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# A BILL FOR AN ACT

RELATING TO ENERGY.

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

1           SECTION 1. The legislature finds that attaining  
2 independence from reliance on fossil fuels is a long-standing  
3 objective of the State. Hawaii is the state most dependent on  
4 petroleum for its energy needs. Reducing our dependence on oil  
5 and its consequent price volatility is critical in attaining  
6 energy security.

7           Hawaii has an abundance of natural, renewable energy  
8 resources from wind, solar, ocean and wave, geothermal, and bio-  
9 based fuels. Hawaii's clean energy policy mandates and strongly  
10 promotes the use of these renewable energy resources.

11           Act 155, Session Laws of Hawaii 2009, increased the 2020  
12 renewable portfolio standard for electric utility companies from  
13 twenty per cent to twenty-five per cent, and added a new forty  
14 per cent requirement for the year 2030. Act 155 also included  
15 the mandate that by January 1, 2015, one hundred per cent of a  
16 utility's renewable portfolio standard needs to be met by  
17 electrical generation using renewable energy as the source.



1 These requirements are codified in section 269-92, Hawaii  
2 Revised Statutes.

3 One of the key elements of Hawaii's energy policy concerns  
4 the desire for fixed-price indigenous renewable resources.  
5 Fixed price indigenous renewable resources are the best hedge  
6 against rising oil prices that could return to the \$147 per  
7 barrel level experienced in 2008. In order for the State to  
8 meet its clean energy objectives, hundreds of megawatts of fixed  
9 price renewable energy must be developed in the near term. The  
10 legislature recognizes that no single resource can provide the  
11 "silver bullet" solution as a hedge against oil price  
12 volatility.

13 In order to achieve the State's aggressive renewable  
14 portfolio standard goals, electric utility companies need to  
15 target technologies that are commercially available, are capable  
16 of being developed within a near term horizon, are available on  
17 a large scale, and can be used to generate electricity that can  
18 be delivered to Hawaii's load centers. Two categories of  
19 technologies that currently fit this description are  
20 technologies that capture solar and wind resources. Estimates  
21 of solar and wind generation potential in the State of Hawaii



1 exceed the total electricity demand of all of the islands in the  
2 State.

3 Electrical services on the islands of Oahu, Maui, Molokai,  
4 Lanai, and Hawaii are provided by affiliated, franchised  
5 electric utility companies. None of the electric utility  
6 systems on these islands are currently electrically  
7 interconnected to the electric utility system on any other  
8 island.

9 Oahu has the largest demand for electricity and the largest  
10 concentration of the population base. Wind power is a  
11 commercially proven source of renewable energy that is limited  
12 on Oahu but is abundant on the neighbor islands of Lanai and  
13 Molokai. Lanai and Molokai wind projects totaling 400 megawatts  
14 of capacity have the potential to produce in the range of 1,500  
15 gigawatt hours of energy annually given the expected capacity  
16 factors for large scale wind farms on these islands. To  
17 contribute to attaining renewable portfolio standard goals,  
18 strategies to link Oahu's demand to abundant on-island wind and  
19 solar resources and fixed-price wind resources from the neighbor  
20 islands of Molokai and Lanai are being pursued. Technical  
21 implementation and routing studies have been conducted that show  
22 that it is feasible to connect renewable generation facilities



1 on Lanai or Molokai to the Oahu load using undersea high-voltage  
2 transmission cables.

3 The islands of Maui and Hawaii currently have significant  
4 as-available renewable resource penetration levels, based on  
5 projects that are currently in service or that have power  
6 purchase contracts. At the same time, they have significant  
7 potential for additional renewable resources. There are plans  
8 to consider the use of high-voltage undersea transmission cables  
9 to link the electric utility systems on these islands to the  
10 electric utility system on Oahu.

11 The State, with the support and assistance of the federal  
12 government and Hawaiian Electric Company, Inc., has been  
13 exploring for several years the technical, engineering,  
14 economic, and financial feasibility of an interisland undersea  
15 electrical transmission cable system that would be capable of  
16 transmitting wind generated electric energy from Maui County to  
17 Oahu, and believes that an undersea cable system is feasible and  
18 desirable.

