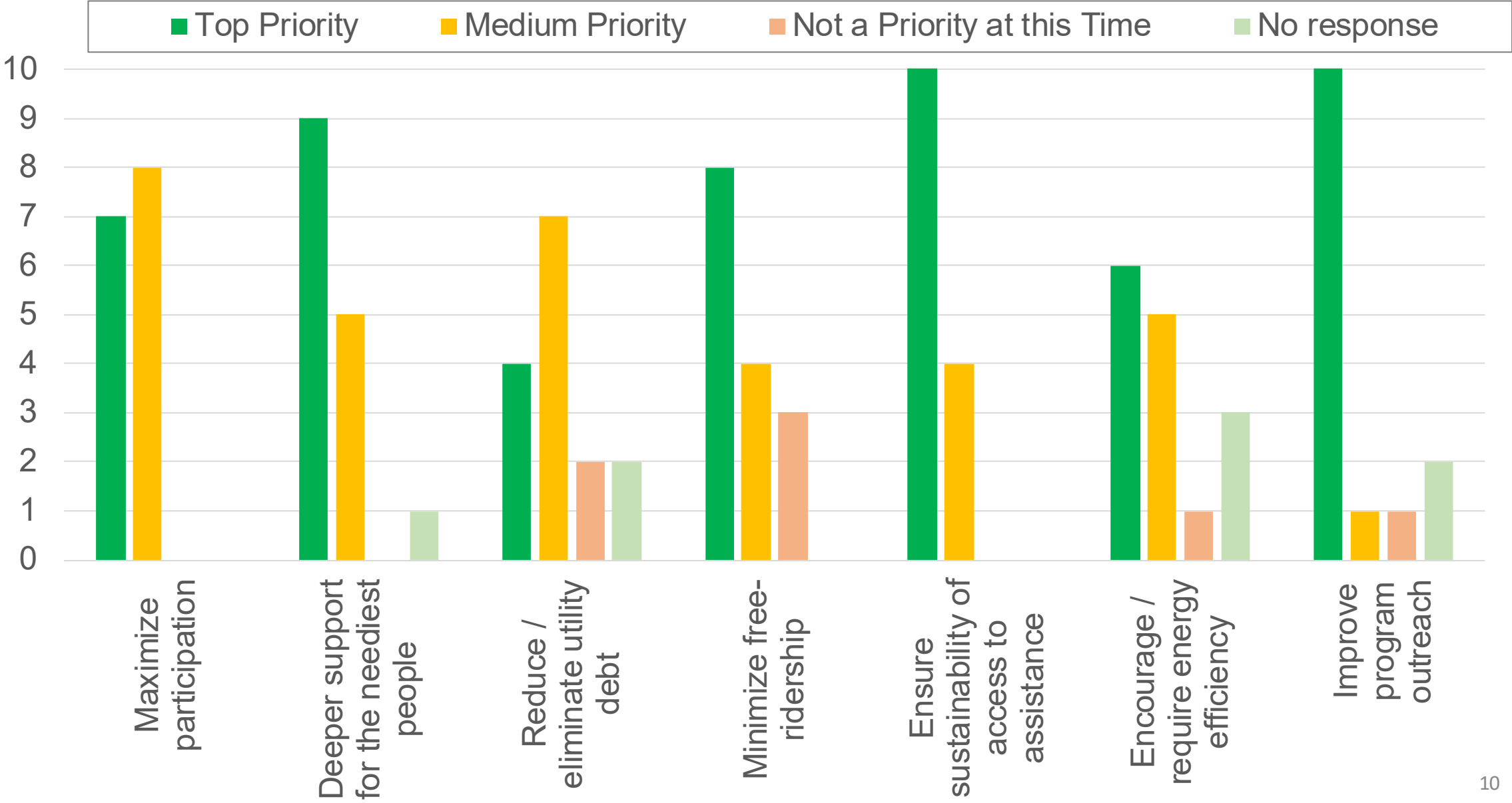
Legislative Report Presentation



Discussion of Program Objectives & Recommendations



LIHEAP Program Objectives – Your Priorities



LIHEAP Program Objectives – Other Comments

- Ease the administrative burden (increase resources & streamline the application process).
- Increase awareness of program offerings, regardless of eligibility.
- Improve data gathering and reporting to improve program design.
- Improve stability of funding levels.
- Prevent household utility disconnections.
- Reduce energy burden on households that are not in arrears, but would like assistance in paying their utility bill.
- Provide assistance to the next level of need

