
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY TRANSMISSION CABLE.

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

1 SECTION 1. The legislature finds that one of the key
2 elements to the implementation of Hawaii's energy policy is the
3 desire for fixed-price indigenous renewable resources to hedge
4 against rising oil prices. For the State to meet its clean
5 energy objectives, hundreds of megawatts of fixed-price
6 renewable energy must be developed in the near term.

7 For the past several years the State, with the support and
8 assistance of the federal government and Hawaiian Electric
9 Company, has explored the technical, engineering, economic, and
10 financial feasibility of an interisland undersea electrical
11 transmission cable system that would be capable of transmitting
12 wind-generated electric energy from Maui county to Oahu to meet
13 the State's renewable portfolio standard. The results of these
14 extensive analyses have concluded that an undersea cable system
15 is technically feasible, cost-effective, and financially viable
16 to serve the public interest and benefit.

17 Act 155, Session Laws of Hawaii 2009, codified as section
18 269-92, Hawaii Revised Statutes, increased the 2020 renewable



1 portfolio standard mandatory target from twenty per cent to
2 twenty-five per cent, and added a new forty per cent requirement
3 for the year 2030, making it one of the most aggressive
4 renewable portfolio standards in the nation. While prior to
5 January 1, 2015, only fifty per cent of a utility's renewable
6 portfolio standard must be met by electrical generation using
7 renewable energy as the source, after January 1, 2015, an
8 electric utility company's entire renewable portfolio standard
9 must be met by renewable energy generation.

10 To achieve these renewable portfolio standard targets,
11 electric utility companies must move forward with a sound
12 strategy using technologies that are:

- 13 (1) Mature and commercially available;
- 14 (2) Capable of being developed soon;
- 15 (3) Available on a large scale; and
- 16 (4) Capable of generating electricity to be delivered to
17 Hawaii's load centers.

18 At this time, only technologies that use solar and wind
19 resources fit this criteria.

20 Economic analyses show that harnessing wind resources are a
21 relatively cost-effective means for helping the State to meet
22 its energy policy objectives. The cost of the energy delivered



1 to the load center is expected to be at-or-below the cost of
2 other commercially-available, large-scale renewable resources in
3 the near-term and at-or-below the cost of petroleum-based
4 generation in the longer term.

5 Wind resources, while limited on Oahu, are abundant on the
6 islands of Lanai and Molokai. Lanai or Molokai wind projects
7 totaling four hundred megawatts of capacity have the potential
8 to produce energy in the range of one thousand five hundred
9 gigawatt hours of electricity annually, given the expected
10 capacity for large-scale wind farms on these islands. For the
11 aforementioned reasons, to contribute to attaining renewable
12 portfolio standard goals, strategies to link Oahu's demand to
13 abundant on-island wind and solar resources as well as fixed-
14 price wind from the islands of Molokai and Lanai are being
15 pursued.

16 Electrical services on the islands of Oahu, Maui, Molokai,
17 Lanai, and Hawaii are provided by affiliated, franchised
18 electric utility companies; however, none of the electric
19 utility systems on these islands are electrically interconnected
20 to the electric utility system on any other island.

21 Interconnecting undersea high-voltage transmission cables
22 to an electric utility system will require the electric utility



1 company to install on-island transmission infrastructure. Given
2 the cost of the on-island transmission infrastructure, the need
3 to have on-island infrastructure available when the undersea
4 high-voltage transmission cables commence commercial operations,
5 and the potential acquisition cost of the undersea high-voltage
6 transmission cables, it may be beneficial to allow an electric
7 utility company to acquire the undersea high-voltage
8 transmission cables at the commencement of commercial
9 operations, or at some point in time after the commencement of
10 commercial operations.

11 The legislature finds that specific cost recovery
12 provisions should be added to the public utility law as an
13 option to address the capital cost of developing the high-
14 voltage electric transmission cable to minimize the electric
15 utility companies' existing rate bases. The legislature also
16 finds that the electric utility companies' credit rating, which
17 is essential to the development of non-electric utility
18 renewable energy projects in Hawaii, may be negatively impacted
19 unless these recovery provisions are clearly permissible in the
20 public utility law.

