

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS**

SCR 200, SD1

**REQUESTING THE PUBLIC UTILITIES COMMISSION TO CONSIDER
REASONABLE RATEMAKING TREATMENT AND COST-EFFECTIVE SOLUTIONS
TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME
AND SPECIAL MEDICAL NEEDS CUSTOMERS.**

Testimony in Support Requesting an Amendment

Thursday, March 28, 2019
10:20 AM, Agenda Item #21
State Capitol, Conference Room 211

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

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee,

My name is Joanna Markle and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company (collectively “the Hawaiian Electric Companies”) in support of Senate Concurrent Resolution 200, SD1 (“SCR 200, SD1”). SCR 200, SD1, which would lay the framework for the Hawaiian Electric Companies to pursue programs to help low-income and special medical needs customers and provide notice to the Public Utilities Commission of the Legislature’s support of the program. In order to plan for the future, Hawaiian Electric companies request your consideration of adding a sentence that would further clarify plans for the pilot project. We kindly request the following amendment be added on page 2, Line 17:

BE IT RESOLVED by the Senate of the Thirtieth Legislature of the state of Hawaii, Regular Session of 2019, the House of Representatives, concurring, that the Public Utilities Commission is requested to approve a subsidy through utility rates to establish a low-income program to assist low income and special medical needs customers until a State funded program is established.

For your background, on January 18, 2017, the Hawaiian Electric Companies filed a Special Medical Needs Tariff, Transmittal No. 17-01, requesting that the Public Utilities Commission establish a Special Medical Needs Pilot Program for the two-year period

from April 1, 2017, through March 31, 2019. In response, in the PUC’s Decision and Order for the Company’s request to establish a special medical needs pilot program, the PUC stated that the legislature did not appear to have established in HRS chapter 269 an energy subsidy policy for low income families or customers with special medical needs and directed the Company to advance their social policy goals through their respective rate structures. As a result of the PUC’s directive, the Hawaiian Electric Companies introduced this concurrent resolution to reflect the legislature’s support of such program.

Hawaii’s high cost of living greatly affects our low-income population and our customers with special medical needs. Although the rates for rent and mortgages for Hawaii are the highest in the nation, the median earnings for Hawaii are only slightly higher than the U.S. median at \$46,978.¹

Hawaiian Electric works closely with the State’s Low-Income Home Energy Assistance Program (“LIHEAP”) office and their designated intake organizations, Hawaii Community Action Program (HCAP), Maui Economic Opportunity (MEO), and Hawaii County Economic Opportunity Council (HCEOC) to administer the LIHEAP Energy Credit, which is the annual credit applied to the accounts of eligible customers. Hawaiian Electric also actively works with HCAP, MEO and HCEOC to administer the LIHEAP Emergency Crisis Intervention (ECI) funds every month to help low income customers who face disconnection or who are already disconnected, as well as other non-profit organizations to secure additional funds to reconnect customers. Hawaiian Electric Companies have learned from our special medical needs customers that they may come from all different financial backgrounds; however, their special medical needs and the medical costs associated with their special medical needs can be unrelenting and can easily cause an individual and/or family to lose their financial stability.

The Hawaiian Electric Companies plans to sunset the Special Medical Needs Pilot Program in 2020 as it is currently subsidized by Hawaiian Electric shareholders and as the Consumer Advocate points out in prior testimony, this is not sustainable for a permanent program. We support the Consumer Advocate’s efforts to create a State LIHEAP program. However, until a State funded low income program is established, the

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

Hawaiian Electric Companies respectfully requests modifying the resolution, as proposed above, to support a rate subsidy for low income and special medical needs programs until a State funded program is established to support these customers.

The Hawaiian Electric Companies view helping low income individuals/families and customers with special medical needs, in line with our Company culture of helping our community, our neighbors, our family. Thank you for the opportunity to testify in support of the intent of SCR 200, SD1 with suggested revisions.



