

DIVISION OF CONSUMER ADVOCACY (DCA)

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OVERVIEW

The Division of Consumer Advocacy (DCA) represents, protects, and advances the interests of consumers of utility and transportation services before regulatory agencies, primarily the Hawaii Public Utilities Commission (PUC) and the FCC. DCA reviews requests for rate and tariff changes, capital improvement projects, integrated resource plans, certificates for authority to operate, and other applications filed by public utility and transportation companies, in addition to other proceedings opened by regulatory agencies to investigate or review generic issues. In representing the consumers of utility and transportation services before PUC, DCA must analyze financial and statistical data, prior docketed material, industry standards, and information provided by the utility and transportation companies to support their applications. Based upon analyses of this information, DCA files either written statements of position or testimonies explaining its analyses, findings, and recommendations with PUC. When necessary, DCA analysts provide oral testimony, subject to utility company cross-examination, in contested case evidentiary hearings to resolve differences among the parties in utility proceedings.

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COMPOSITION

DCA has 19 incumbent employees, including an Executive Director, a secretary, a utilities/transportation specialist, an education specialist, rate analysts, researchers, engineers, attorneys, and clerical support.

DCA is divided into four branches:

The **Rate Analysis Branch** reviews and analyzes economic conditions, investor requirements and returns, and other aspects relating to the capital structure of regulated public utilities and transportation companies. In addition, the branch evaluates and develops recommendations relating to rate schedules, effects of rates, sales levels, and other pertinent considerations in establishing rates.

The **Engineering Branch** analyzes and makes recommendations on technical matters such as production capacity and efficiency, depreciation allowances, maintenance cost factors, engineering safety standards, plans for capital improvements, purchased power agreements, and quality of service standards.

The **Research Branch** analyzes and advises on matters imposed on regulated public utility and transportation industries, provides services and advice relating to the current operations of and evolving changes to regulated public utilities and transportation industries, conducts special studies on the changes in various regulatory areas, including energy and telecommunications, and assists and participates with other branches in developing data and conducting analyses on matters under examination.

The **Legal Branch** provides legal representation before regulatory agencies. The branch also provides general clerical support by: updating and maintaining DCA's docket, general office, and electronic database files; formatting draft documents prepared by technical staff and attorneys for filing with regulatory agencies and utility companies; and maintaining DCA's library.

GOALS AND OBJECTIVES

DCA's goals and objectives can be categorized into three broad areas: consumer advocacy, policy advancement, and consumer education and outreach. These areas are not mutually exclusive and often overlap; however, for purposes of describing DCA's goals and how DCA will accomplish them, the goals will be described separately.

(1) CONSUMER ADVOCACY

Goal

DCA's primary goal is ensuring that Hawaii's consumers receive reasonable and just rates for safe and reliable services, while also ensuring customer and environmental protections and advancing renewable resource use. This goal involves balancing various competing interests.