21 Therefore, it may be in the public's interest for undersea
22 transmission cables to be installed by a non-utility investor



1 that assumes financial responsibility for the project until
2 commercial availability can be achieved, as with similar
3 projects in New York, California, and other places around the
4 world.

5 Lastly, the legislature finds that the development of
6 large-scale renewable energy projects will impact communities in
7 which the projects are located. Some environmental review
8 processes conducted as part of the permitting process for the
9 projects will occur after the public utilities commission would
10 need to act on a cable certification application. To foster
11 communication with the affected communities and the commission,
12 the legislature finds it necessary to require that the public
13 utilities commission hold a public hearing on each island that
14 will be connected by the high-voltage electric
15 transmission cable system for the purposes of obtaining comments
16 and input from interested parties.

17 The purpose of this Act is to establish the regulatory
18 structure under which inter-island undersea transmission cables
19 could be developed, financed, and constructed on commercially
20 reasonable terms.



1 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 "PART . INTERISLAND TRANSMISSION SYSTEM

5 **§269-A Definitions.** As used in this part:

6 "Cable acquisition cost" means the electric utility's
7 costs, including reasonable transaction costs, to acquire a
8 high-voltage electric transmission cable system pursuant to a
9 turnkey cable contract or a cable purchase contract.

10 "Cable company" means any person, company, corporation, or
11 entity that is selected through a request for proposals, or
12 other process approved by the commission, to be a certified
13 cable company applicant.

14 "Cable purchase contract" means a contract to purchase a
15 high-voltage electric transmission cable system when or after
16 the system achieves commercial operations.

17 "Cable surcharge" means the surcharge approved by the
18 commission pursuant to section 269-D.

19 "Certified cable company" means any person or persons,
20 company, corporation, or entity that owns or controls a high-
21 voltage electric transmission cable system; provided that the
22 person or persons, company, corporation, or entity receives a



1 certificate of public convenience and necessity from the
2 commission pursuant to section 269-B.

3 "Commercial operations" means the period after the high-
4 voltage electric transmission cable system:

5 (1) Passes acceptance tests approved by the commission, as
6 determined by a qualified independent engineer
7 approved by the commission; and

8 (2) Meets such other criteria as the commission determines
9 to be reasonable.

10 If the primary source or sources of the renewable electricity
11 transmitted to an electric utility company or companies using
12 the high-voltage electric transmission cable system will be
13 provided pursuant to a power purchase agreement or agreements
14 between the electric utility company or companies and the owner
15 or owners of a new renewable generation facility or facilities,
16 the commission shall consider and may include criteria that
17 address whether and to what extent renewable energy from the
18 intended source is available to be transmitted, in determining
19 the commercial operations date of the high voltage electric
20 transmission cable system.



1 "Commercial operations date" means the date upon which the
2 high-voltage electric transmission cable system begins
3 commercial operations.

4 "Commission" means the public utilities commission.

5 "Cost" means all capital investments, including rate of
6 return, any applicable taxes, and all expenses, including
7 capacity payments and operation and maintenance expenses,
8 related to or resulting from the planning, licensing,
9 permitting, designing, development, construction, or operation
10 of a high-voltage electric transmission cable system.

11 "Cost effective" means the same as defined in section
12 269-91.

13 "Development period" means the period of time after the
14 certified transmission entity has been granted a certificate of
15 public convenience and necessity, but before commercial
16 operations have commenced.

17 "Electric utility company" means a public utility as
18 defined under section 269-1, for the production, conveyance,
19 transmission, delivery, or furnishing of electric power.

20 "Electric utility system" means the electric system owned
21 and operated by an electric utility company, including any non-
22 utility owned facilities that are interconnected to the system,



1 consisting of power plants, transmission and distribution lines,
2 and related equipment for the production and delivery of
3 electric power to the public.

4 "Energy resources coordinator" shall be as defined in
5 section 196-3.

6 "Expected commercial operations date" means the date on
7 which the high-voltage electric transmission cable system is
8 projected to commence commercial operations, as reasonably
9 determined by the certified cable company.