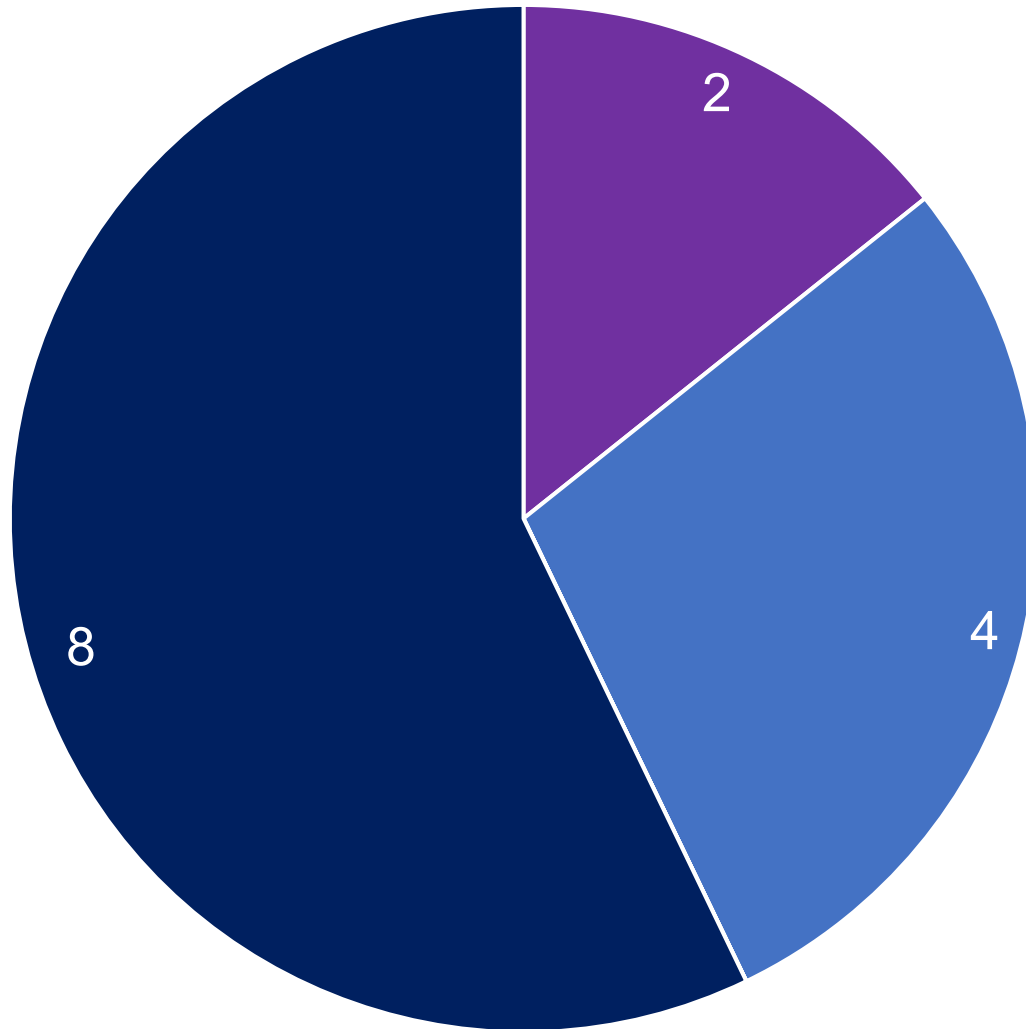


LIHEAP Program Objectives – Observations

- Improved outreach is a high priority for the Working Group
- There is not widespread agreement on one desired outcome
 - Split responses on maximizing participation vs. deeper support
 - Other ideas include preventing disconnections, focusing on a tier above currently eligible customers
- Minimizing free-ridership and program sustainability are high priorities



