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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. The legislature finds that, for farmers and  
2 ranchers to remain competitive and self-sustaining, the State  
3 must provide incentives and mechanisms to ensure that all means  
4 of supporting the local agricultural industry are implemented.  
5 The public utilities commission regulates the rates charged by  
6 public utilities that provide essential services to the  
7 agriculture industry such as water, interisland shipping, and  
8 electricity.

9           The purpose of this Act is to provide for preferential  
10 rates for public utility services provided to ratepayers engaged  
11 in agricultural activities.

12           SECTION 2. Section 269-26.5, Hawaii Revised Statutes, is  
13 amended to read as follows:

14           "[+] §269-26.5 [+] Preferential [~~water~~] rates for  
15 agricultural activities. (a) It is the policy of the State to  
16 promote the long-term viability of agriculture by establishing  
17 mechanisms that provide for preferential rates for [~~potable~~  
18 ~~water for~~] public utility services that are provided to



1 ratepayers that engage in agricultural activities. The public  
2 utilities commission shall have the authority to establish  
3 preferential rates for [~~potable water~~] public utility services  
4 that are used by ratepayers for agricultural activities in a  
5 public utility's service area.

6 (b) Upon receipt of a bona fide request for preferential  
7 rates for [~~potable water~~] any public utility service to be used  
8 for agricultural activities[~~7~~] on lands within an agricultural  
9 district, and proof that the customer engages in agricultural  
10 activities[~~7~~] on lands within an agricultural district, a public  
11 utility shall provide proposed preferential rates for [~~potable~~  
12 ~~water~~] the requested public utility service, including but not  
13 limited to potable water, electricity, and freight transport, to  
14 be used only for qualified agricultural activities subject to  
15 the public utilities commission for approval. All such rates  
16 approved by the public utilities commission shall be subsidized  
17 by the [~~potable water~~] rates charged to other customers of the  
18 public utility, if required, as determined by the public  
19 utilities commission. In reviewing the proposed preferential  
20 rates, the public utilities commission, in consultation with the  
21 department of agriculture, may establish additional criteria to  
22 qualify bona fide agribusinesses for [~~water~~] public utility



1 services used solely for agricultural activities. For rate  
 2 cases initiated pursuant to this section, the public utilities  
 3 commission shall allow the recovery of any reasonable  
 4 unamortized costs incurred by the public utility in its previous  
 5 rate case; provided however, upon full amortization of these  
 6 costs, rates shall be adjusted accordingly."

7 SECTION 3. Statutory material to be repealed is bracketed  
 8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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**Report Title:**

Public Utilities; Rates; Agriculture

**Description:**

Directs public utilities to establish discounted rates for providing services used for agricultural activities located in agricultural districts.

