



LATE TESTIMONY

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LAWRENCE M. REIFURTH
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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION
AND COMMERCE

THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

Monday, March 24, 2008
2:30 p.m.

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

**HOUSE CONCURRENT RESOLUTION NO. 304 AND HOUSE RESOLUTION
NO. 254 – URGING THE PUBLIC UTILITIES COMMISSION TO RULE THAT
ALL SCHEDULE Q CONTRACTS SHOULD RECEIVE THE FULL AVOIDED
COST PRICING AS WRITTEN IN THE EXISTING SCHEDULE Q ELECTRICITY
RATE SCHEDULE FOR EACH UTILITY.**

DESCRIPTION:

These resolutions urge the Hawaii Public Utilities Commission (“Commission”) to rule that all Schedule Q contracts should receive the full avoided cost pricing as written in the existing Schedule Q electricity rate schedule for each utility.

POSITION:

The Division of Consumer Advocacy (“Consumer Advocate”) understands the intent of these resolutions and offers the following comments for this Committee’s consideration.

H.C.R. No. 304 and H.R. 254
House Committee on Consumer Protection and Commerce
Monday, March 24, 2008, 2:30 p.m.

COMMENTS:

These resolutions may be unnecessary at this time in light of the recent decision issued by the Commission in a docket approving Hawaii Electric Light Company's purchased power contract with the County of Hawaii, Department of Water Supply. Specifically, in Decision and Order No. 24099, filed on March 20, 2008, in Docket No. 2007-0220, the Commission stated its intention to open a new docket to examine the methodology for calculating Schedule Q rates, noting Hawaiian Electric Company and its subsidiaries' recommendation to examine any new methodologies in detail in a new Commission proceeding.

Rather than determining the appropriate rate for small purchase power agreements at the Legislature, it would appear reasonable to allow the Commission to determine the level of avoided cost to be included in a utility's rate after a review of relevant information in a docket record. A new docket opened to evaluate the Schedule Q rates in light of the language added to section 269-27.2, HRS, by Act 162, Session Laws of Hawaii 2006, will enable the Commission to: (1) provide customers signing agreements with electric utilities for small amounts of power with certainty about the rates that they will receive; and (2) reduce the linkage between the price of fossil fuel and electricity generated with renewable resources, as required by State law.

Thank you for this opportunity to testify.



Testimony for
House Committee on Consumer Protection & Commerce

Regarding

HR 254 / HCR 304

Monday March 24, 2008
State Capitol, conference room 325
2:30 pm

LATE TESTIMONY

Position: In Support

My name is Eric Tanouye and I am the Vice President/General Manager of Green Point Nurseries, Inc. on the Big Island. My family is in our second generation of floriculture agribusiness, a business that produces Hawaii's cut flowers and foliage and tropical blooming plants. Our products are distributed and exported locally, nationally, and internationally. Hawaii's agricultural future relies on the decisions and support we make today.

We are in support of HR 254 and HCR 304, which will urge the Public Utilities Commission to rule that all Schedule Q contracts should receive the full avoided cost pricing as written in the existing Schedule Q electricity rate schedule for each utility. Schedule Q contemplates encouraging small energy production, and it encourages food security as well as economic security through enabling small producers of energy. We need to encourage small businesses and agribusinesses to become producers of sustainable, attainable and achievable small energy. We need to encourage more people to provide renewable energy so we can free ourselves from foreign oil, thus being able to spend the money saved locally in the State of Hawaii. In order to keep Hawaii competitive in the global marketplace, we must embrace all available technologies.

If you have any further questions, please feel free to contact me at telephone (808) 959-3535, and email gpn@greenpointnursery.com. Thank you in advance for your support of this bill.

Supporting Hawaii Agriculture

Eric S. Tanouye, Vice President/General Manager

CHARMAINE TAVARES
Mayor



KALBERT K. YOUNG
Director of Finance

AGNES M. HAYASHI
Deputy Director of Finance

COUNTY OF MAUI

DEPARTMENT OF FINANCE

200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

March 24, 2008

LATE TESTIMONY

The Honorable Robert N. Herkes, Chair
And Members
Committee on Consumer Protection & Commerce
House of Representatives
Honolulu, Hawaii 96813

RE: HR304/HCR368: REQUESTING THE MAYOR OF MAUI AND THE MAUI
COUNTY COUNCIL TO ESTABLISH A REAL PROPERTY TAX STRUCTURE
BASED ON THE CALIFORNIA PROPOSITION 13 PROPERTY TAX SYSTEM

Dear Chairman Herkes & Members,

This testimony is to request that the legislature defer on any position or recommendation to a neighbor island county on revising a real property tax structure that is inconsistent with the financial and economic requirements of its county government, citizens and the method by which the former must provide funds for afford the latter.

Real property tax revenue annually constitutes over 40% of the revenue required to run County government and provide government services throughout Maui County. A property tax system based on California's Proposition 13 model is potentially wrought with problems for county jurisdictions in the State of Hawaii where THE primary revenue source is real property tax. Since Proposition 13's adoption in California in the 1970's California has had to adopt a number of additional funding methods to cover its real property tax revenue shortfalls. That's right – shortfall. California's real property tax is based at the state level and modifications in that state's legal structures were possible (and required) to accommodate revenue needs.

The same is not true in Hawaii where the counties are required to fund a number of services largely through the collection of real property tax. While Proposition 13-like measure could mean beneficial tax assessments for some property owners, the California model also clearly shows valuation discrepancies across neighborhoods and between neighbors. This inequity is not in the best interest for Maui or within the State of Hawaii. Unlike in California, on the County-level where revenues are reduced due to real property tax valuation decreases or shortfalls, the County is left with virtually no alternatives to consider recovering revenue shortages.

I urge the Committee to defer on this item as it is not in the financial best interest of the County of Maui or in the equity interest of fairness for citizens in the State of Hawaii.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Young".

Kalbert K. Young
Director