10 "High-voltage electric transmission cable system" means one
11 hundred twenty kilovolt or greater electric transmission
12 alternating current (AC) or direct current (DC) transmission
13 cables constructed undersea, including connected transmission
14 cables or lines installed on land, connecting the electric
15 utility systems on two or more islands or allowing for the
16 transmission of power from one or more renewable generation
17 facilities to the electric utility system located on another
18 island, AC substations, or AC/DC converter stations, fiber optic
19 communication cables, and other appurtenant facilities.

20 "On-island transmission infrastructure" means the
21 modifications and additions to the existing alternating current
22 (AC) transmission grid on an island and other electric utility



1 system modifications needed to reliably interconnect a high-
2 voltage electric transmission cable system to an electric
3 utility system, and to reliably accept power generated from
4 large-scale renewable generation facilities transmitted via the
5 high-voltage electric transmission cable system interconnecting
6 two or more islands' electric utility systems.

7 "Power purchase agreement" means an agreement between an
8 electric utility company and the developer of a renewable
9 generation facility to sell the power generated by the renewable
10 generation facility to the electric utility company.

11 "Predevelopment period" means the period of time before the
12 certified transmission entity has been granted a certificate of
13 public convenience and necessity.

14 "Project-on-project financing risk" refers to mutually
15 dependent projects, whose risk of completion and financing are
16 dependent on each other, as in the case of a high-voltage
17 electric transmission cable system intended to connect a
18 renewable generation facility to the electric utility system,
19 where, for example, the uncertainty as to whether the renewable
20 generation facility can be financed or built results in
21 increased risk for the high-voltage electric transmission cable



1 project because it is not viable without a source of energy to
2 transmit, and vice versa.

3 "Renewable electricity" means electrical energy generated
4 using renewable energy as the source.

5 "Renewable energy" has the same meaning as in section
6 269-91.

7 "Renewable generation facility" means a facility generating
8 electrical energy using renewable energy as the primary source.

9 "Renewable portfolio standard" has the same meaning as in
10 section 269-91.

11 "Request for proposals" means the request for proposals
12 developed jointly by the electric utility company or companies
13 and the energy resources coordinator, or the coordinator's
14 designee, issued pursuant to a competitive bidding process
15 authorized by the commission to select a certified cable company
16 and conducted by the electric utility company or companies to
17 which the capacity of a high-voltage electric transmission cable
18 system will be made available. The energy resources coordinator
19 shall be a member of the selection committee that will review
20 and evaluate the proposals.

21 "Turnkey cable contract" means a contract entered into
22 pursuant to a request for proposals, under which a cable company



1 designs, builds, and transfers a high-voltage electric
2 transmission cable system to an electric utility company upon
3 commencement of commercial operations.

4 **§269-B Certification.** (a) Prior to installing a high-
5 voltage electric transmission cable system, a cable company
6 shall obtain a certificate of public convenience and necessity
7 pursuant to section 269-7.5. A certified cable company
8 applicant shall be selected through a request for proposal or
9 other process approved by the commission.

10 (b) Notwithstanding any provision of section 269-7.5 to
11 the contrary:

12 (1) In any application for a certificate of public
13 convenience and necessity for a high-voltage electric
14 transmission cable system, the commission shall
15 approve, disapprove, or approve subject to conditions
16 and issue a final order within one hundred eighty days
17 after the application is filed; provided that the
18 commission may extend the timeline as necessary;

19 (2) In determining whether the applicant is financially
20 fit, the commission may allow for the use of
21 commercially reasonable non-recourse project financing



1 for the high-voltage electric transmission cable
2 system;

3 (3) In determining whether the proposed transmission
4 capacity service is, or will be, required by the
5 present or future public convenience and necessity,
6 the commission shall determine whether the high-
7 voltage electric transmission cable system would be a
8 cost effective means of:

9 (A) Interconnecting two or more electric utility
10 systems;

11 (B) Helping one or more electric utility companies
12 meet the applicable renewable portfolio standard;
13 or

14 (C) Achieving other considerations as the commission
15 may deem appropriate;

16 (4) If the primary source or sources of the renewable
17 electricity that will be transmitted to an electric
18 utility company or companies using the high-voltage
19 electric transmission cable system will be provided
20 pursuant to a power purchase agreement or agreements
21 between the electric utility company or companies and
22 an owner or owners of a new renewable generation



1 facility or facilities, the commission shall take into
2 consideration, among other factors:

3 (A) The status of the power purchase agreement or
4 agreements;

5 (B) The extent to which the project-on-project
6 financing risk of the high-voltage electric
7 transmission cable system and the associated
8 renewable generation facilities is materially
9 reduced through agreements between the cable
10 company and the owner or owners of the renewable
11 generation facilities holding the power purchase
12 agreement or agreements, or through common
13 ownership arrangements; and

14 (C) The extent to which the cable company assumes
15 financial responsibility for the high-voltage
16 electric transmission cable system until both the
17 cable system and the new generation facility or
18 facilities have achieved commercial operations;

19 (5) In the certification process, the commission shall
20 review and determine ratemaking principles appropriate
21 and applicable to the high-voltage electric
22 transmission cable system during commercial



1 operations. The ratemaking principles shall be used
2 in determining the certified cable company's revenue
3 requirement used to determine its transmission
4 capacity charges, and may be used to fix the capital
5 investment costs for the high-voltage electric
6 transmission cable system upon which the certified
7 cable company will be allowed to earn an authorized
8 rate of return, and the operating costs that may be
9 included in the certified cable company's revenue
10 requirement;

- 11 (6) In determining the authorized rate of return for the
12 certified cable company, the commission may consider
13 the risks assumed by the certified cable company
14 during the predevelopment, development, and commercial
15 operations periods related to, or resulting from, the
16 development, financing, construction, and operation of
17 the high-voltage electric transmission cable system,
18 along with other factors deemed relevant and
19 appropriate by the commission such as the terms and
20 conditions of the transmission tariff as may be
21 approved by the commission; and



1 (7) Prior to approving the application for certification,
2 the commission shall hold a public hearing on each
3 island connected by the high-voltage electric
4 transmission cable system to obtain comments and input
5 from the affected communities about the high-voltage
6 electric transmission cable system.

7 **§269-C Transmission tariff.** The commission shall, by
8 order, approve, disapprove, or approve subject to conditions,
9 the tariff of the certified cable company. Thereafter, the
10 certified cable company shall make the capacity of its high-
11 voltage electric transmission cable system available to the
12 electric utility company or companies. The tariff shall be
13 consistent with the tariff provisions resulting from the request
14 for proposals. The tariff shall specify the terms and
15 conditions under which the certified cable company will be
16 entitled to receive revenues collected through the cable
17 surcharge. The certified cable company may submit its proposed
18 tariff for approval prior to the expected commercial operations
19 date, and the commission shall take final action on the proposed
20 tariff within one hundred twenty days after submittal of the
21 proposed tariff with any supporting documentation as may be



1 required by the commission; provided that the commission may
2 extend the timeline as necessary.

3 **§269-D Cable surcharge.** (a) The commission shall
4 establish a cable surcharge to allow recovery of the high-
5 voltage electric transmission cable system costs designated for
6 recovery according to the ratemaking principles determined by
7 the commission pursuant to section 269-B.

8 (b) Pursuant to the transmission tariff described in
9 section 269-C, the commission shall designate by order, the
10 electric utility company or companies, to which the capacity of
11 the high-voltage electric transmission cable system is made
12 available, as the agent of the certified cable company to
13 collect the surcharge approved by the commission. The electric
14 utility company or companies collecting the cable surcharge for
15 the benefit of the certified cable company shall have no right,
16 title, or interest in such moneys. The commission shall approve
17 the fee to be collected by the electric utility company or
18 companies through the same cable surcharge for acting as the
19 collection agent for the certified cable company.

20 (c) Notwithstanding any requirements to the contrary or
21 any other provision in this chapter, a high-voltage electric
22 transmission cable system shall be deemed "used or useful for



1 public utility purposes" upon commencing commercial operations,
2 subject to the commission's determination and approval.

3 **§269-E Electric utility company acquisition of cable**
4 **system.** (a) The commission may approve an electric utility
5 company's acquisition of a high-voltage electric transmission
6 cable system pursuant to a commission-approved turnkey cable
7 contract or a cable purchase contract.

8 (b) In the case of a turnkey cable contract, the
9 commission shall review and approve, disapprove, or approve
10 subject to conditions, the contract upon application filed by
11 the electric utility company.

