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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Health and Human Services
Monday, January 27, 2025
1:00 p.m.
Conference Room 225**

**On the following measure:
S.B. 191, RELATING TO ENERGY ASSISTANCE**

Chair San Buenaventura and Members of the Committee:

My name is Michael Angelo, and I am the Executive Director of the Department of Commerce and Consumer Affairs (Department) Division of Consumer Advocacy. The Department provides comments on this bill.

The purpose of this bill is to: (1) establish the Hawaii low-income home energy assistance program within the Department of Human Services to assist low-income households in paying their energy bills; (2) require the Public Utilities Commission (Commission) to assess ratepayers a percentage fee to fund the program; and (3) appropriate funds.

Hawaii's electricity rates are amongst the highest in the nation and the number of electric utility customers in arrears and facing disconnections have grown since prior to the COVID-19 pandemic. While the Department supports the intent of this measure to assist eligible low-income households with various energy costs through the creation of the Hawaii low-income home energy assistance program and fund, the Department is

concerned that the funding source for the program, as any percentage of the funds collected by electric utilities in Hawaii that are added to the existing demand-side management (DSM) surcharge, would result in higher rates for all ratepayers.

The existing DSM surcharge already includes funds assessed for DSM and demand response programs approved by the Commission. Assessing ratepayers an additional percentage of the revenue collected by electric utilities to be collected through the existing DSM surcharges to fund the new low-income home energy assistance program will increase the surcharge. There have been prior legislative actions to consider a Hawaii low-income home energy assistance program, as referenced in Senate Bill No. 994. Through those prior efforts, concerns were identified that these types of programs that seek funding through utility rates do not adequately consider that any increase in utility rates will increase utility bills for all customers, which would result in also increasing the energy burden to low- to moderate-income households. If additional fees, or if a new surcharge, is needed to fund this new program it will exacerbate the very problem that this program is seeking to alleviate. As currently drafted, this measure may place additional financial burden on those households that this bill is seeking to assist.

Given these concerns, the Department believes that an alternative vehicle, Senate Bill No. 994, may be a better method of achieving the intent of this measure.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



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Testimony of the Public Utilities Commission

To the
Senate Committee on
Health and Human Services

January 27, 2025
1:00 p.m.

Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee:

Measure: S.B. No. 191
Title: RELATING TO ENERGY ASSISTANCE.

Position:

The Public Utilities Commission ("Commission") supports this measure and offers the following comments for consideration.

Comments:

The Commission appreciates the intent of this measure to assist households in paying their energy bills by creating a Hawaii home energy assistance program.

The Commission opened Docket No. 2022-0250 on "Energy Equity and Justice" to examine achieving equity in both social and economic participation in the energy system. Amid this broader equity investigation, the Commission identified a need to explore the equity implications of utility disconnections due to nonpayment, which disproportionately affect low-income households. Similarly, in response to 2022 legislative resolutions S.C.R. 242, SD1, S.R. 133, SD1, and H.R. 43, HD1, the Commission and the Consumer Advocate established a Working Group in September 2022 focused on creating a Hawaii home energy assistance program. This group has met regularly since then, most recently on January 21, 2025.

Recent studies reveal significant energy burden in Hawaii, particularly for those households who are already struggling. An August 2024 report from RMI (an independent non-profit) shows that Hawaii residents below the Federal Poverty Level spend 15 percent of their income on energy, which is around 7.5 times higher than the state average. Disconnection rates have more than doubled from approximately 5,900 in 2018 to roughly 12,800 in 2023. Notably, 22 percent of Hawaii households reported foregoing necessary expenditures, such as food or medicine, to pay their energy bills in full.

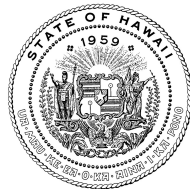
The current federal program for Low Income Home Energy Assistance (“LIHEAP”) remains inadequate for Hawaii's needs. The program's 1984 funding formula heavily favors states with high heating needs while ignoring electricity price differences. In 2024, Hawaii continues to receive the lowest LIHEAP funding nationwide. The National Energy and Utility Affordability Coalition reports that Hawaii received just 0.14 percent of federal LIHEAP funds in fiscal year 2021-2022 – about half of the next-lowest state. The LIHEAP Data Warehouse also indicates that only about 6 percent of federally income-eligible Hawaii households have received LIHEAP heating assistance over the past four years.

Given the ongoing challenges these households face, the Commission supports establishing a Hawaii home energy assistance program to assist families with their electricity bills across the state. Nevertheless, the Commission respectfully recommends using the language in S.B. No. 994 creating the home energy assistance program funded by State general revenues rather than demand-side management (“DSM”) surcharge fees from utility ratepayers that is required in S.B. 191. This recommendation stems from the following concerns.