Planned Approach/Methods

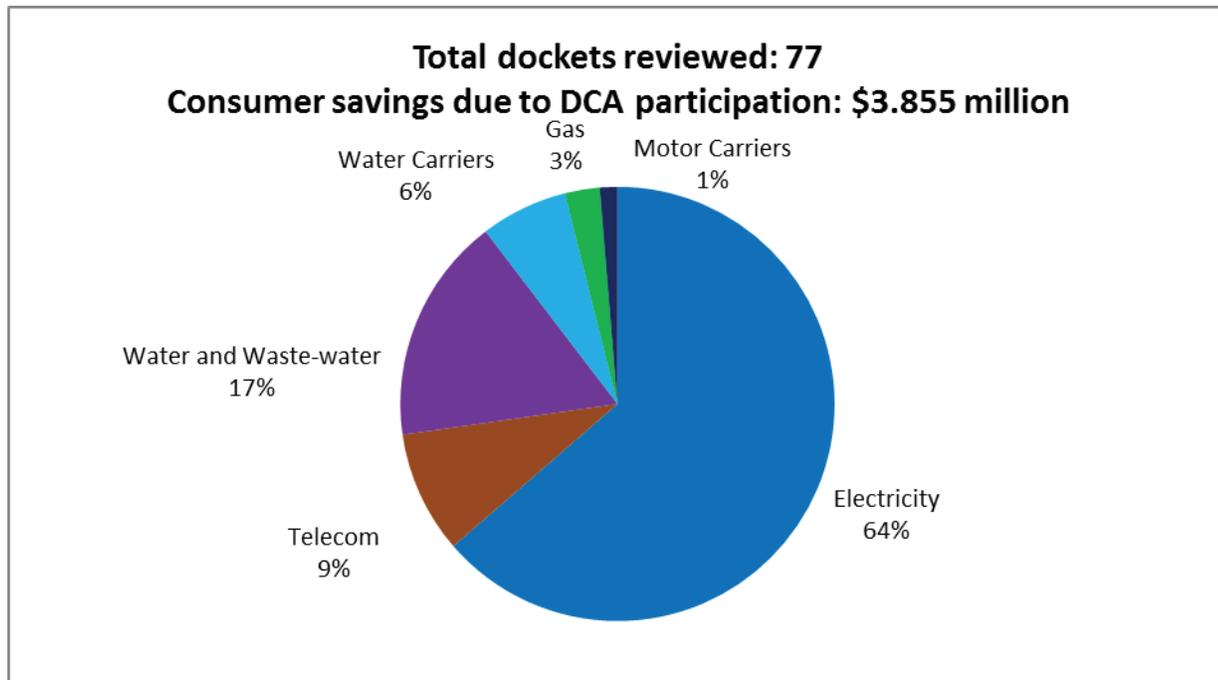
DCA's resources are focused on PUC proceedings, which often affect the rates and reliability of utility and transportation systems and services. DCA's participation in PUC proceedings will typically involve some or all of the following:

- Review of applications to ensure compliance with regulations.
- Participation at PUC public hearings.
- Procurement of consultant services to manage workload and for complex cases.
- Completion of discovery.
- Analysis of applications and supporting documents to determine the accuracy and reasonableness of the requests.
- Provision of recommendations to PUC on the merits of the applications through statements of position or direct testimonies and provision of oral testimonies, which are subject to cross-examination in proceedings where evidentiary hearings are necessary.
- Completion of related legal actions, such as filings of legal briefs, motions, and appeals, etc., as necessary.

Measures

To measure DCA's performance in advocating consumer interests, DCA tracks various categories of information. DCA monitors consumer savings resulting from its participation in PUC proceedings, the percentage of PUC decisions that adopt settlements reached by parties to a proceeding, the number of service quality investigations DCA participates in, and the number of filings before PUC that DCA reviews. Chart 1 describes the total number of dockets DCA reviewed, the proportion of dockets reviewed by area, and the total consumer savings due to DCA participation.

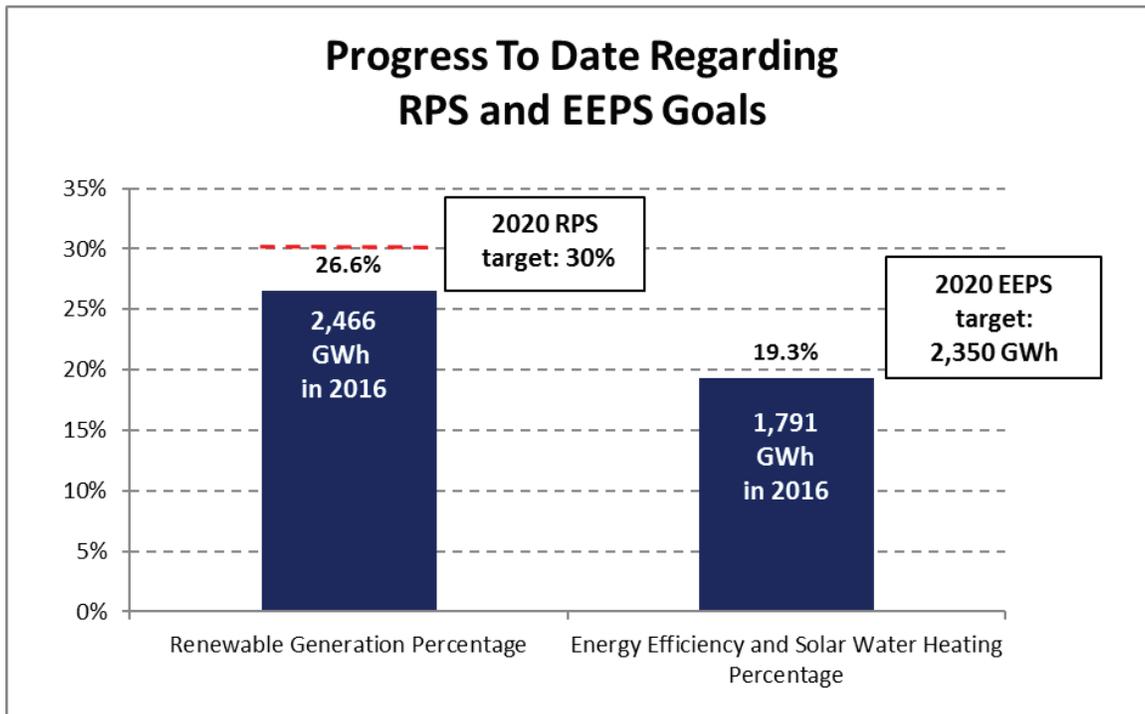
Chart 1: Dockets Reviewed by Area and Overall Consumer Savings, FY 2017