12 (c) In the case of a cable purchase contract, the
13 commission shall review and approve, disapprove, or approve
14 subject to conditions, the option to purchase in the same
15 proceeding in which the commission reviews and approves an
16 application for a certificate of public convenience and
17 necessity for a cable company providing the option to purchase,
18 or a power purchase agreement containing the option to purchase.
19 The commission shall review and approve, disapprove, or approve
20 subject to conditions, the cable purchase contract resulting
21 from exercise of the option to purchase upon an application



1 filed by the electric utility company proposing to acquire the
2 high-voltage electric transmission cable system.

3 **§269-F Recovery of electric utility company capital costs.**

4 (a) An electric utility company may recover the company's
5 revenue requirement approved by the commission resulting from
6 the costs that the company prudently incurs in acquiring a high-
7 voltage electric transmission cable system throughout the
8 commercial operations period after the high voltage electric
9 transmission cable system is acquired; provided that the
10 acquisition is approved by the commission.

11 (b) An electric utility company may recover, through an
12 automatic adjustment clause, the company's revenue requirement
13 resulting from the capital costs that the company prudently
14 incurs for on-island transmission infrastructure; provided that
15 the commission has approved the electric utility company's
16 commitment of capital expenditure costs for the project.

17 (c) To provide for timely recovery of the revenue
18 requirement, the commission shall establish a separate automatic
19 rate adjustment clause, as prescribed in section 269-16, or
20 modify an existing automatic adjustment clause. The use of the
21 automatic rate adjustment clause to recover the revenue
22 requirement shall be allowed to continue until the revenue



1 requirement is incorporated in rates in an electric utility
2 company's rate case.

3 (d) The electric utility company's revenue requirement
4 shall include:

5 (1) The commission approved rate of return, as set in the
6 electric utility company's last rate case, on the
7 electric utility company's net investment in the high-
8 voltage electric transmission cable system from the
9 acquisition date of the high-voltage electric
10 transmission cable system, and in the on-island
11 transmission infrastructure from the date the on-
12 island transmission infrastructure is completed and
13 available for service;

14 (2) Depreciation; and

15 (3) Revenue taxes and other relevant costs as approved by
16 the commission.

17 (e) The electric utility company's net investment includes
18 the cable acquisition cost in the case of the high-voltage
19 electric transmission cable system and the costs of planning,
20 permitting, and constructing the on-island transmission
21 infrastructure, including an allowance for funds used during
22 construction when the utility finances the planning, permitting,



1 and construction costs, less accumulated depreciation and
2 associated unamortized deferred income taxes.

3 (f) The on-island transmission infrastructure shall be
4 available for service before the commercial operations date for
5 the high-voltage electric transmission cable system.
6 Notwithstanding any other provision in this chapter, at the time
7 the commission approves the electric utility company's
8 commitment of capital expenditure costs for the project, the
9 commission may either allow the electric utility company to
10 recover its approved revenue requirement resulting from the
11 capital costs that it prudently incurs for on-island
12 infrastructure at the time that the infrastructure is available
13 for service, or may allow the electric utility company to
14 continue to accrue an allowance for funds used during
15 construction on prudently incurred capital costs until the
16 commercial operations date for the high-voltage electric
17 transmission system.

18 (g) If the electric utility company elects not to complete
19 the on-island transmission infrastructure, and the commission
20 approves this election, or if the electric utility company is
21 precluded from completing construction of the on-island
22 transmission infrastructure, the electric utility company shall



1 be allowed to recover all costs determined by the commission to
2 have been prudently incurred during the predevelopment and
3 development periods. The electric utility company shall recover
4 these costs through the cable surcharge mechanism over a period
5 equal to the period during which the costs were incurred or five
6 years, whichever is greater."

7 SECTION 3. Chapter 239, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 "§239- Cable surcharge amounts exempt. Amounts
11 received in the form of a cable surcharge by an electric utility
12 company acting on behalf of a certified cable company under
13 section
14 269-D shall not be gross income for the electric utility company
15 for purposes of this chapter. Any amounts retained by the
16 electric utility company for collection or other costs shall not
17 be included in this exemption."