Funding Sources – Ideas You Support



- State General Fund allocation
- Other tax-based funding (e.g barrel tax, property tax, visitor tax, energy code non-compliant buildings, etc.)
- Rate-payer funding (e.g. surcharge, Public Benefits Fee, or allocation of GEM\$)
- Energy project-based funding (e.g. Fuel/PPA fee, shared solar benefits, community-based renewable energy, etc.)
- Charitable donations / shareholder contribution
- A combination of funding sources

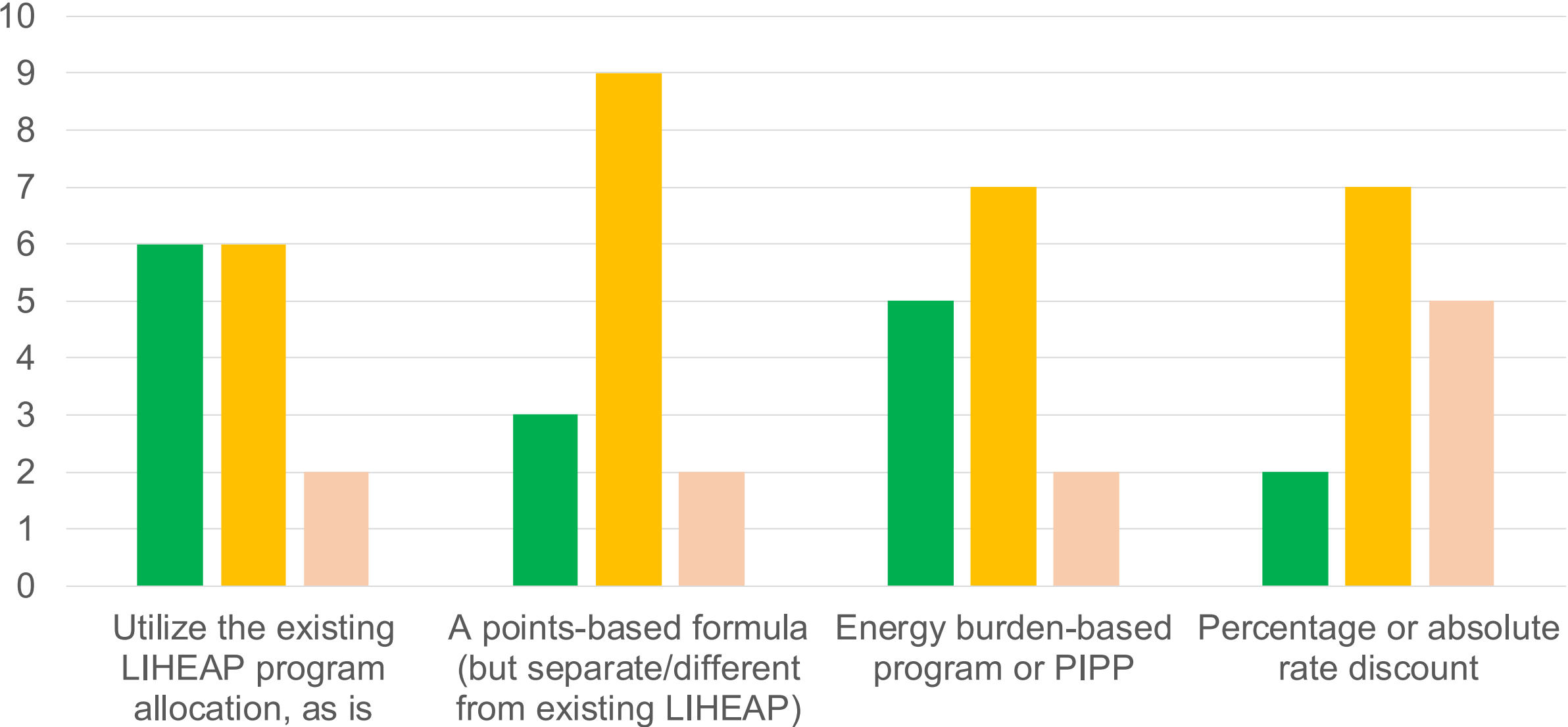


Funding Sources – Other Comments

- A combination of sources was recommended for flexibility, longevity, & scale, for example:
 - Primary source could be tax-based funding, with charitable donations or other energy-based funding to supplement the total funds
 - Combination of additional funds for existing LIHEAP program and a supplemental program targeting those who are not eligible for LIHEAP and/or harder to reach through LIHEAP
- Avoid having low-income households pay into the fund
- We should see if Hawaii can get more allocation from the federal fund