19 In addition, economic analyses have shown that harnessing  
20 the wind resources for the islands appears to be a relatively  
21 cost-effective means for helping to meet Hawaii's energy policy  
22 objectives. The cost of the energy delivered to the load center



1 is expected to be at or below the cost of other commercially  
2 available large scale renewable resources in the near-term, and  
3 at or below the cost of petroleum based generation in the  
4 longer-term. The capital cost of developing the high-voltage  
5 electric transmission cable systems is substantial in  
6 relationship to the electric utility companies' existing rate  
7 bases and it is expected that undersea transmission cables will  
8 be installed by a non-utility investor that assumes financial  
9 responsibility for the project until it achieves commercial  
10 availability.

11 The legislature also finds that the development of large  
12 scale renewable energy projects will impact the communities on  
13 which the projects are located, and that at least some of the  
14 environmental review processes conducted as part of the  
15 permitting process for the projects will occur after the public  
16 utilities commission would need to act on a cable certification  
17 application. In order to foster communication with the affected  
18 communities and the commission, the legislature has incorporated  
19 a requirement that the commission hold a public hearing on each  
20 island connected by the high-voltage electric transmission cable  
21 system for the purposes of obtaining comments and input from  
22 interested parties.



1           In order to connect undersea high-voltage transmission  
2 cables to an electric utility system, the electric utility  
3 company will need to install on-island transmission  
4 infrastructure. In addition, because of the fixed costs of  
5 renewable energy projects relative to the variable costs of  
6 fossil fuel generation, it is expected that electric utility  
7 ratepayers will benefit if the electric utility company acquires  
8 the undersea high-voltage transmission cables at or after the  
9 commencement of commercial operations. Given the cost of the  
10 on-island transmission infrastructure, the need to have the on-  
11 island infrastructure available when the undersea high-voltage  
12 transmission cables commence commercial operations, and the  
13 potential acquisition cost of the undersea high-voltage  
14 transmission cables, the electric utility's credit quality,  
15 which is essential to the development of renewable energy  
16 resources in Hawaii, may be negatively impacted unless specified  
17 cost recovery provisions are added to the public utilities law.

18           The purpose of this Act is to establish the regulatory  
19 structure under which interisland undersea transmission cables  
20 can be developed, financed, and constructed on commercially  
21 reasonable terms, such as those upon which successful cable



1 projects have been undertaken in New York, California, and  
2 around the world.

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

6 "PART . INTERISLAND TRANSMISSION SYSTEM

7 §269-A Definitions. As used in this part:

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

12 "Cable company" means any person who is selected through a  
13 request for proposal to be a certified cable company.

14 "Cable purchase contract" means a contract to purchase a  
15 high-voltage electric transmission cable system after a  
16 specified period of commercial operations, pursuant to an option  
17 to purchase a power purchase agreement containing the option to  
18 purchase.

19 "Cable surcharge" means the surcharge approved by the  
20 commission pursuant to section 269-D.

21 "Certified cable company" means any person or persons who  
22 own or control a high-voltage electric transmission cable



1 system; provided that the person or persons receive a  
2 certificate of public convenience and necessity from the  
3 commission pursuant to section 269-B.

4 "Commercial operations" means the period after the high-  
5 voltage electric transmission cable system passes acceptance  
6 tests resulting from the request for proposal, as determined by  
7 a qualified independent engineer approved by the commission and  
8 other criteria the commission determines as reasonable.

9 "Commission" means the public utilities commission.

10 "Cost" means all capital investments, including rate of  
11 return; any applicable taxes; and all expenses, including  
12 capacity payments, operation and maintenance expenses, related  
13 to or resulting from the planning, licensing, permitting,  
14 designing, development, construction, or operation of a high-  
15 voltage electric transmission cable system.

16 "Development period" means the period of time after the  
17 certified transmission entity has been granted a certificate of  
18 public convenience and necessity, but before commercial  
19 operation.

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





1 "Electric utility system" means the electric system owned  
2 and operated by an electric utility company, including any non-  
3 utility owned facilities that are interconnected to the system,  
4 consisting of power plants, transmission and distribution lines,  
5 and related equipment for the production and delivery of  
6 electric power to the public.

7 "Expected commercial operations date" means the date  
8 reasonably determined by the certified cable company for the  
9 high-voltage electric transmission cable system to commence  
10 commercial operations.

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

21 "On-island transmission infrastructure" means the  
22 modifications and additions to the existing alternating current



1 transmission grid on an island and other electric utility system  
2 modifications needed to reliably connect a high-voltage electric  
3 transmission cable system to an electric utility system, and to  
4 reliably accept power generated from large scale renewable  
5 generation facilities and transmitted via the high-voltage  
6 electric transmission cable system.

