

Honolulu, Hawaii

Feb 10, 2006

RE: H.B. No. 1021
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1021 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES,"

begs leave to report as follows:

The purpose of this bill is to minimize the cost to society of reliable energy services, including adverse environmental impact, by encouraging diversity of energy sources through improvements in energy efficiency and the development of renewable energy resources. Specifically this bill requires the Public Utilities Commission (PUC) to:

- (1) Quantify and establish a range of external costs, such as environmental costs, associated with each method of electricity generation;
- (2) Consider external costs when evaluating resource plan, power purchase, and certificate of need proceedings; and
- (3) Submit a report to the Legislature on the PUC's implementation of interim external cost values as required by this Act, and make a commitment on when it will submit a final report on the establishment and implementation of final external cost values.



For purposes of the public hearing, your Committee circulated a proposed H.D. 1 version that deletes the provisions of this bill and inserts new language that:

- (1) Increases the salary of the chairperson of the PUC from 87 percent of the salary of the Director of Human Resources Development to 100 percent of the salary of the Director of Commerce and Consumer Affairs, effective July 1, 2005;
- (2) Authorizes the chairperson of the PUC to appoint utility analysts and legal assistants exempt from Chapter 76, Hawaii Revised Statutes (HRS);
- (3) Requires the PUC to refund all moneys in excess of \$3,000,000 remaining in the PUC Special Fund (Special Fund) on June 30th of each year to the credit of public utilities that paid into the Special Fund for the given year; and
- (4) Appropriates unspecified amounts from the Special Fund and Compliance Resolution Fund to be expended by the PUC and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (DCA) to structurally reorganize the PUC and DCA.

The PUC, Hawaii Energy Policy Forum, Hawaiian Electric Company, Inc., Maui Electric Company, Ltd., and Hawaii Electric Light Company, Inc., testified in support of this bill. The Consumer Advocate and the Gas Company supported the intent of this measure.

Your Committee has amended the proposed H.D. 1 by:

- (1) Giving the Public Utilities Commission authority to suspend collection of public utility fees from public utilities that do not pay the flat rate of \$30.00 instead of refunding the excess, upon collection of \$3,000,000 in the PUC Special Fund; and
- (2) Changing the effective date of the salary increase designated in section 269-2, HRS, from July 1, 2005 to July 1, 2006; and
- (3) Making technical nonsubstantive amendments for clarity, consistency and style.



As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1021, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1021, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,

Hermina Morita

HERMINA MORITA, Chair



