

JAN 23 2009

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# A BILL FOR AN ACT

RELATING TO PUBLIC UTILITIES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

- 1           SECTION 1. Section 269-16, Hawaii Revised Statutes, is  
2 amended by amending subsection (g) to read as follows:
- 3           "(g) Any automatic fuel rate adjustment clause requested  
4 by a public utility in an application filed with the commission  
5 shall be designed, as determined in the commission's discretion,  
6 to:
- 7           (1) Fairly share the [~~risk of~~] fuel cost changes between  
8 the public utility and its customers;
- 9           (2) Provide the public utility with sufficient incentive  
10 to reasonably manage or lower its fuel costs and  
11 encourage greater use of renewable energy;
- 12           (3) Allow the public utility to mitigate [~~the risk of~~]  
13 sudden or frequent fuel cost changes that cannot  
14 otherwise reasonably be mitigated through other  
15 commercially available means, such as through fuel  
16 hedging contracts;



1 (4) Preserve, to the extent reasonably possible, the  
 2 public utility's financial integrity; and  
 3 (5) Minimize, to the extent reasonably possible, the  
 4 public utility's need to apply for frequent  
 5 applications for general rate increases or decreases  
 6 to account for the changes to its fuel costs[-];  
 7 provided that the cost incurred by an electric or gas utility  
 8 for fuel and purchased energy due to changes in the unit cost of  
 9 fuel and purchased energy shall be determined on a  
 10 basis and shall be based on the average of the three lowest of  
 11 the four weekly averages of the spot daily price of the fuel in  
 12 regional areas of the United States."

13 SECTION 2. Statutory material to be repealed is bracketed  
 14 and stricken. New statutory material is underscored.

15 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: John M. ...  
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**Report Title:**

Utility rates; Public Utilities Commission; Fuel Adjustment Clause

**Description:**

Requires that a public utility's automatic fuel rate adjustment clause include provisions that the cost of fuel shall be determined on a calendar basis and shall be equal to the average of the three lowest of the four weekly averages of the spot daily price of the fuel in regional areas of the United States.