18 SECTION 4. Chapter 240, Hawaii Revised Statutes, is
19 amended by adding a new section to be appropriately designated
20 and to read as follows:

21 "§240- Public utilities, franchise tax, cable surcharge
22 amounts exempt. Amounts received in the form of a cable



1 surcharge by an electric utility company acting on behalf of an
2 affected certified cable company under section 269-D shall not
3 be counted as gross receipts for the electric utility company
4 for purposes of this chapter. Any amounts retained by the
5 electric utility company for collection or other costs shall not
6 be included in this exemption."

7 SECTION 5. Section 235-7, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) There shall be excluded from gross income, adjusted
10 gross income, and taxable income:

11 (1) Income not subject to taxation by the State under the
12 Constitution and laws of the United States;

13 (2) Rights, benefits, and other income exempted from
14 taxation by section 88-91, having to do with the state
15 retirement system, and the rights, benefits, and other
16 income, comparable to the rights, benefits, and other
17 income exempted by section 88-91, under any other
18 public retirement system;

19 (3) Any compensation received in the form of a pension for
20 past services;

21 (4) Compensation paid to a patient affected with Hansen's
22 disease employed by the State or the United States in



1 any hospital, settlement, or place for the treatment
2 of Hansen's disease;

3 (5) Except as otherwise expressly provided, payments made
4 by the United States or this State, under an act of
5 Congress or a law of this State, which by express
6 provision or administrative regulation or
7 interpretation are exempt from both the normal and
8 surtaxes of the United States, even though not so
9 exempted by the Internal Revenue Code itself;

10 (6) Any income expressly exempted or excluded from the
11 measure of the tax imposed by this chapter by any
12 other law of the State, it being the intent of this
13 chapter not to repeal or supersede any express
14 exemption or exclusion;

15 (7) Income received by each member of the reserve
16 components of the Army, Navy, Air Force, Marine Corps,
17 or Coast Guard of the United States of America, and
18 the Hawaii national guard as compensation for
19 performance of duty, equivalent to pay received for
20 forty-eight drills (equivalent of twelve weekends) and
21 fifteen days of annual duty, at an:



- 1 (A) E-1 pay grade after eight years of service;
2 provided that this subparagraph shall apply to
3 taxable years beginning after December 31, 2004;
- 4 (B) E-2 pay grade after eight years of service;
5 provided that this subparagraph shall apply to
6 taxable years beginning after December 31, 2005;
- 7 (C) E-3 pay grade after eight years of service;
8 provided that this subparagraph shall apply to
9 taxable years beginning after December 31, 2006;
- 10 (D) E-4 pay grade after eight years of service;
11 provided that this subparagraph shall apply to
12 taxable years beginning after December 31, 2007;
13 and
- 14 (E) E-5 pay grade after eight years of service;
15 provided that this subparagraph shall apply to
16 taxable years beginning after December 31, 2008;
- 17 (8) Income derived from the operation of ships or aircraft
18 if the income is exempt under the Internal Revenue
19 Code pursuant to the provisions of an income tax
20 treaty or agreement entered into by and between the
21 United States and a foreign country; provided that the
22 tax laws of the local governments of that country



- 1 reciprocally exempt from the application of all of
2 their net income taxes, the income derived from the
3 operation of ships or aircraft that are documented or
4 registered under the laws of the United States;
- 5 (9) The value of legal services provided by a prepaid
6 legal service plan to a taxpayer, the taxpayer's
7 spouse, and the taxpayer's dependents;
- 8 (10) Amounts paid, directly or indirectly, by a prepaid
9 legal service plan to a taxpayer as payment or
10 reimbursement for the provision of legal services to
11 the taxpayer, the taxpayer's spouse, and the
12 taxpayer's dependents;
- 13 (11) Contributions by an employer to a prepaid legal
14 service plan for compensation (through insurance or
15 otherwise) to the employer's employees for the costs
16 of legal services incurred by the employer's
17 employees, their spouses, and their dependents;
- 18 (12) Amounts received in the form of a monthly surcharge by
19 a utility acting on behalf of an affected utility
20 under section 269-16.3 shall not be gross income,
21 adjusted gross income, or taxable income for the
22 acting utility under this chapter. Any amounts



1 retained by the acting utility for collection or other
2 costs shall not be included in this exemption; [~~and~~]

3 (13) One hundred per cent of the gain realized by a fee
4 simple owner from the sale of a leased fee interest in
5 units within a condominium project, cooperative
6 project, or planned unit development to the
7 association of owners under chapter 514A or 514B, or
8 the residential cooperative corporation of the
9 leasehold units.