First, the DSM surcharge fees are currently fully allocated to existing demand-side management programs. Using these fees for the proposed program would require either reducing funding for current DSM initiatives, which may impact the current programs, or may increase ratepayer fees through the DSM surcharge to fund the new program.

Second, there are statutory concerns regarding the use of DSM surcharge fees for this purpose. HRS § 269-121 (public benefits fee) specifically authorizes the use of these funds for "clean energy technology, demand response technology, and energy use reduction, and demand-side management infrastructure, programs, and services." The proposed energy assistance program, while vital, primarily addresses energy equity rather than the technical and infrastructure purposes outlined in the statute. If the Committee decides to move forward with S.B. 191, the Commission respectfully requests that amendments be made to HRS § 269-121 to allow for such energy assistance program.

Thank you for the opportunity to testify on this important measure.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
ON
SENATE BILL NO. 191

**January 27, 2025
1:00 p.m.
Room 225 and Videoconference**

RELATING TO ENERGY ASSISTANCE

The Department of Budget and Finance (B&F) offers comments on this bill.

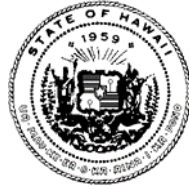
Senate Bill (S.B.) No. 191: 1) establishes the Hawai'i Low-Income Home Energy Assistance Program (HLIHEAP) within the Department of Human Services to assist households with payment of costs associated with meeting an eligible household's home energy needs; 2) sets program requirements for automatic qualification, initial and continued participation, and bases for determining assistance levels; 3) establishes the HLIHEAP Special Fund (HLIHEAPSF) and sets allowable sources of funding and uses of the fund; 4) requires the Public Utilities Commission (PUC) to impose a requirement for electric utilities to transfer some amount of moneys collected from ratepayers through a demand-side management surcharge to PUC to fund the HLIHEAPSF and caps the transfer requirement at an undetermined percentage of moneys collected through the surcharge; 5) appropriates undetermined amounts of general funds for FY 26 and FY 27 to be deposited into the HLIHEAPSF; and 6) appropriates undetermined amounts out of the HLIHEAPSF for FY 26 and FY 27 for HLIHEAP.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should:

- 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process;
- 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue;
- 3) provide an appropriate means of financing for the program or activity; and
- 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 191, it is difficult to determine whether the proposed HLIHEAPSF will be self-sustaining.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
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TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

January 25, 2025

TO: The Honorable Senator San Buenaventura, Chair
Senate Committee on Health and Human Services

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 191 – RELATING TO ENERGY ASSISTANCE.**

Hearing: Monday, January 27, 2025, Time 1:00 p.m.
Conference Room 225 & Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill, provides comments, and requests clarification. DHS defers to the Public Utilities Commission (PUC) and prefers its administration proposal, SB994. DHS further defers to the Department of Budget & Finance regarding special funds. DHS respectfully requests that any general or special fund appropriation not reduce or replace priorities identified in the executive budget.

PURPOSE: The purpose of the bill is to establish the Hawaii low-income home energy assistance program within the Department of Human Services to assist low-income households in paying their energy bills. Requires the Public Utilities Commission to assess ratepayers a percentage fee to fund the program. Appropriates moneys.

DHS currently contracts agencies in each county to receive and determine applicants' eligibility for the Hawai'i Home Energy Assistance Program (H-HEAP), which is federally funded and referred to as the Low-Income Home Energy Assistance Program (LIHEAP). The four contracts cost just over \$500,000.

With the rising costs of utilities, Hawai'i households are often forced to prioritize their expenses, often forgoing utilities in favor of rent or food. For over 40 years, H-HEAP has assisted vulnerable Hawai'i households with electric and gas utility assistance payments through energy crisis intervention or energy credits. These funds prevent or restore disconnection of service or provide credit to help offset the household's energy burden.

Each year, funding is subject to Congressional appropriation with decreasing allotments in the years leading up to Federal Fiscal Year (FFY) 2020. However, during the COVID-19 pandemic, Congressional action and supplemental funding from various federal Acts allowed DHS to increase income limits to serve more households with record high energy credits, increase energy credit payments, provide a supplemental crisis payment in 2021, and implement complete erasure of utility arrears in FFY 2022 and 2023 for eligible households. In FFY 2023, DHS received the largest LIHEAP appropriation in program history. In total, \$10.6 million passed through to nearly 8,300 Hawai'i households in the form of direct payments to utility companies.

