

Honolulu, Hawaii

March 12, 2010

RE: S.B. No. 2756  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 2756, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO COST SHARING IN THE RELOCATION AND UNDERGROUNDING OF UTILITY FACILITIES,"

begs leave to report as follows:

The purpose of this measure is to clarify the cost-sharing requirements for public utilities and other entities that occupy state or county rights-of-way for relocating facilities due to highway development or undergrounding of facilities. Among other things, this bill:

- (1) Requires certain utilities to provide one-half of the excess costs over \$10,000 for the removal, relocation, replacement, or reconstruction of any utility facility;
- (2) Provides that a utility, except for a telecommunications carrier utility owner, must pay its share of betterment or relocation costs to the state or county highway agency 30 days prior to removal, relocation, replacement, or reconstruction of utility facilities;
- (3) Requires that a state or county highway agency is required to pay its full share of cost 30 days prior to construction;



- (4) Specifies that the final cost share must be based on the project's actual cost and subject to review and mutual agreement of the parties to the project; and
- (5) Stipulates that, when federal highway funds are available, they be used for 80 percent of the cost of undergrounding existing utilities.

The Department of Transportation (DOT), Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company testified in support of this bill. A member of the Maui County Council, Department of Environmental Management of the County of Maui, Kauai Island Utility Cooperative, and Honolulu Board of Water Supply opposed this measure. The Gas Company provided comments.

Currently, when utility relocations or undergrounding of utility facilities occur in state highway projects, the utility is required to share the cost with DOT. However, according to DOT, various interpretations of the law have resulted in inconsistent applications of the law, which has produced wide disparities in cost-sharing. Passage of this measure will help clarify the cost-sharing requirements for the relocation and undergrounding of utility facilities and ultimately result in cost savings for DOT.

However, your Committee notes that while further discussion is necessary to develop and improve upon this initiative, this bill is a good starting point for the stakeholders and will set into motion the changes necessary to ensure greater coordination between state, county, and public-utility agencies to implement much needed infrastructure improvements in a more equitable way.

Your Committee has amended this bill by:

- (1) Clarifying that, when paying for any betterment or relocation costs of a utility facility, the state or county highway agency must pay its full share to the utility; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2756, S.D. 2, as amended herein, and recommends that it pass



Second Reading in the form attached hereto as S.B. No. 2756, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation,



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JOSEPH M. SOUKI, Chair