(2) POLICY ADVANCEMENT

Goal

DCA will remain active in promoting policies to protect and advance the interests of utility and transportation consumers at the local, state, and national levels. Two major objectives DCA will pursue are: (1) continued efforts to promote and facilitate Hawaii's transition from using imported fossil fuels to clean renewable energy advancement of federal and state broadband initiatives; and (2) advancement of federal and state broadband initiatives. As shown in Chart 2, Hawaii appears to have met its 2016 Renewable Portfolio Standard (RPS) and Energy Efficiency Portfolio Standard (EEPS) goals and is progressing toward its 2020 goals.

Chart 2: Hawaii's RPS and EEPS Goals

*Above data is for calendar year 2016.

Changes in reporting requirements have made it necessary to discuss how progress toward EEPS goals will be monitored and reported in the future.

Planned Approach/Methods

In PUC's generic, investigative, or policy proceedings, DCA follows a similar approach to its review and analysis of applications. A typical investigative proceeding may involve the following steps:

1. After DCA and other parties to the proceeding state their initial positions on the issues, discovery and analyses are done to determine the reasonableness of the other parties' positions.
2. Technical meetings between the parties are often held to discuss and educate each other on the issues and positions taken and to determine where possible agreement may be reached.
3. DCA provides PUC with a recommendation it believes is in the best interest of consumers.
4. DCA participates in evidentiary or panel hearings conducted by PUC. DCA presents its evidence by way of expert testimony on specific technical issues.

DCA monitors congressional activity in the energy and telecommunications areas. DCA maintains contact with Hawaii's congressional delegation, particularly those members sitting on committees that deal with energy and telecommunications, and provides input where appropriate and when called upon.

DCA is actively involved in the National Association of State Utility Consumer Advocates (NASUCA). NASUCA participates in proceedings before the FCC, Congress, and the federal courts in advancing consumer interests on national issues, many of which affect Hawaii consumers.

DCA is actively involved with the State Legislature and provides testimonies that detail consumer benefits or detriments of specific proposals and bills being considered by various legislative committees. In the 2017 legislative session, DCA monitored and/or testified on 69 bills and submitted written testimony on 53 occasions.

Measures

Measuring the performance of DCA's efforts to promote policy objectives is inexact. While DCA generally tracks the percentage of its positions with which PUC ultimately agrees, this measure does not capture DCA's efforts throughout proceedings to educate and work with parties to reach an agreement on issues.

(3) EDUCATION AND OUTREACH

Goal

DCA's goal is to encourage the public to be wiser consumers of public utility services by, among other things, emphasizing the possible effects their consumption habits may have on utility rates and the environment. It is through the education and outreach process that DCA aims to gather consumer input on utility issues and to encourage consumers to be more involved in utility proceedings. DCA attends public meetings and hearings to learn of consumer complaints and concerns.