In FFY 2024, the appropriation was \$8.5 million, lower than the past few recent years but higher than pre-pandemic funding, serving 8,809 households. Of these households, 6,873 contained a vulnerable family member: a disabled adult, an adult over 60 years old, or a child under the age of 5. Benefits were lower than FFY 2023.

The current appropriation for FFY 2025 is \$7.9 million. Without additional funds, eligible households will receive a lower benefit than in the past four years despite facing up to a 30% increase in utility costs. Establishing the proposed program and appropriating additional funding would provide a needed, vital, and stable program for H-HEAP to better serve households and our most vulnerable families facing rising energy costs.

DHS defers to the PUC whether the demand-side management surcharge proposed in Section 2 is available for deposit in the special fund.

DHS requests clarification as to the Legislature's funding target. If the Legislature is targeting the new state and current federal programs to reach the high of FFY 2023, then an additional \$2.7 million is required. If the surcharge fees are not available and the bulk of the funds required to supplement the current federal appropriation will be general funds, DHS

January 25, 2025

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recommends that the general funds be appropriated directly to the DHS's executive budget on a recurring basis to provide continuity and predictability. DHS is also mindful of special fund assessments that result in a reduction of funds available as benefits.

However, we respectfully request that any general fund appropriation not reduce or replace budget priorities identified in the executive budget.

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



Before the Senate Committee on Health and Human Services
Monday, January 27, 2025 at 1:00 p.m.

Testimony in Support of SB191: Relating to Energy Assistance

Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee:

Thank you for the opportunity to testify in support and provide comments on Senate Bill 191.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency – the energy we do not use – is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient.

This bill would establish the state-level Hawai'i Home Energy Assistance Program (HIHEAP) to supplement the support our residents currently receive from the federal-level Low Income Home Energy Assistance Program (LIHEAP). LIHEAP, which provides assistance to families nationwide via a one-time payment to help with energy costs, unfortunately has limited reach in Hawai'i. According to the Hawai'i State LIHEAP Working Group, created by the adoption of Senate Concurrent Resolution 242 in 2022 and convened by the PUC, as of 2023 only 11 percent of Hawai'i's eligible population receives LIHEAP funds.

Funding for states from LIHEAP is determined by a formula that is heavily weighted for states with large heating needs and does not account for specific electricity prices, and consequently Hawai'i consistently receives the least funding amongst the 50 states by a large margin. According to the Department of Health & Human Services, which administers LIHEAP, Hawai'i received about \$8.3 million in LIHEAP funds in FY24, the lowest of any state allocation. In total, LIHEAP awarded more than \$4 billion to states, tribes & territories in FY24.

Given that Hawai'i has the highest electricity rates in the country, yet receives the least amount of support for its residents from LIHEAP, the need for a state-level program to supplement energy assistance for Hawai'i families is clear. Hawai'i Energy applauds the legislature's efforts to support our residents in need of energy assistance, although we prefer the language used to create HIHEAP as written in Senate Bill 994.

Thank you for the opportunity to testify in support of Senate Bill 191.

Sincerely,
Caroline Carl
Executive Director
Hawai'i Energy



**Hawaiian
Electric**

TESTIMONY BEFORE THE COMMITTEE ON HEALTH AND HUMAN SERVICES

**SB 191
Relating to Energy Assistance**

January 27, 2025
1:00 pm
State Capitol, Conference Room 225

Noelle Kakimoto
Equity, Access & Affordability Manager
Hawaiian Electric

Dear Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee,

My name is Noelle Kakimoto and I am testifying on behalf of Hawaiian Electric with comments and concerns regarding SB 191, Relating to Energy Assistance. We strongly support the intent of this bill, but respectfully request that the Committee consider the Hawaii state low-income home energy assistance program (“LIHEAP”) working group’s proposed bill – SB 994 – and insert the contents of SB 994 into SB 191.

Hawaiian Electric strongly supports the intent of the bill, as it would establish and appropriate funds to our most vulnerable community members in the form of financial assistance and energy efficient efforts. However, Hawaiian Electric has concerns with the bill itself due to electric utility ratepayers being required to pay additional surcharges to fund the program with revenue from a demand-side management surcharge.

Hawaiian Electric prefers SB 994 because the funding mechanism would not be coming from customer bills.

The purpose of SB 191 is to establish the Hawaii Home Energy Assistance Program (“HIHEAP”) within the Department of Human Services to extend funding for qualifying households in need of financial assistance for utility bills. The HIHEAP would

complement the current Federal LIHEAP in providing critical fiscal aid for low- to moderate-income families. As Aloha United Way's 2024 ALICE Report highlights 33% of Hawaii households living below the ALICE threshold, Hawaii communities across all islands would benefit from ancillary resources to potentially ease or decrease their energy burden, or the percentage of household income going toward energy costs.