TO: Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means

FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)

DATE/LOCATION: March 28, 2019; 10:20 a.m., Conference Room 211

RE: TESTIMONY IN SUPPORT OF SCR 200 SD 1 WITH COMMENTS

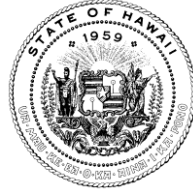
We support the intent of S.C.R. 200 with the suggested amendments from Hawaiian Electric Company. This resolution will continue to support Hawaii individuals and families with special medical needs and can provide the foundation for support that can assist in helping our residents to avoid financial instability.

Our organization has been participating in the Constituent Focus Group meetings facilitated by the Hawaiian Electric Companies and we collaborate with the utility to help our mutual clients in need, particularly those who are cost-burdened and financially under-resourced. This resolution will ensure that the Hawaiian Electric Companies have the ability to help lessen the burden of energy costs for our clients and the residents of Hawaii who need it most.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 18 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building and economic development programs.

Thank you for the opportunity to testify in **support of SCR 200**, please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.

LATE



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Ways and Means
Thursday, March 28, 2019
10:20 a.m.
State Capitol, Conference Room 211**

On the following measure:

**S.C.R. 200, S.D. 1, REQUESTING THE PUBLIC UTILITIES COMMISSION
TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE
RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS
ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS**

WRITTEN TESTIMONY ONLY

Chair Dela Cruz and Members of the Committee:

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

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

As expressed in earlier testimony, the Department supports affordable bills for all customers. Thus, the Department has sought to encourage cost-effective utility management decisions to mitigate unreasonable increases in utility rates. The

Department has also advocated for customer equity and programs for low-income customers in many proceedings, such as those for energy efficiency, green energy market securitization, and distributed energy resources. The Consumer Advocate acknowledges, however, that some programs that have helped certain subsets of customers are generally unavailable to other customers for various reasons, such as the cost to install equipment is too high or tenants may not be able to install equipment because it is not allowed under their lease. For that reason, the Department supports the intent of this measure, as the Department is concerned that certain customers, such as low-income and fixed-income customers, may be “left behind” as Hawaii’s energy market evolves.

As Hawaii’s electric industry continues to evolve, stakeholders must ensure that all customers benefit and that, where necessary, innovative and cost-effective solutions are developed to help customers who might otherwise be left behind. Thus, the Department appreciates the amendments made in S.D. 1, in response to the Department’s prior testimony. Giving the Commission flexibility as to what actions might be taken and requesting that interested stakeholders, such as the Commission and electric utility companies, explore cost-effective solutions will result in better outcomes for the targeted demographics and for all customers.

Thank you for the opportunity to testify on this resolution.



Aloha United Way

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

March 27, 2019

Senator Donovan M. Dela Cruz, Chair, Committee on Ways and Means
Senator Gilbert S. C. Keith-Agaran, Vice Chair, Committee on Ways and Means

SCR 200 SD1: STRONG SUPPORT

Hearing: March 28, 2019; Hearing Time 10:20; Conference Room 211

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Committee Members:

Aloha United Way strongly supports SCR 200 SD1 which requests the Public Utility Commission to consider a subsidy through utility rates for reasonable ratemaking treatment to lessen the burden of energy costs on low- and moderate-income and special medical needs customers.

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

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

Thank you for the opportunity to submit testimony. We urge your favorable consideration of SCR 200 SD1.

Sincerely,

Cindy Adams
President & CEO

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

TO THE
SENATE COMMITTEE ON
WAYS AND MEANS

March 28, 2019
10:20 a.m.

Chair Dela Cruz and Members of the Committee:

MEASURE: S.C.R. No. 200 SD1

TITLE: REQUESTING THE PUBLIC UTILITIES COMMISSION TO CONSIDER REASONABLE RATEMAKING TREATMENT AND COST-EFFECTIVE SOLUTIONS TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.

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

POSITION:

The Public Utilities Commission offers the following comments for consideration.

COMMENTS:

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

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

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

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

Thank you for the opportunity to testify on this measure.