Funding Distribution – Ideas You Support

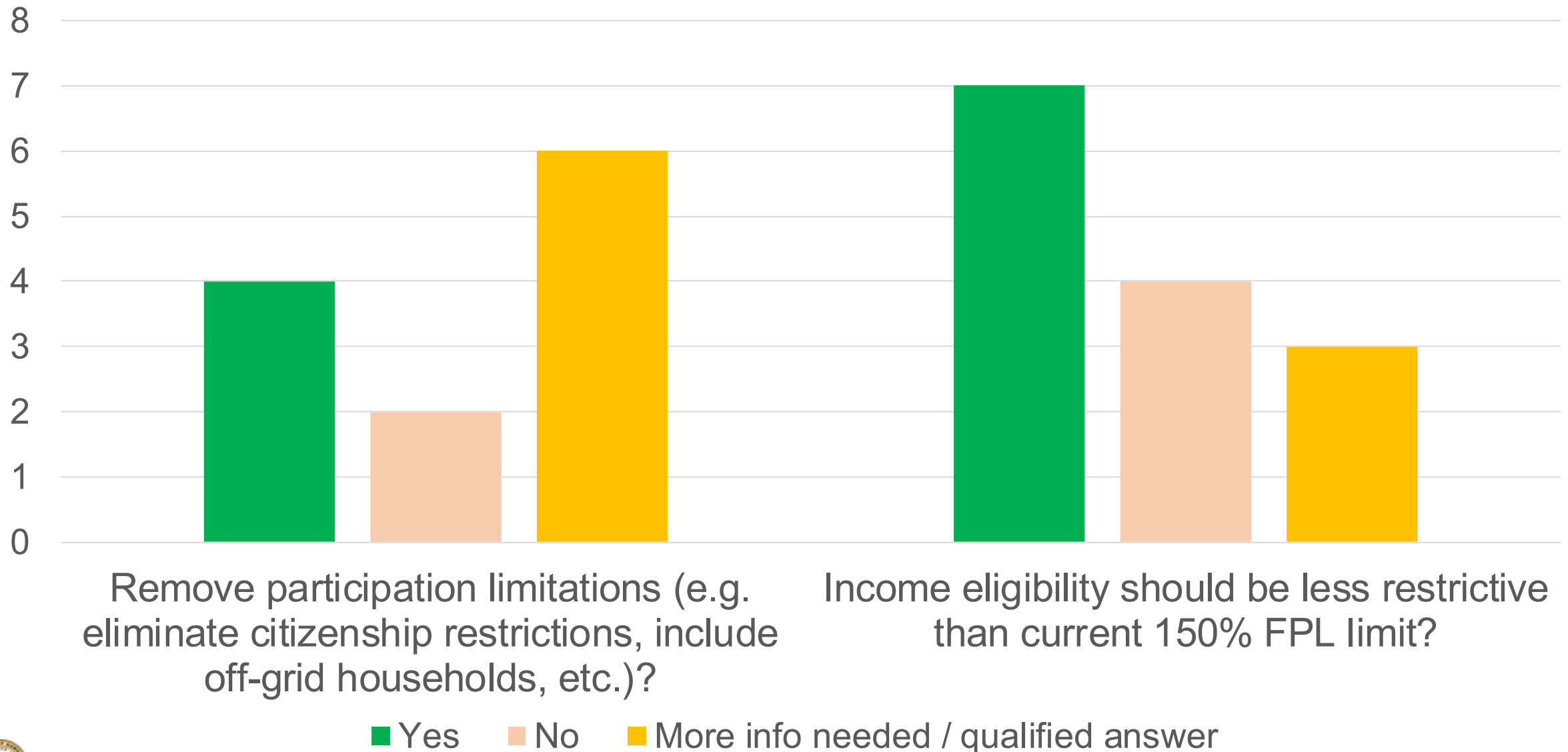


Other Recommendations

- 13 out of 14 agree on DHS as a recommended administrator
- 12 out of 13 agree on an increased cap on administrative costs
- 12 out of 13 agree the program design explicitly promote energy efficiency for participants
 - 1 nonresponse
- 11 out of 14 agree on the need for increased outcome tracking and reporting on outcomes by DHS in conjunction with utilities
 - Two respondents noted concern over increased bureaucracy/administrative burden
 - One respondent noted reporting should align with Federal requirements
- 4 respondents propose rebranding



Other Recommendations - Continued



Other Recommendations - Comments

- On participation limitations:
 - Need more data to make informed decisions
 - Hawaii residency is an important requirement
 - Need to ensure we don't threaten federal funding
 - Should consider feasibility & specific implementation details
- On eligibility thresholds:
 - Consider a phased approach to initially reach all who are currently eligible, then raise the threshold
 - Focus should be on increasing participation but also sight on expanding eligibility



2023 Working Group Activities

- Ideas for Working Group consideration:
 - Resolutions ask the Group to develop a state LIHEAP
 - Working Group should maintain current momentum
 - Many remaining topics to explore including level of need, hearing from the Community Action Agencies, learning from program implementers in other states, etc.
 - Possible to begin drafting legislation or implementing other program ideas
 - Additional opportunities may present themselves (e.g. via Legislative session, Federal funding, or otherwise)
