



NAVFAC HAWAII PUBLIC AFFAIRS INTERNAL NEWSGRAM
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Newsgram 1: Electricity Rate Increases for NAVFAC Hawaii Customers

A Town Hall meeting, lead by Naval Facilities Engineering (NAVFAC) Hawaii Commanding Officer Capt. Michael Williamson, was held on Feb. 21 at Joint Base Pearl Harbor-Hickam's Memorial Theater with command customers to discuss electricity billing rate increases and the way ahead.

“The rate increases everyone is experiencing this fiscal year will continue into FY14 but will stabilize compared to the projected market rate in FY15 and beyond,” said Williamson. “The increases are necessary due to the loss the Navy incurred while maintaining lower electricity rates for our customers but paying higher costs to our supplier, Hawaii Electric Company.”

Utility rates are established during the standard Department of Navy (DON) budget process. From FY07 – FY12, NAVFAC Hawaii customers paid less for electricity than Hawaiian Electric Company (HECO) was actually charging the Navy. This is because customers are billed an approved stabilized rate that does not change during the fiscal year to avoid the electricity rate volatility and so customers can plan their annual budgets accordingly. However, the stabilized electricity billing rates in the past few years for Hawaii resulted in large losses, and according to Department of Defense (DoD) financial management policies and regulations these financial losses have to be recovered through rate increases, just as over-charging must be returned to customers through lowered rates in future years. The decision to increase the electricity billing rate for FY14 is still pending completion of the Navy's budget process.

The FY13 electricity rate increased by 30 percent over the rate charged in FY12. The pending electricity billing rate for FY14 would be an increase of approximately 123 percent from the rate charged in FY13. In addition, a surcharge is added to the electricity billing rate for non-DoD Federal customers and private party customers to reimburse the Navy for overhead not already included in the electricity billing rate.

To put the NAVFAC Hawaii losses incurred into perspective, the cost of electricity purchased from HECO increased by 68 percent between 2008 and 2012; whereas, NAVFAC Hawaii customer electricity billing rates only increased 18 percent. The loss amounts to tens of millions of dollars that are required to be recovered.

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This electricity billing rate increase information is a difficult topic to cover and those who attended the Town Hall meeting were given the opportunity to voice their concerns and ask questions.

“Currently NAVFAC Hawaii is awaiting confirmation of the final electricity billing rates for FY14 and expects to hear something in mid to late March,” said Williamson. “However, because of the significant rate increase, I wanted face time with our customers prior to the rate confirmation so you would get the straight story of how we got to where we are and what is coming in the future. I really want to emphasize that you have the ability ease the impact of the increase by conserving energy consumption. Every little step you take will add up and can save in the bill you receive. We meet with our supported commands monthly to talk through ideas and projects designed to reduce energy consumption. This is of critical importance to all of us.”

The Navy in Hawaii continues to look for ways to conserve, and reduce the use and cost of electricity. Fuel oil is expected to rise, according to projections; so renewable alternatives are on the table with projects underway and in development.

For information about NAVFAC Hawaii, visit the command’s website at www.navfac.navy.mil or call Denise Emsley, Public Affairs Officer, at 808-471-7300 (denise.emsley@navy.mil). Become a Fan at www.facebook.com/navfac and follow us at www.twitter.com/navfac, or visit our Photostream on Flickr at <http://www.flickr.com/photos/navfac>.