

Honolulu, Hawaii

March 24, 2006

RE: S.B. No. 3186
S.D. 2
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 Committees on Energy & Environmental Protection and Consumer Protection & Commerce and Judiciary, to which was referred S.B. No. 3186, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this measure is to make an appropriation to the Department of Business, Economic Development, and Tourism to reconvene the Hawaii Energy Policy Forum for the purpose of developing an action plan and timeline for the implementation of the vision, concepts, and recommendations for Hawaii's preferred energy future that resulted from a summit meeting convened by the Hawaii Energy Policy Forum in December 2003.

Prior to hearing this measure, your Committees distributed a proposed H.D. 1 that proposed to replace its contents with those of H.B. No. 3115, H.D. 1, with certain additional amendments.

Aloha Petroleum, Ltd. supported the intent of the proposed measure. The Department of Business, Economic Development, and Tourism, Public Utilities Commission, Department of Commerce and Consumer Affairs, Division of Consumer Advocacy, Department of Budget and Finance, The Gas Company, Mid Pac Petroleum, Western States Petroleum Association, Voter Owned Elections, and a concerned individual offered comments. The Kokua Council opposed the proposed measure.



By inserting the amended contents of H.B. No. 3113, H.D. 1, into this measure, your Committees have amended this measure to:

- (1) Amend sections 486H-13 and 486H-16, Hawaii Revised Statutes, by:
 - (A) Adding the Singapore spot daily price in determining the baseline gasoline price, with the lowest three of the four geographic market average weekly prices averaged for the State's baseline gasoline price;
 - (B) In the event of a holiday or holidays in a week, requiring the Public Utilities Commission to use the average of the remaining business days in that week;
 - (C) Deleting the location adjustment factor;
 - (D) Reducing the marketing margin factor;
 - (E) Allocating different percentages of the zone price adjustment to different distributors performing different functions in the distribution system; and
 - (F) Allowing the zone price adjustments and the allocation of the zone price adjustments to be adjusted on a zone by zone basis;
- (2) Establish the petroleum industry monitoring, analysis, and reporting program;
- (3) Establish the petroleum industry monitoring, analysis, and reporting special fund;
- (4) Identify unfair trade practices in the petroleum industry;
- (5) Suspend the maximum pre-tax wholesale gasoline pricing program;
- (6) Repeal the maximum pre-tax wholesale gasoline pricing program, effective January 1, 2011; and




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- (7) By making technical nonsubstantive changes for clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3186, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3186, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committees on Energy & Environmental Protection and Consumer Protection & Commerce and Judiciary,



ROBERT N. HERKES, Chair



HERMINA MORITA, Chair



SYLVIA LUKE, Chair