Planned Approach/Methods

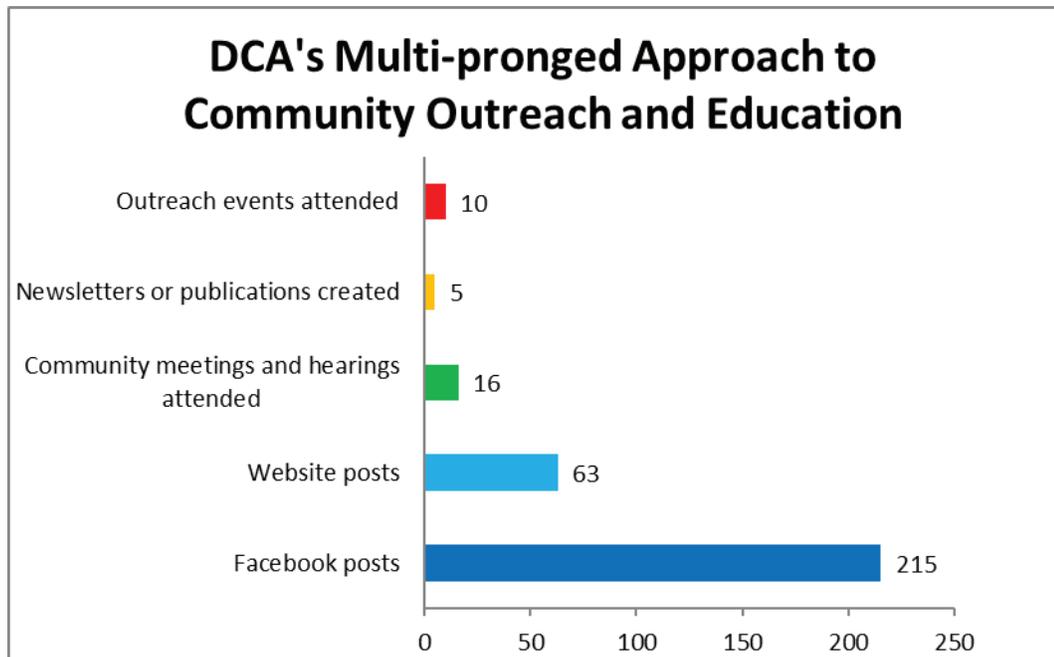
DCA can accomplish its goal of positively affecting the habits of consumers statewide through its website and public outreach activities. DCA established the following action plan to accomplish its goals and objectives:

- (1) Update and improve its website with consumer-friendly and useful content.
- (2) Use social media, such as Facebook, to reach a greater number of consumers.
- (3) Attend public hearings and meetings to listen to consumer complaints and concerns.
- (4) Establish information booths and provide presentations at community events, such as home shows and public fairs throughout the state and build positive relationships with both business and individual community members.
- (5) Improve communications with consumers and the public through expanded distribution and publication of its newsletter.
- (6) Hold informational seminars or use public service announcements to highlight different utility issues and topics.

Measures

To measure its performance and progress on education and outreach activities, DCA tracks the number of people reached through education and outreach events, newsletters and other publications distributed, and consumers assisted with complaints and other issues. Chart 3 illustrates various ways DCA engaged in community outreach and education in FY 2017.

Chart 3: DCA's Multi-pronged Approach to Community Outreach and Education



ACCOMPLISHMENTS

Results of DCA's efforts to protect and advance the interests of consumers in FY 2017 are summarized below for some of the more significant matters involving DCA:

(1) ADVOCACY BEFORE THE PUBLIC UTILITIES COMMISSION

Energy Dockets

Power Supply Improvement Plans (PSIPs)

PUC required the Hawaiian Electric Companies (HECO Companies) to file respective PSIPs to facilitate the review of long-term energy planning objectives. These PSIPs were incorporated into Docket No. 2014-0183. After reviewing the HECO Companies' initial PSIPs, the Consumer Advocate and several other parties indicated numerous revisions and supplements were required. The Consumer Advocate also advocated that the focus should be on a detailed five-year action plan that would be consistent with a reasonable long-range plan. Otherwise, continued focus on a detailed 30-year action plan could result in no approved plan at all; this outcome would be similar to that for integrated resource planning efforts in Docket No. 2012-0036. The

Commission decided an approved PSIP was necessary and that the focus should be on an actionable short-term plan.