7 "Predevelopment period" means the period of time before the  
8 certified transmission entity has been granted a certificate of  
9 public convenience and necessity.

10 "Renewable electricity" shall mean electrical energy  
11 generated using renewable energy as the source.

12 "Renewable energy" has the same meaning as that provided in  
13 section 269-91.

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

16 "Renewable portfolio standard" has the same meaning as that  
17 provided in section 269-91.

18 "Request for proposals" means the request for proposals  
19 issued pursuant to a competitive bidding process authorized by  
20 the commission to select a certified cable company and conducted  
21 by the electric utility company or companies to which the  
22 capacity of a high-voltage electric transmission cable system



1 will be made available, with the participation and assistance of  
2 the State.

3 "Turnkey cable contract" means a contract entered into  
4 pursuant to a request for proposal under which a cable company  
5 designs, builds, and transfers a high-voltage electric  
6 transmission cable system to an electric utility company upon  
7 commencement of commercial operations.

8 **§269-B Certification.** (a) Prior to installing a high-  
9 voltage electric transmission cable system, a cable company must  
10 be certified by the commission as a public utility pursuant to  
11 section 269-7.5.

12 (b) Notwithstanding any provisions in section 269-7.5 to  
13 the contrary:

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

20 (2) The fitness of the cable company shall be determined  
21 through a request for proposal;



- 1           (3) In determining whether the applicant is financially
- 2                   fit, the commission shall allow for the use of
- 3                   commercially reasonable non-recourse project financing
- 4                   for the high-voltage electric transmission cable
- 5                   system;
- 6           (4) In determining whether the proposed transmission
- 7                   capacity service is or will be required by the present
- 8                   or future public convenience and necessity, the
- 9                   commission shall determine whether the high-voltage
- 10                  electric transmission cable system would be a cost-
- 11                  effective means of:
- 12                   (A) Interconnecting two or more electric utility
- 13                   systems; or
- 14                   (B) Helping one or more electric utility companies
- 15                   meet the applicable renewable portfolio standard;
- 16           (5) 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 that 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 account the status of the power purchase agreement or  
3 agreements in reviewing and approving the application  
4 for certification;

5 (6) In the certification process the commission shall  
6 review and determine ratemaking principles appropriate  
7 for this type of project that would be applicable to  
8 the high-voltage electric transmission cable system  
9 during commercial operations;

10 (7) In determining the authorized rate of return for a  
11 certified cable company, the commission shall take  
12 into account the risks assumed by the certified cable  
13 company during the predevelopment, development, and  
14 commercial operations periods related to or resulting  
15 from the development, financing, construction, and  
16 operation of the high-voltage electric transmission  
17 cable system; and

18 (8) Prior to approving the application for certification,  
19 the commission shall hold a public hearing on each  
20 island connected by the high-voltage electric  
21 transmission cable system to obtain comments and input



1 from the affected communities about the high-voltage  
2 electric transmission cable system.

3 **§269-C Transmission tariff.** The commission shall, by  
4 order, approve the tariff of the certified cable company  
5 pursuant to which the certified cable company shall make the  
6 capacity of its high-voltage electric transmission cable system  
7 available to the electric utility company or companies. The  
8 tariff shall be consistent with the tariff provisions resulting  
9 from the request for proposal. The certified cable company may  
10 submit its proposed tariff for approval prior to the expected  
11 commercial operations date, and the commission shall take final  
12 action on the proposed tariff within one hundred and twenty days  
13 after submittal of the proposed tariff with supporting  
14 documentation as may be required by the commission; provided  
15 that the commission may extend the timeline as necessary.

16 **§269-D Surcharge.** (a) The commission shall establish a  
17 cable surcharge to allow recovery of the high-voltage electric  
18 transmission cable system costs designated for recovery  
19 according to the rate making principles pursuant to section  
20 269-B.

21 (b) Pursuant to the tariff described in section 269-C, the  
22 commission shall, by order, designate the electric utility



1 company or companies to which the capacity of the high-voltage  
2 electric transmission cable system shall be made available as  
3 the agent of the certified cable company in order to collect the  
4 cable surcharge approved by the commission. The electric  
5 utility company or companies collecting the cable surcharge for  
6 the benefit of the certified cable utility shall have no right,  
7 title, or interest in the moneys. The commission shall approve  
8 a fee, to be collected by the electric utility company or  
9 companies concurrently with the cable surcharge, for acting as  
10 the collection agent for the certified cable company.