Additionally, Hawaiian Electric supports funding for HIHEAP chartered by legislative appropriations, contributions by individuals or entities, and interest earned or accrued on such moneys instead of seeking additional fees or moneys from ratepayers—further increasing customers' financial burdens. Hawaiian Electric also supports extending available funding assistance to include customers already receiving Hawaii Supplemental Nutrition Assistance Program ("SNAP") assistance in the eligibility qualifications.

While Hawaiian Electric strongly supports the intent of SB 191, we would respectfully request that its language be replaced with the contents of SB 994.

Thank you for considering our request.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Hawaii Low-Income Home Energy Assistance Program

BILL NUMBER: SB 191

INTRODUCED BY: FEVELLA, DECORTE, Chang, San Buenaventura

EXECUTIVE SUMMARY: Establishes the Hawai'i low-income home energy assistance program within the Department of Human Services to assist low-income households in paying their energy bills. Requires the Public Utilities Commission to assess ratepayers a percentage fee to fund the program. Appropriates moneys.

SYNOPSIS: Adds two new sections to chapter 346, HRS, to establish a Hawaii low-income home energy assistance program. The program is to assist eligible low-income households with their energy costs, bill payment assistance, energy crisis assistance, weatherization, and energy-related home repairs. Any current beneficiary of SNAP (supplemental nutrition assistance program) will be eligible, and the Department of Human Services may expand the program to others if funds are available to do so. Fund recipients are required to participate in an energy audit of their home within two years after first receiving funds under the program. Also establishes a special fund to go with the program.

Adds a new section to chapter 269, HRS, to require electric utility ratepayers to be surcharged in an unspecified amount to feed the special fund established.

EFFECTIVE DATE: July 1, 2025.

STAFF COMMENTS: This measure is, effectively, a tax increase to redistribute wealth. But we already have, at least in theory, a social safety net that is supposed to take care of those on the lower end of the income spectrum. If this social safety net is considered insufficient, the proper thing to do would be to fix it, and not to pad it with fees and charges that are buried in electric bills.

We also question why the surcharge is to be applied to **electric** utility bills only while the program is designed to reimburse energy costs regardless of origin. In effect, this surcharge requires the electric utilities, which have problems of their own, to subsidize other forms of energy consumption such as gas.

Third, an increase of taxes or broad-based fees, however denominated, of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cut back on costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

Re: SB 191

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Digested: 1/24/2025



LATE

CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 191: RELATING TO ENERGY ASSISTANCE

TO: Senate Committee on Health & Human Services
FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i
Hearing: **Monday, 1/27/25; 1:00 PM; CR 225. & Videoconference**

Chair San Buenaventura, Vice Chair Aquino, and Members, Committee on Health & Human Services :

Thank you for the opportunity to provide testimony **in Support HB 191**, which establishes the Hawaii Low-Income Home Energy Assistance program within the Department of Human Services (DHS) to help low-income households to pay their energy bills. It requires the Public Utilities Commission to assess all ratepayers a percentage fee to fund the program. I am Tina Andrade with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 75 years. CCH has programs serving elders, children, families, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawai'i. We participate in the ALICE initiative and other initiatives to assist our local residents as they face the high cost of living in Hawai'i.

Hawai'i residents face incredibly high energy bills. The 11% of our state's households below the Federal Poverty Line, face an electricity burden of 15.2%, about 7.5x larger than the state-wide average. Our ALICE populations also face significant economic challenges. 35% have reported increased difficulty paying household expenses. The high energy burden and other increases in the cost of living had led to a huge increase in disconnections. By 2023, these had shot up to 12,000 disconnect/year. This is DOUBLE the average pre-COVID. Besides the large increase in the cost of living burdening our residents, there are fewer resources to assist those in need with help. The very successful Rental & Utility Relief program (RURP) in Honolulu County has assisted with about \$225 Million but has now closed for new applicants.

The purpose of SB 191 is to implement the recommendations of the Hawai'i low-income home energy assistance program working group. This bill would require the Public Utilities Commission to assess all ratepayers a percentage fee to fund a program at DHS to assist low-income households with energy related costs. All current SNAP (Supplemental Nutrition Assistance Program) beneficiaries would be eligible. **This would streamline the process to ensure more needy households receive this help.**

We also suggest that the Committee look at SB 994 which has been introduced. A coordinated bill with "best practices" from both this and other bills may provide more relief to stressed Hawai'i residents.

We urge your support for this bill to address the high cost of energy in our State. If you have any questions, please contact our Legislative Liaison, Betty Lou Larson, at (808) 527-4813.

