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TO THE HOUSE COMMITTEE ON FINANCE

THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

Friday, February 22, 2008  
12:00 p.m.

TESTIMONY OF CATHERINE P. AWAKUNI, EXECUTIVE DIRECTOR,  
DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND  
CONSUMER AFFAIRS TO THE HONORABLE REPRESENTATIVE OSHIRO,  
CHAIR AND MEMBERS OF THE COMMITTEE

**HOUSE BILL NO. 3080, HOUSE DRAFT 1 – RELATING TO PROPERTY OF  
PUBLIC UTILITIES.**

**DESCRIPTION:**

This measure grants the public utilities the authority to transfer, assign, or otherwise dispose of property, without prior approval from the Hawaii Public Utilities Commission (“Commission”), under circumstances calling for timely, decisive action in order to aid a customer whose operations have been disrupted due to unforeseeable events.

**POSITION:**

The Division of Consumer Advocacy (“Consumer Advocate”) supports this Administration measure, which provides public utilities the discretion to transfer, assign, or dispose of property prior to obtaining Commission approval under limited circumstances.

H.B. No. 3080, H.D. 1  
House Committee on Finance  
Friday, February 22, 2008, 12:00 p.m.

COMMENTS:

By law, public utilities are required to obtain approval from the Commission prior to transfer, assignment, encumbrance, or other disposition of property necessary or useful in performance of their duties as a public utility providing services to the public.

In the recent past, there have been a few instances of electric utilities needing to assist customers on an emergency basis by providing equipment or other property to restore the customers' operations. The Consumer Advocate and Commission have, in each of these instances, worked to provide emergency interim review and approval, respectively, as quickly as possible. Regardless of the speed with which the Consumer Advocate and Commission work in these emergency circumstances, the customers in these instances likely would have been assisted sooner, but for the need for prior approval.

The public interest will be served by allowing public utilities the discretion to transfer or dispose of their property without prior Commission approval when exigent circumstances arise that would otherwise cause "serious disruption of essential public services, . . . serious risk to public safety, or to mitigate serious economic losses to [a] customer." The remainder of the customers will be protected from such transfers, as the proposal includes the requirement that public utilities be duly compensated for their property.

Thank you for this opportunity to testify.

Testimony before the  
House Committee on

Finance

H.B. 3080, H.D. 1 – Relating to Property of Public Utilities

Friday, February 22, 2008  
12:00 pm, Conference Room 308  
Agenda #3

By William A. Bonnet  
Vice President, Government & Community Affairs  
Hawaiian Electric Company, Inc.

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Bill Bonnet and I am testifying on behalf of Hawaiian Electric Company, Inc. and its subsidiary utilities, Maui Electric Company, Ltd. and Hawaii Electric Light Company.

Hawaiian Electric Company strongly supports H.B. 3080, H.D. 1, which provides flexibility to the utility in making available material to assist customers in restoring power. This is not an unconstrained authorization, and judgment will be required. However, the intent of the language is clear, and it will enable us to better serve our customers by supporting essential services other than our own.

Presently the utility notifies the Commission verbally of a condition that we believe warrants our involvement. This is followed by a letter request to the Commission and an interim Commission order allowing us to proceed, subject to review and approval of a formal application subsequent to the action. The proposed streamlining measure reduces regulatory cost for the Public Utilities Commission, the Division of Consumer Advocacy, and the utility.

Let me give you two examples of the situations this legislation would address:

In December 2007, a severe storm resulted in a power outage for half of Schofield Barracks. The Army determined, among other things, that it needed ten 46 kV insulators to restore power, and the insulators were not available on Oahu. The Army contacted Hawaiian Electric and fortunately, the Company had extra insulators in its inventory. We delivered the insulators to the Army, notified the Public Utilities Commission, and power was restored within days based on an expedited interim Commission order.

Following the Manoa flood in October of 2004, Hawaiian Electric provided the University of Hawaii with cable and other materials needed to connect several 750 kW generators to their distribution system. Hawaiian Electric had the required cable and materials in its inventory. It would have taken the University four months to procure this material from a mainland vendor. We sent a letter request to the Commission one day and received an expedited interim order the next day. A final decision and order was issued over a month later, following review of a formal application.

This proposed legislation acknowledges the need for such action by the electric utility and proposes to make it more efficient. Checks and balances remain, in the form of detailed reporting to the Commission within 30 days. As always, the utility must exercise prudence in its actions, and will be judged on that basis in this and all other matters.

We urge your favorable consideration of this bill and appreciate the opportunity to provide testimony.