

Testimony before the  
House Committee on

Finance, Agenda #3

S.B. 3001, SD2, HD1 – Relating to Renewable Energy

Wednesday, April 2, 2008  
2:30 pm, Conference Room 308

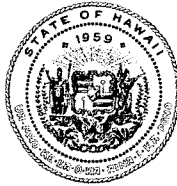
By William A. Bonnet  
Vice President, Government & Community Affairs  
Hawaiian Electric Company, Inc.

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 supports S.B. 3001, SD2, HD1, which allows demand-side management surcharge proceeds to be transferred to and managed by a third party administrator appointed by the Public Utilities Commission. This would avoid the need for the Commission to create and administer a state fund. The bill ensures that moneys collected from utility customers will be used for their intended purpose of supporting energy efficiency and conservation programs and services. The Commission still retains responsibility, control, and oversight of the moneys through a contract with the third-party administrator.

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



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TO THE HOUSE COMMITTEE ON FINANCE

THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

April 2, 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 MARCUS  
OSHIRO, CHAIR, AND MEMBERS OF THE COMMITTEE

**SENATE BILL NO. 3001, SENATE DRAFT 2, HOUSE DRAFT 1 – RELATING  
TO ENERGY EFFICIENCY.**

**DESCRIPTION:**

This measure clarifies provisions of Chapter 269, Part VII, Hawaii Revised Statutes, relating to the administration and use of moneys supporting energy-efficiency and demand-side management programs and services.

**POSITION:**

The Division of Consumer Advocacy (“Consumer Advocate”) supports this Administration measure, which clarifies Chapter 269, Part VII, HRS.

**COMMENTS:**

The clarification is necessary to ensure that the statute cannot be inaccurately interpreted to mean that, should the Public Utilities Commission establish a public benefits fund, moneys collected by the public utilities through current demand-side management surcharges will be transferred to the Public

S.B. No. 3001, S.D. 2, H.D. 1  
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Utilities Commission, which would then possess and expend those moneys, subject to legislative appropriation.

It may also be necessary to clarify the law by specifically exempting any moneys paid out by the Public Benefits Fund Administrator (e.g., rebates to customers participating in energy efficiency programs) from the State procurement law, as these funds are not State funds, but customer moneys held by a third party for use in funding important energy efficiency and demand-side management measures. The Consumer Advocate and Public Utilities Commission have discussed and agreed to amending §269-122(a) to confirm that the public benefits fee administrator is not subject to procurement law. The proposed amendment is below in bold and italics:

**[§269-122] Public benefits ~~fund~~ fee administrator; establishment.** (a) ~~[If the]~~ The public utilities commission ~~[establishes a public benefits fund, the public utilities commission shall appoint]~~ may contract with a ~~fund~~ third-party administrator, to be known as the public benefits fee administrator, on terms and conditions that it deems necessary to manage the public benefits fee moneys collected pursuant to section 269-121. The public benefits fee administrator, *which shall be excluded from coverage of the term "governmental body" as defined in section 103D-104*, shall operate and ~~[manage]~~ administer any programs established under section 269-121. The ~~fund~~ administrator shall not expend more than ten per cent of the ~~fund~~ public benefits fee moneys in any fiscal year, or other reasonable percentage determined by the public utilities commission, for administration of the programs established under section 269-121.

Discussions with other states utilizing such public benefits fund programs have indicated that strict interpretation of other states' statutes have required compliance with procurement processes which greatly lengthens the amount of time to provide rebate payouts to customers, among other payments. Such delays discourage the customer from engaging in such programs.

Thank you for this opportunity to testify.