10 For purposes of this paragraph:

11 "Condominium project" and "cooperative project"
12 shall have the same meanings as provided under section
13 514C-1.

14 "Fee simple owner" shall have the same meaning as
15 provided under section 516-1; provided that it shall
16 include legal and equitable owners[~~+~~]

17 "Legal and equitable owner", and "leased fee
18 interest" shall have the same meanings as provided
19 under section 516-1[~~+~~ and

20 ~~"Condominium project" and "cooperative project"~~
21 ~~shall have the same meanings as provided under section~~
22 ~~514C-1.]~~; and



1 (14) Amounts received in the form of a monthly cable
2 surcharge by an electric utility company acting on
3 behalf of a certified cable company under section
4 269-D shall not be counted as gross income, adjusted
5 gross income, or taxable income for the electric
6 utility company under this chapter. Any amounts
7 retained by the electric utility company for
8 collection or other costs shall not be included in
9 this exemption."

10 SECTION 6. Section 269-30, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§269-30 Finances; public utility fee.** (a) Sections 607-
13 5 to 607-9 shall apply to the public utilities commission and
14 each commissioner, as well as to the supreme and circuit courts,
15 and all costs and fees paid or collected pursuant to this
16 section shall be deposited with the director of finance to the
17 credit of the public utilities commission special fund
18 established under section 269-33.

19 (b) There also shall be paid to the public utilities
20 commission in each of the months of July and December of each
21 year, by each public utility subject to investigation by the
22 public utilities commission, a fee equal to one-fourth of one



1 per cent of the gross income from the public utility's business
2 during the preceding year, or the sum of \$30, whichever is
3 greater. This fee shall be deposited with the director of
4 finance to the credit of the public utilities commission special
5 fund.

6 (c) Each public utility paying a fee under subsection (b)
7 may impose a surcharge to recover the amount paid above one-
8 eighth of one per cent of gross income. The surcharge imposed
9 shall not be subject to the notice, hearing, and approval
10 requirements of this chapter; provided that the surcharge may be
11 imposed by the utility only after thirty days' notice to the
12 public utilities commission. Unless ordered by the public
13 utilities commission, the surcharge shall be imposed only until
14 the conclusion of the public utility's next rate case; provided
15 that the surcharge shall be subject to refund with interest at
16 the public utility's authorized rate of return on rate base if
17 the utility collects more money from the surcharge than actually
18 paid due to the increase in the fee to one-fourth of one per
19 cent.

20 (d) Notwithstanding any provision of this chapter to the
21 contrary, the public utilities commission may, upon the filing
22 of a petition by a public utility, credit a public utility for



1 amounts paid under subsection (b) toward amounts the public
2 utility owes in one call center fees under section 269E-6(f).

3 (e) Amounts received in the form of a cable surcharge by
4 an electric utility company acting on behalf of a certified
5 cable company under section 269-D shall not be counted as gross
6 income for the electric utility company for purposes of this
7 section. Any amounts retained by the electric utility company
8 for collection or other costs shall not be included in this
9 exemption."

10 SECTION 7. In codifying the new sections added by section
11 2 of this Act, the revisor of statutes shall substitute
12 appropriate section numbers for the letters used in designating
13 the new sections in this Act.

14 SECTION 8. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 9. This Act shall take effect on July 1, 2030;
17 provided that the amendments made to section 235-7, Hawaii
18 Revised Statutes, in section 5 of this Act, shall not be
19 repealed when section 235-7, Hawaii Revised Statutes, is
20 reenacted on January 1, 2013, pursuant to Act 166, Session Laws
21 of Hawaii 2007.



Report Title:

Renewable Energy; Transmission Cable

Description:

Establishes the regulatory structure under which the Public Utilities Commission can certify a cable company to commercially develop, finance, and construct an inter-island high-voltage electric transmission cable system to transmit clean, renewable energy in the State. Effective July 1, 2030. (HB1176 HD3)

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

