

Honolulu, Hawaii

Feb 13, 2006

RE: H.B. No. 2619

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2619 entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose of this bill is to protect consumers by requiring that any electric utility ratemaking structure developed by the Public Utilities Commission (PUC) pursuant to the renewable portfolio standards study is consistent with established public utility ratemaking principles. Specifically, this bill:

- (1) Deletes the requirement that the ratemaking structure developed by PUC will ensure that electric utility profit margins do not decrease; and
- (2) Replaces it with the requirement that the ratemaking structure will afford these companies an opportunity to earn a fair rate of return.

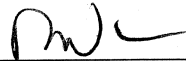
The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, PUC, Hawaiian Electric Company, Hawaii Electric Light Company, Inc., Maui Electric Company, Ltd., Hawaii Renewable Energy Alliance, Hawaii Energy Policy Forum, and Honolulu Seawater Air Conditioning, LLC, testified in support of this bill. The Department of Business, Economic Development, & Tourism supported the intent of this bill.



Your Committee finds that well-established public utility regulation ratemaking principles generally provide that electric utility companies should be provided an opportunity to earn a fair rate of return, not a guaranteed rate of return.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2619 and recommends that it be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ROBERT N. HERKES, Chair



