

Public Benefits Fund (PBF)
January 2009

Potential questions and answers:

What is this new line on the bill that says PBF Surcharge?

Beginning with this month's bill, you will see a charge called the *PBF Surcharge* (Public Benefits Fund Surcharge). The Hawaii Public Utilities Commission (PUC) recently approved this surcharge to collect funds that will be used to pay for future energy efficiency programs administered by a non-utility, third-party program administrator. Those energy efficiency programs include customer incentives such as rebates to reduce electricity consumption in Hawaii.

The energy efficiency programs are currently being run by the utilities. However, in the near future, the PUC has ordered that many of those programs will instead be administered by a third-party administrator who will report directly to the PUC. The transition from utility to third-party program administration is scheduled to begin later in 2009. The PBF Surcharge funds the energy efficiency programs that will be administered by the third-party program administrator. Since the utility will eventually transfer the administration of many of its programs to the third-party administrator, the PBF Surcharge will be offset to some extent by a decrease in the IRP Cost Recovery Surcharge (which currently funds utility energy efficiency programs) once the transition is completed.

Why do I have to pay this new charge?

The funds collected by the PBF Surcharge will be used for programs that will help consumers become more energy efficient. An example of a current efficiency program that helps people is the program that provides rebates to customers that purchase EnergyStar appliances for their homes. The more we can reduce demand for electricity through energy efficiency, the longer we can delay the need for the construction of new generators to meet that demand. This delay can save all customers money in the long run. Also, those customers who actually implement the energy efficiency measures can benefit from overall lower costs as well as help the environment.

Will it always be this amount or will it change each month?

The PBF surcharge effective January 1, 2009 is 0.1986 cents per kilowatt hour for residential customers and 0.1015 cents per kilowatt hour for commercial and industrial customers. How much this affects the electric bill each month depends on how many kilowatt hours are used. For a residential customer who uses 600 kwh per month, the PBF surcharge will collect \$1.19 each month. In addition, the PBF surcharge may be adjusted by the PUC and the amount will be offset by a decrease in the IRP Cost Recovery Surcharge when the transition to the third party is completed.

What does Hawaiian Electric do with this money?

Hawaiian Electric collects the surcharge via its bill, and transfers the money to the PUC monthly for use by the third-party administrator to fund its energy efficiency programs.

Isn't this just like another rate increase?

A charge for energy efficiency programs is already being paid through the IRP surcharge line. However, once the third-party administrator takes over the energy efficiency programs, the IRP Cost Recovery surcharge will decrease as the utility hands over administration of the many of its programs to the new administrator.

Haven't we already been paying for the incentives? Why is there now another charge?

The PBF surcharge is part of the transition to the new third-party program administrator. It is necessary that a fund be available for the new administrator to work with once the transition from utility to third-party program administration is complete. However, once the third-party program administrator takes over the energy efficiency programs, the IRP Cost Recovery Surcharge will decrease as the utility hands over administration of many of its programs to the new program administrator.

Is this surcharge going to be there forever or is it just this year? Does it ever go away?

There is no specific date at which time these programs would end. However, program needs and costs will be reviewed by the PUC on a regular basis and adjustments will be made based on those reviews.

Why is it based on how much electricity you use? Why not charge a flat amount for everyone?

Since the PBF surcharge funds are to be used for programs that save energy, it makes sense that the surcharge be based on the amount of energy used. This means that the surcharge is smaller for customers who use less energy and larger for customer who use more energy. A flat charge for everyone would not reflect the difference in levels of electric consumption.