The HECO Companies filed their PSIP Updates in December 2016, and the Consumer Advocate, along with other stakeholders, analyzed and offered comments on the PSIP Updates. The Consumer Advocate urged some plan needed to be in place to allow PUC and stakeholders to have some reference against which proposed projects could be measured. PUC accepted but did not approve the PSIPs in July 2017.

Investigation of Distributed Energy Resources (DER)

PUC opened Docket No. 2014-0192 in August 2014 to review various issues related to DER (e.g., photovoltaic rooftop systems) and the measures required to both facilitate the continued adoption of DER and ensure a sustainable market for DER will exist that does not adversely affect other renewable energy markets or consumers. Due to the urgent need to review DER issues, PUC set forth an accelerated timetable to analysis in Phase 1 of this proceeding, with other issues to be analyzed in Phase 2.

In Phase 1, pursuant to concerns raised, PUC closed the Net Energy Metering (NEM) Program for the HECO Companies but created grid-supply and self-supply options to allow the continued adoption of rooftop photovoltaic systems. Furthermore, PUC also required the HECO Companies to provide time-of-use tariffs. In the first part of Phase 2, PUC adopted further changes to the Customer Self-Supply and Customer Grid-Supply programs and instructed the parties to work on a smart export program.

Phase 2 of this proceeding has involved ongoing work to develop a smart export program and on other DER issues. Additional work will address technical track issues, as well as market track issues that consider the needs of and protections for both participating and non-participating customers.

Green Energy Market Securitization (GEMS)

Since its approval by the Commission in 2014, the GEMS program has not demonstrated successful uptake of its offering. As a result, concerns have been raised about how these funds should be used and what should be done with GEMS. The Hawaii Green Infrastructure Authority (HGIA) has filed various program modifications and notifications concerning how to modify GEMS so that its funds might be used. The Consumer Advocate has been reviewing these proposals and working with HGIA so that the original intent of GEMS – to provide the underserved, such as low- to moderate-income customers with a low-cost alternative financing option – is not forgotten.

Community-Based Renewable Energy Program (CBRE)

In November 2015, the Commission suspended a HECO Companies' tariff to open a proceeding to investigate CBRE issues. Subsequently, the Commission filed its staff proposal for a CBRE program and requested comments on that proposal. The Consumer Advocate's proposal supported the need for a CBRE program but noted it did not include sufficient customer safeguards and may have been too favorable to industry and developer interests. The Consumer Advocate highlighted the need for low-cost options for renters, multi-unit dwelling residents, and low-income customers and for an initial program that would be relatively simple, rather than a complex program that might doom future CBRE efforts. The Commission proposed a CBRE framework, which the Consumer Advocate and other stakeholders analyzed and offered comments. After the offered comments and technical conferences, PUC action is pending.

Other Industries

The Consumer Advocate also participated in various dockets involving regulated water, wastewater, telecommunications, utility gas, and transportation companies. These dockets included ongoing rate proceedings for water/wastewater utility companies, rate cases and the Annual Freight Rate Adjustment for Young Brothers, as well as eligible telecommunications carrier certification for various telecommunications companies. The Consumer Advocate also handled various dockets relating to Hawaii Gas, including the company's developing plans to convert its supply gas from synthetic natural gas to imported liquefied natural gas.

(2) ADVOCACY THROUGH PARTICIPATION ON COMMITTEES AND BOARDS

Enhanced Wireless 911 (E911) Services

Act 168, SLH 2011, created the E911 Special Fund and the E911 Board. Act 168 established the framework to implement the State's wireless E911 system to route emergency calls to emergency responders, along with the wireless callers' identification and location. Under Act 168, the E911 Board oversees the collection and distribution of money collected by the E911 Special Fund and designates the Executive Director of DCA as a member of the E911 Board.

