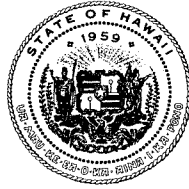


LINDA LINGLE  
GOVERNOR



BRENNON T. MORIOKA  
DIRECTOR

Deputy Directors  
MICHAEL D. FORMBY  
FRANCIS PAUL KEENO  
BRIAN H. SEKIGUCHI  
JIRO A. SUMADA

IN REPLY REFER TO:

**STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097**

March 25, 2010

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 506 SD 1 HD 2

COMMITTEE ON FINANCE

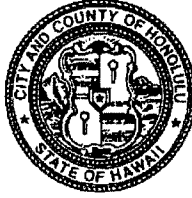
The Department of Transportation supports SB 506 SD 1 HD 2 as the proposed changes to 103D-309 allows the State or County to certify the utility's share of a contract through a legal agreement instead of requiring these funds to be provided upfront in order to certify the availability of funds for a construction project.

In the past, disagreements between the State and utilities on the interpretation of 103D-309 have resulted in utilities refusing to provide funds upfront, and the State being required to front the utility's share of construction funds in order for a construction project to move forward. This practice unnecessarily locked up State funds that could have otherwise been used for other projects. The proposed changes to 103D-309 will allow utilities to make progress payments instead of upfronting the funds, a transaction format that they would prefer, provided a memorandum of agreement is reached with the State or County agency. This will allow the utilities to also hold onto their funds until the actual utility work is physically started, which can sometimes be one to two years after the original funds were required for certification. This arrangement would be a much fairer relationship between the utilities and the State or Counties.

DEPARTMENT OF ENVIRONMENTAL SERVICES  
**CITY AND COUNTY OF HONOLULU**

1000 ULUOHIA STREET, SUITE 308, KAPOLEI, HAWAII 96707  
TELEPHONE: (808) 768-3486 • FAX: (808) 768-3487 • WEBSITE: <http://envhonolulu.org>

MUFI HANNEMANN  
MAYOR



TIMOTHY E. STEINBERGER, P.E.  
DIRECTOR

MANUEL S. LANUEVO, P.E., LEED AP  
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.  
DEPUTY DIRECTOR

IN REPLY REFER TO:  
WAS 10-077

March 24, 2010

Representative Marcus R. Oshiro, Chair  
and Members of the Committee on Finance  
House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: Senate Bill 506, SD1, HD2, Relating to Procurement

The City and County of Honolulu's Department of Environmental Services (ENV) supports the intent of Senate Bill 506, SD1, HD2, which proposes to modify Section 103D-309, HRS, to allow certification of funds for contracts pursuant to Section 264-33, HRS, based upon a legal agreement between the affected utility and the State, or a county. We propose one clarification as recommended below.

We recommend that the proposed definition of "Utility" for the purposes of the subsection be changed to read:

"Utility" means a privately owned public utility company or entity.

We believe that this change adds clarity and reflects the intent of the bill as identified in House Standing Committee Report No. 864-10. We would appreciate your support of this proposed change.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Steinberger".

Timothy E. Steinberger, P.E.  
Director

Testimony Before the House Committee on  
Finance

By: Michael V. Yamane, P.E.  
Engineering Manager  
Kauai Island Utility Cooperative  
4463 Pahee Street, Suite 1, Lihue, Hawaii, 96766-2000

Thursday, March 25, 2010, 10:00am  
Conference Room #308

**Senate Bill No. 506, S.D. 1, H.D. 2 – Relating to Procurement**

To the Honorable Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice-Chair,  
and members of the Committee:

Thank you for the opportunity to testify on this measure. My name is Mike Yamane, representing Kauai Island Utility Cooperative (“KIUC”). I am here today to testify in support of S.B. No. 506, S.D. 1, H.D. 2 and would like to provide comments on the provision of the bill regarding the exemption of KIUC from Subsection C.

KIUC’s original opposition was to H.B. No. 2603 and S.B. No. 2756 which attempted to clarify certain language in HRS Section 264-33 on the formula calculation on State or County requested relocation of utility facilities. We testified on these bills that they either be held or KIUC be exempted due to the fact the existing language in these measures is contrary to the way KIUC currently handles State and County relocations and would add additional cost to our members.

Since S.B. No. 506, S.D. 1, H.D. 2 will not be affecting the formula calculations in HRS Section 264-33, therefore KIUC does not require an exemption as currently stated.

Thank you for the opportunity to testify today on behalf of KIUC.

# Testimony before the House Committee on Finance

By Ken T. Morikami  
Manager, Engineering Department  
Hawaiian Electric Company, Inc.

March 25, 2010  
10:00a.m.

**Senate Bill 506 SD1 HD2  
Relating to Procurement**

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Ken Morikami and I am testifying on behalf of the Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company.

We **support** SB 506 SD1 HD2. We feel the proposed changes suggested by this bill will allow the State Department of Transportation to proceed with its procurement process and at the same time certify that there will be sufficient funds to be contributed by all parties.

Thank you for the opportunity to testify on this matter.