

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 3002  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred S.B. No. 3002 entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide rapid utility  
service restoration to customers in an event of exigent  
circumstances by allowing a public utility to transfer property  
needed for service restoration without prior approval of the  
Public Utilities Commission (PUC).

Specifically, this measure amends section 269-19, Hawaii  
Revised Statutes, to provide an exception for a public utility to  
sell, lease, assign, mortgage, or otherwise dispose of or encumber  
its property without first securing an authorizing order from the  
PUC only under exigent circumstances that call for rapid service  
restoration in order to prevent serious disruption of essential  
public services, avoid serious risk to public safety, or mitigate  
severe economic losses to a utility customer; provided that this  
action does not hinder or degrade the utility company's operations  
with respect to its services or other customers, and the utility  
company is duly compensated and reports in detail to the PUC  
within thirty days of the action.

Testimony in support of this measure was submitted by the  
Public Utilities Commission; the Division of Consumer Advocacy,  
Department of Commerce and Consumer Affairs; Hawaiian Electric



Company, Inc.; Maui Electric Company, Ltd.; and Hawaii Electric Light Company.

The PUC requires a public utility to obtain prior approval from the PUC if a public utility intends to sell, lease, assign, mortgage, or otherwise dispose of the whole or any part of its road, line, plant, system, or other property necessary or useful in the performance of the public utility's duties to the public. Your Committee finds that exigent circumstances can create an environment in which prudent, prompt, time-sensitive action by a public utility may be necessary to restore services, and immediate transfer or encumbrance of utility property is necessary to rapidly restore a customer to full or near full operational status. Allowing a public utility to transfer property needed for service restoration without prior approval of the PUC will enable customers to receive prompt restoration services without sustaining prolonged disruption of service or economic loss.

Your Committee has amended this measure by:

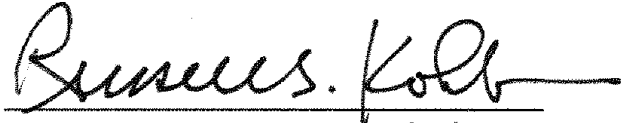
- (1) Changing the effective date of this measure from upon its approval to July 1, 2050 to ensure further discussion on this matter; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to provide rapid utility service restoration to customers in an event of exigent circumstances.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3002, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3002, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Affordable  
Housing,



RUSSELL S. KOKUBUN, Chair