One Call Center Advisory Committee

The Executive Director of the DCA is also a member of the One Call Center Advisory Committee, which makes recommendations to PUC regarding the implementation of HRS chapter 269E and Act 141, SLH 2004. This advisory committee was integral to developing the request for proposals for a vendor to operate a "call-before-you-dig" system. This system, which became operational on January 1, 2006, reduces the risk of critical services being disrupted when utility systems are inadvertently damaged due to excavation work in areas where the systems are placed in underground facilities. This ensures greater public health and safety and ultimately save excavators time and money.

Energy Policy Forum

The Executive Director of DCA is a member of the Hawaii Energy Policy Forum (HEPF), a collaborative organization of UH at Manoa. HEPF has members from the business, government, and regulatory communities and provides support to other organizations, such as the Hawaii Clean Energy Initiative (HCEI) Steering Committee. Meetings are held quarterly to discuss Hawaii's energy needs for both electricity and transportation. In FY 2017, DCA continued actively participating in these meetings by providing input to HEPF on consumer concerns in the PUC regulatory process and the difficulties the State faces in achieving reliable electricity service at reasonable rates.

Hawaii Clean Energy Initiative

On January 31, 2008, the State and the United States Department of Energy (U.S. DOE) launched the Hawaii Clean Energy Initiative, an agreement that established for the State a goal of 70% clean energy resource use by 2030. The State and U.S. DOE formed various committees to examine differing aspects of the State's energy use: transportation, electricity, energy efficiency, etc. DCA is participating in the HCEI's Integration Committee, which seeks to consolidate the themes and suggestions put forth by the remaining committees, with the aid of U.S. DOE experts.

As part of HCEI, the Executive Director of DCA also participates in the Management Committee, which deals with high-level planning associated with various aspects of the technical committees that are analyzing various areas (e.g., electricity, end-use efficiency, transportation, fuels, and outreach) that are expected to be integral to the success of HCEI.

DCA also participates in the Technical Advisory Group (TAG), which is responsible for evaluating the energy efficiency process that transitioned from the HECO Companies to a third-party administrator, also now known as Hawaii Energy. As part of this process, TAG currently meets on a quarterly basis and evaluates various aspects of the measures being implemented to help plan, evaluate, and implement energy efficient programs in the service territories of the HECO Companies. Using the moneys collected through the Public Benefits Fund surcharge, TAG evaluates the use of the moneys to help Hawaii's efforts to reduce its overreliance on imported fossil fuels.

The HCEI Management Committee, which includes the Consumer Advocate, is working on HCEI 2.0. A new Memorandum of Understanding between the State and U.S. DOE was drafted in FY 2014 and then executed in FY 2015. Finally, the Management Committee determined the original HCEI entered in 2008 contained numerous provisions that were no longer applicable and voted to rescind it.

(3) EDUCATION AND OUTREACH

During the past year, DCA has continued to focus on expanding its education and outreach activities. This has allowed DCA to increase its ability to educate consumers and extend its reach into communities throughout the State. In addition to attending community fairs, DCA publishes its own newsletter and informational materials. DCA is also focusing on improving its web presence by keeping its online information relevant and informative.

DCA's Facebook page

DCA continues to use its Facebook page to reach consumers more quickly through social media. Through Facebook, DCA educates consumers by posting energy and water-saving tips and notifies consumers of pertinent, utility-related online newspaper articles, blog posts, and radio and television programs. This Facebook page also announces upcoming utility-related public hearings, consumer fairs, utility and green energy conferences, and media events. During FY 2017, in accordance with DCCA's guidance, DCA's Facebook postings have become part of a single DCCA Facebook page for the public.

CRF FINANCIAL SUMMARY

The following is DCA's CRF financial summary for FY 2017:

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$1,886,084	\$1,416,033	\$3,302,117	\$4,406,359

CONCLUSION

DCA will continue prioritizing its caseload to target projects and consumer issues that have the greatest impact on ratepayers of utility and transportation services in Hawaii. In addition, DCA is expanding its education and outreach efforts. These efforts will allow DCA to take a more proactive approach to address specific consumer issues and gain greater public participation in decisions that affect their public utility and transportation services.