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Statement of  
**THEODORE E. LIU**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEES ON  
COMMERCE, CONSUMER PROTECTION AND AFFORDABLE HOUSING  
AND  
COMMITTEE ON WAYS AND MEANS**  
Tuesday, February 26, 2008  
11:00 a.m.  
State Capitol, Conference Room No. 211  
in consideration of  
**SB3001, SD1**  
**RELATING TO ENERGY EFFICIENCY.**

Chair Kokubun, Chair Baker, Vice Chair Ige, Vice Chair  
Tsutsui, and Members of the Committees.

The Department of Business, Economic Development, and  
Tourism (DBEDT) supports SB3001, SD1, which clarifies certain  
sections of Chapter 269, Part VII, relating to the public  
benefits fund which was established for the implementation and  
administration of energy efficiency and demand-side management  
programs.

The bill proposes to amend Sections 269-121 to 269-124 to  
clarify the language of the law relating to the administration  
and regulation of the fund and fund administrator. DBEDT  
supports the bill, and DBEDT defers to the Department of Budget

and Finance on the proposed changes with one comment, that the language of the proposed bill explicitly clarify that the public benefit fees will not be subject to the State procurement law since these fees are not State funds, but rather, ratepayers money collected specifically to fund energy efficiency and demand-side management programs.

Thank you for the opportunity to testify.

**TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
SENATE COMMITTEES ON  
COMMERCE, CONSUMER PROTECTION AND AFFORDABLE HOUSING  
AND  
WAYS AND MEANS  
FEBRUARY 26, 2008**

**MEASURE:** S.B. No. 3001 S.D. 1  
**TITLE:** Relating to Energy Efficiency.

Chairs Kokubun and Baker and Members of the Committees:

**DESCRIPTION:**

This bill proposes to clarify provisions in chapter 269, Hawaii Revised Statutes (“HRS”) relating to administration and use of moneys supporting energy-efficiency and demand-side management (“DSM”) programs and services. Among other things, the bill makes consistent the wording of chapter 269, part VII, HRS, with the processes and procedures applicable to third-party administration of energy-efficiency and DSM programs and services.

**POSITION:**

The Public Utilities Commission (“Commission”) strongly supports this Administration bill.

**COMMENTS:**

- This bill aligns the language of the law with the regulatory process and procedures that the Commission will establish through a pending docket that will apply under a third-party administrator structure for energy-efficiency and DSM programs and services in Hawaii.
- For example, the bill changes “public benefits fund” to “public benefits fee,” and makes other related amendments within chapter 269, part VII, HRS, to clarify that the moneys collected for purposes of funding energy-efficiency and DSM programs and services will not actually be deposited into a state fund for expenditure by the Commission.
  - As presently worded, chapter 269, part VII, HRS can be inaccurately interpreted to mean that upon the establishment of a public benefits fund, moneys collected by the public utilities through current DSM surcharges will be transferred to the Commission, and the Commission will then deposit them into the state treasury and expend those moneys subject to legislative appropriation.

- In actuality, under a third-party administrator structure, the Commission will require an initial transfer of DSM surcharge moneys from public utilities to the third-party administrator, which will receive the public benefits fees and expend them consistent with Commission-approved programs and services. In effect, the third-party administrator will act as public utilities currently do.
- For this reason, the bill makes explicitly clear that public benefits fees shall not be considered state or public moneys subject to legislative appropriation and shall not be required to be deposited into the state treasury.
- **Also under the bill, the State has express authority to participate in any energy-efficiency and DSM programs and services offered by the third-party administrator.**
  - This clarification removes possible misinterpretation that the law prohibits state agencies from participating in these programs and services or deriving any benefit from them.
- **Finally, the bill clarifies language contained in § 269-122(b), HRS relating to regulation of the public benefits fee administrator.**
  - The current language is not clear as to whether the public benefits fee administrator is a public utility under Commission regulation.
  - Under the clarifying language, the public benefits fee administrator will be regulated under certain sections of chapter 269 that are also applicable to public utilities, but would not itself be a public utility.

Thank you for the opportunity to testify.

Testimony before the  
Senate Committees on

Commerce, Consumer Protection and  
Affordable Housing and  
Ways and Means

S.B. 3001, SD1 – Relating to Renewable Energy

Tuesday, February 26, 2008  
11:00 am, Conference Room 211

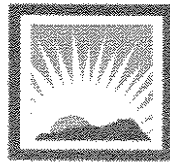
By William A. Bonnet  
Vice President, Government & Community Affairs  
Hawaiian Electric Company, Inc.

Chairs Kokubun and Baker, Vice Chairs Ige and Tsutsui and Members of the  
Committees:

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, SD1, 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.



**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

TESTIMONY OF THE HAWAII SOLAR ENERGY ASSOCIATION  
IN REGARD TO S.B. 3001, S. D. 1  
RELATING TO ENERGY EFFICIENCY  
BEFORE THE  
SENATE COMMITTEES ON CPH AND WAM  
ON  
TUESDAY, FEBRUARY 26, 2008

Chairs Kokubun and Baker, Vice-Chairs Ige and Tsutsui and members of the committees, my name is Richard Reed and I represent the Hawaii Solar Energy Assn. (HSEA). HSEA is a professional trade association established in 1977, and affiliated with the Solar Energy Industries Association (SEIA). HSEA represents manufacturers, distributors, contractors, financial entities and utility companies active in the solar energy industry. We strongly support the passage of S.B. 3001, S.D. 1.

S.B. 3001, S.D. 1 clarifies that the public benefits fees collected by Hawaii's electric utility companies and then transferred to a new third-party public benefits fee administrator, to be appointed by the PUC, shall not be considered state or public funds subject to appropriation by the legislature or for deposit into the state general fund.

State raids on dedicated funds are common. In a paper for the Regulatory Assistance Project, or RAP, entitled "Who Should Deliver Ratepayer Funded Energy Efficiency?", Cheryl Harrington discusses raids on public benefit funds in Maine, Wisconsin, Ohio and Connecticut. A raid has been threatened in Oregon. In the Connecticut example, the legislature appropriated \$12 million from a *utility-held* public benefit account to the general fund.

S.B. 3001, S.D.1 makes clear that the sole purpose of a public benefits fund in Hawaii is to provide demand-side management and energy-efficiency services to Hawaii's residential and commercial ratepayers. The bill also makes explicit that the State of Hawaii may participate in any of the DSM programs on the same basis as any other ratepayer.

The transition from electric utility company administration of DSM and energy-efficiency programs in Hawaii to independent third party administration is already underway. It is exceptionally important to recognize in statute that ratepayer funded public benefits fees are for one purpose and one purpose only: to support demand-side management and energy efficiency programs in Hawaii.

Thank you for the opportunity to testify.