
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 SECTION 1. The legislature has recognized the challenges
2 that agriculture producers face by establishing a preferential
3 rate for non-potable and potable water used in agricultural
4 activities. The legislature now finds that many agricultural
5 businesses use electric pumps and systems for crop irrigation.
6 Electricity to power these systems is sold by regulated electric
7 utilities at a single commercial rate structure. This also
8 applies to electricity use in other agricultural activities such
9 as vacuum cooling plants and canning operations. The
10 legislature finds that, for agriculture producers to remain
11 competitive and self-sustaining, the State must provide
12 additional incentives.

13 The purpose of this Act is to require public utilities to
14 provide preferential rates for electricity to qualified
15 ratepayers engaged in agricultural activities.

16 SECTION 2. Section 269-1, Hawaii Revised Statutes, is
17 amended by amending the definition of "agricultural activities"
18 to read as follows:



1 "\"Agricultural activities\" means a commercial agricultural,
2 silvicultural, or aquacultural facility or pursuit conducted, in
3 whole or in part, including the care and production of livestock
4 and livestock products, poultry and poultry products, apiary
5 products, and plant and animal production for nonfood uses; the
6 planting, cultivating, harvesting, and processing of crops; and
7 the farming or ranching of any plant or animal species in a
8 controlled salt, brackish, or freshwater environment. The term
9 shall also include activities supporting or secondary to
10 agricultural production, including but not limited to
11 irrigation, cooling, canning, and storage.\"

12 SECTION 3. Section 269-26.5, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "~~[+]~~§269-26.5~~[+]~~ **Preferential water and electricity rates**
15 **for agricultural activities.** (a) It is the policy of the State
16 to promote the long-term viability of agriculture by
17 establishing mechanisms that provide for preferential rates for
18 potable water and electricity for ratepayers that engage in
19 agricultural activities. The public utilities commission shall
20 have the authority to establish preferential rates for potable
21 water and electricity used by ratepayers for agricultural
22 activities in a public utility's service area.



1 (b) Upon receipt of a bona fide request for preferential
2 rates for potable water or electricity to be used for
3 agricultural activities[7] on lands within an agricultural
4 district, and proof that the customer engages in agricultural
5 activities[7] on lands within an agricultural district, a public
6 utility shall provide proposed preferential rates for potable
7 water, electricity, or both to be used only for qualified
8 agricultural activities to the public utilities commission for
9 approval. All [~~such~~] rates approved by the public utilities
10 commission shall be subsidized by the potable water or
11 electricity rates charged to other customers of the public
12 utility, if required, as determined by the public utilities
13 commission. In reviewing the proposed preferential rates, the
14 public utilities commission, in consultation with the department
15 of agriculture, may establish additional criteria to qualify
16 bona fide agribusinesses for water or electricity used solely
17 for agricultural activities. For rate cases initiated pursuant
18 to this section, the public utilities commission shall allow the
19 recovery of any reasonable unamortized costs incurred by the
20 public utility in its previous rate case; provided however, upon
21 full amortization of these costs, rates shall be adjusted
22 accordingly."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: Cindy Evans

[Signature]

JAN 19 2010

Report Title:

Public Utilities; Rates; Agriculture

Description:

Directs public utilities to establish discounted rates for electricity for agricultural activities located in agricultural districts.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

