



LINDA LINGLE  
GOVERNOR  
JAMES R. AIONA, JR.  
LT. GOVERNOR

**STATE OF HAWAII**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: (808) 586-2850  
Fax Number: (808) 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

LAWRENCE M. REIFURTH  
DIRECTOR  
RONALD BOYER  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON FINANCE

THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

Wednesday, March 26, 2008  
12:30 p.m.

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

**SENATE BILL NO. 2191, SENATE DRAFT 2, HOUSE DRAFT 1 – RELATING  
TO PUBLIC UTILITIES.**

**DESCRIPTION:**

This measure: (1) Requires the Hawaii Public Utilities Commission (“Commission”) to study one priority region for each county statewide to develop with input from the utilities a plan for undergrounding overhead utility lines for health and safety purposes; and (2) Funds the study by appropriating funds out of the public utilities special fund.

**POSITION:**

The Division of Consumer Advocacy (“Consumer Advocate”) understands the intent of the bill and offers the following comments for this Committee’s consideration. The Consumer Advocate defers to the Commission as to the reasonableness of using the public utilities special fund for this purpose and as to its ability to complete this comprehensive study within the timeframe specified.

S.B. No. 2191, S.D. 2, H.D. 1  
House Committee on Finance  
Wednesday, March 26, 2008, 12:30 p.m.

COMMENTS:

This Senate draft of the measure addresses some of the concerns expressed by the Consumer Advocate and others about the significant costs associated with relocating overhead facilities underground. Instead of mandating that the Commission develop and implement a conversion plan, this measure seeks to have the Commission study areas within each region that are “prone to repeated falling or damage of overhead utility lines due to *severe weather, or other conditions or occurrences* that can be addressed with the undergrounding of overhead utility lines. . . .” (emphasis in original). The measure further instructs the Commission to consider, among other things, the cost-benefit analysis of relocating facilities underground and the utilities’ ability to use other methods to address repeated damage to overhead facilities.

Senate Draft No. 2 represents a much more balanced approach to planning the relocation of overhead facilities, since it first requests a study of the areas, alternatives to undergrounding, and existing challenges, among other things. We remain concerned, however, that by delegating this planning process to the Commission many will conclude that the customers of regulated utilities shall be solely responsible for the cost of relocating the utilities’ facilities underground. Given the magnitude of the costs involved (up to \$12 million per mile for one utility), failing to explore alternative federal or state funding would result in burdening customers of regulated utilities with significant rate increases.

Thank you for this opportunity to testify.

**WRITTEN ONLY**

**TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
HOUSE COMMITTEE ON FINANCE  
MARCH 26, 2008**

**MEASURE: S.B. No. 2191, S.D. 2, H.D. 1  
TITLE: Relating to Utilities.**

Chair Oshiro and Members of the Committee:

**DESCRIPTION:**

This bill requires the Public Utilities Commission ("Commission") to conduct a statewide study to focus on one priority region per county, and to develop a plan, with consultation and input from utility service providers and community engagement, for the undergrounding of overhead utility lines for health and safety purposes.

This measure also makes an appropriation for an unspecified amount for fiscal year 2008-2009 from the public utilities special fund to the Commission to conduct the statewide study and for development of a plan for undergrounding of overhead utility lines.

**POSITION:**

The Commission appreciates the importance of this policy issue, but has several concerns and comments regarding the proposed implementation of this policy as drafted in this bill.

**COMMENTS:**

- **The Commission defers to the Legislature's policy determination regarding conversion of overhead to underground utility lines as described in this bill and the use of resources for this effort, but advises the committee of the following issues:**
  - The study and plan mandated by this bill are statewide in scope, despite being focused initially on one priority region in each county. In order for the Commission to determine which one region of each county is the priority for undergrounding, public meetings or hearings will have to be held on each neighbor island to elicit the communities' input, along with that of the utilities affected, and will require significant levels of funding.

Such an undertaking will require large amounts of Commission time, travel, and expense. This effort will also divert the Commission's attention and resources from existing duties and responsibilities.

- In addition, the Commission may need to retain the services of one or more consultants to assist in determining the initial priority regions, along with assisting in developing the statewide plan for undergrounding overhead utility lines.
- This bill in its purpose clause states that funding for the study and plan is to be provided by an appropriation of funds into the public utilities special fund, but the bill in section 3., the appropriation clause, makes no mention of an appropriation into the public utilities special fund.
- Although the bill makes an appropriation from the public utilities special fund to the Commission to conduct and develop the study and plan, it makes no mention of the sources of funding to **implement** the study and plan. In other words, the bill does not provide for how the costs for actually undergrounding will be funded.
- The Commission has responded to inquiries regarding an estimate of possible costs of conducting the study and development of a statewide plan as proposed by this bill from its introduction. Based on brief and informal discussions from various sources, the Commission estimates costs of the study at a very rough minimum of \$1.5 million.
- **The Commission may require a longer period of time than the bill provides for conducting the statewide study and plan for undergrounding development.**
  - This bill mandates a complex and far-reaching study and plan that will require and involve large groups of potential stakeholders, and the Commission envisions that additional time may be needed to coordinate and accomplish this effort.
- **In short, if the Legislature makes the proposed policy determination to place a high priority on undergrounding utility lines in areas that are prone to severe weather conditions and other significant factors that lead to disruptions, as proposed in this bill, several issues need to be clarified and addressed as we described in our testimony.**

Thank you for the opportunity to testify.