11 (c) Notwithstanding any requirements to the contrary, a  
12 high-voltage electric transmission cable system shall be deemed  
13 "used or useful for public utility purposes" upon commencing  
14 commercial operations.

15 **§269-E Electric utility company acquisition of cable**  
16 **system.** (a) The commission may approve an electric utility's  
17 acquisition of a high-voltage electric transmission cable system  
18 pursuant to a commission approved turnkey cable contract or  
19 cable purchase contract.

20 (b) In the case of a turnkey cable contract, the  
21 commission shall review and approve, disprove, or approve  
22 subject to conditions, the contract upon application filed by



1 the electric utility company at the conclusion of the request  
2 for proposal.

3 (c) In the case of a cable purchase contract, the  
4 commission shall review and approve, disprove, or approve  
5 subject to conditions, the option to purchase in the same  
6 proceeding in which it reviews and approves a certificate of  
7 public convenience and necessity for a cable company providing  
8 the option to purchase or a power purchase agreement containing  
9 the option to purchase, and shall review and approve, disprove,  
10 or approve subject to conditions the cable purchase contract  
11 resulting from exercise of the option to purchase upon  
12 application filed by the electric utility company proposing to  
13 acquire the high-voltage electric transmission cable system.

14 **§269-F Recovery of electric utility company capital costs.**

15 (a) An electric utility company shall be entitled to recover  
16 its revenue requirement resulting from the costs that it  
17 prudently incurs in acquiring a high-voltage electric  
18 transmission cable system throughout the commercial operations  
19 period after it is acquired, provided such acquisition is made  
20 in accordance with a turnkey cable contract or cable purchase  
21 contract approved by the commission.





1 (b) An electric utility company shall be entitled to  
2 recover, through an automatic rate adjustment clause, its  
3 revenue requirement resulting from the capital costs that it  
4 prudently incurs for on-island transmission infrastructure,  
5 provided the commission has approved the utility's commitment of  
6 capital expenditure costs for the project.

7 (c) In order to provide for timely recovery of the revenue  
8 requirement, the commission shall establish a separate automatic  
9 rate adjustment clause for that purpose, or modify an existing  
10 automatic rate adjustment clause. The use of the automatic rate  
11 adjustment clause to recover the revenue requirement shall be  
12 allowed to continue until the revenue requirement is  
13 incorporated in rates in an electric utility company's rate  
14 case.

15 (d) The electric utility company's revenue requirement  
16 includes:

17 (1) The allowed rate of return as set in the electric  
18 utility company's last rate case on the utility's net  
19 investment in the high-voltage electric transmission  
20 cable system from the acquisition date of the high-  
21 voltage electric transmission cable system, and in the  
22 on-island transmission infrastructure from the date



1 the on-island transmission infrastructure is completed  
2 and available for service;

3 (2) Depreciation; and

4 (3) Revenue taxes and other relevant costs as approved by  
5 the commission.

6 (e) The electric utility company's net investment includes  
7 the cable acquisition cost in the case of the high-voltage  
8 electric transmission cable system and the costs of planning,  
9 permitting, and constructing the on-island transmission  
10 infrastructure, including an allowance for funds used during  
11 construction where the utility finances the planning,  
12 permitting, and construction costs, less accumulated  
13 depreciation and associated unamortized deferred income taxes.

14 (f) Notwithstanding any requirements to the contrary, if  
15 the on-island transmission infrastructure is found to be  
16 necessary or appropriate to facilitate achievement of the  
17 State's renewable portfolio standards in a proceeding for  
18 approval of a commitment of capital expenditure costs for the  
19 project, no finding of used and useful for public utility  
20 purposes under section 269-16(b)3 shall be required for the  
21 electric utility to recover its revenue requirement under this  
22 section.



1 (g) If the electric utility company elects not to complete  
 2 the on-island transmission infrastructure, and the commission  
 3 approves such election, or is precluded from completing  
 4 construction of the on-island transmission infrastructure, the  
 5 electric utility shall be allowed to recover all costs prudently  
 6 incurred during the predevelopment and development periods. The  
 7 electric utility shall recover these costs through the cable  
 8 surcharge over a period equal to the period during which the  
 9 costs were incurred or five years, whichever is greater."

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

13 "§239- Surcharge amounts exempt. Amounts received in  
 14 the form of a cable surcharge by an electric utility company  
 15 acting on behalf of a certified cable company under section  
 16 269-D shall not be counted as gross income of that electric  
 17 utility company for purposes of this chapter; provided that any  
 18 amounts retained by that electric utility company for collection  
 19 or other costs shall not be included in this exemption."