 - Working Group may consider having co-chairs
 - Working Group should meet less frequently



2023 Working Group Activities - Questions

- What key activities should the Working Group prioritize?
 - Continued learning
 - Drafting legislation
 - Federal activities (pursuing IIJA funding, advocacy)
 - PUC action
 - Other?



2023 Working Group Activities - Questions

- What structure does the Working Group prefer?
 - Should the Working Group have co-chairs?
 - Are others interested / available to support Working Group planning?
 - Should sub-groups continue to meet? If so, in their current form or a different form?



2023 Working Group Activities - Questions

- What is the appropriate meeting cadence?
 - More regular monthly meetings (i.e. every 4 weeks) or every other month?
 - What days and times work well?
 - What is the appropriate meeting length?



Next Steps

Proposed Next Steps

- PUC finalizes report draft for submission to the Legislature
- PUC sends invite for January meeting



Mahalo!



Appendix Slides



During discussion, seek clarity and provide feedback in the form of questions

Clarifying Questions

- Goal:
 - To increase and improve individual and communal understanding about an idea or concept.
- Sample clarifying questions:
 - “Can you please explain...?”
 - “What informed your thinking on ...?”
 - “How do you envision ...?”
 - “What alternatives to ____ did you consider?”

Coaching Questions

- Goal:
 - Foster increased understanding of an idea or concept
 - Provide supportive feedback that will be helpful to refine an idea or concept
 - Goal is not to "poke holes" in or dismiss an idea or concept.
- Sample coaching questions:
 - “Have you considered...?”
 - “Is there a plan for...?”
 - “What would you do differently if...?”