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

1           "§240- Surcharge amounts exempt. Amounts received in  
2 the form of a cable surcharge by an electric utility company  
3 acting on behalf of an affected certified cable company under  
4 section 269-D shall not be counted as gross receipts for that  
5 electric utility company for purposes of this chapter; provided  
6 that any amounts retained by that electric utility company for  
7 collection or other costs shall not be included in this  
8 exemption."

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

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

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

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

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



- 1           (4) Compensation paid to a patient affected with Hansen's  
2           disease employed by the State or the United States in  
3           any hospital, settlement, or place for the treatment  
4           of Hansen's disease;
- 5           (5) Except as otherwise expressly provided, payments made  
6           by the United States or this State, under an act of  
7           Congress or a law of this State, which by express  
8           provision or administrative regulation or  
9           interpretation are exempt from both the normal and  
10          surtaxes of the United States, even though not so  
11          exempted by the Internal Revenue Code itself;
- 12          (6) Any income expressly exempted or excluded from the  
13          measure of the tax imposed by this chapter by any  
14          other law of the State, it being the intent of this  
15          chapter not to repeal or supersede any express  
16          exemption or exclusion;
- 17          (7) Income received by each member of the reserve  
18          components of the Army, Navy, Air Force, Marine Corps,  
19          or Coast Guard of the United States of America, and  
20          the Hawaii national guard as compensation for  
21          performance of duty, equivalent to pay received for



1           forty-eight drills (equivalent of twelve weekends) and  
2           fifteen days of annual duty, at an:

3           (A) E-1 pay grade after eight years of service;  
4                 provided that this subparagraph shall apply to  
5                 taxable years beginning after December 31, 2004;

6           (B) E-2 pay grade after eight years of service;  
7                 provided that this subparagraph shall apply to  
8                 taxable years beginning after December 31, 2005

9           (C) E-3 pay grade after eight years of service;  
10                provided that this subparagraph shall apply to  
11                taxable years beginning after December 31, 2006;

12           (D) E-4 pay grade after eight years of service;  
13                provided that this subparagraph shall apply to  
14                taxable years beginning after December 31, 2007;

15                and

16           (E) E-5 pay grade after eight years of service;  
17                provided that this subparagraph shall apply to  
18                taxable years beginning after December 31, 2008;

19           (8) Income derived from the operation of ships or aircraft  
20                if the income is exempt under the Internal Revenue  
21                Code pursuant to the provisions of an income tax  
22                treaty or agreement entered into by and between the



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



1 adjusted gross income, or taxable income for the  
2 acting utility under this chapter. Any amounts  
3 retained by the acting utility for collection or other  
4 costs shall not be included in this exemption; [~~and~~]

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

12 For purposes of this paragraph:

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

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

19 "Condominium project" and "cooperative project"  
20 shall have the same meanings as provided under section  
21 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 that electric  
6           utility company under this chapter; provided that any  
7           amounts retained by that 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 by adding subsection (e) to read as follows:

12           "(e) Amounts received in the form of a cable surcharge by  
13 an electric utility company acting on behalf of a certified  
14 cable company under section 269-D shall not be counted as gross  
15 income for that electric utility company for purposes of this  
16 section; provided that any amounts retained by that electric  
17 utility company for collection or other costs shall not be  
18 included in this exemption."

19           SECTION 7. In codifying the new sections added by section  
20 2 of this Act, the revisor of statutes shall substitute  
21 appropriate section numbers for the letters used in designating  
22 the new sections in this Act.



1 SECTION 8. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 9. This Act shall take effect on July 1, 2011.

4



**Report Title:**

Energy; Interisland High Voltage Electric Transmission Cable System; Public Utilities Commission; Tax Exemptions

**Description:**

Establishes a regulatory scheme for the installation and implementation of an interisland high voltage electric transmission cable system and for the construction of on-island transmission infrastructure. Allows for the utility company to collect surcharges from its ratepayers to recover the costs of the cable installation on behalf of the cable company. Exempts the surcharges from being counted as gross income, adjusted gross income, or taxable income for tax purposes. Provides for the eventual acquisition of the cable system by the utility company from the cable company. Allows the utility company to recover the costs of acquiring the cable system and developing the on island infrastructure through an automatic rate adjustment clause and then through its rates. Allows the utility to recover the costs of predevelopment and development in the event that the system is not completed. (Proposed SD1)

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

