

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
FEBRUARY 2, 2011**

MEASURE: H.B. No. 1257
TITLE: Relating to Public Utilities

Chair Herkes and Members of the Committee:

DESCRIPTION:

This bill amends Chapter 269, HRS, to require the Public Utilities Commission ("Commission"), in considering an application for a certificate of public convenience and necessity ("CPCN") submitted by an electric utility, to consider the:

- Proven effectiveness and reliability of the technology and methods that will be used to generate electricity;
- Levels of carbon emissions and other greenhouse gases that will be emitted from electricity generation facilities; and
- Costs to consumers of electricity generated by the facility as compared to costs of electricity generated by facilities using other methods for generating electricity.

POSITION:

The Commission does not support this bill, because it is not necessary and would not add anything beneficial to the policy framework and regulatory process to help the State achieve its energy policies and objectives.

COMMENTS:

This bill appears to be directed at the Commission's review of proposed electric generation facilities. It is unclear how the proposed bill would serve any purpose because a CPCN is not required for a new generating facility if proposed by an existing electric utility or an independent power producer. In addition, effectiveness and reliability, levels and types of emissions, and costs to consumers, are all matters that may already be considered by the Commission in evaluating any proposed generation facility. Accordingly, the Commission does not support this bill.

Thank you for the opportunity to testify.



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEAL'I S. LOPEZ
INTERIM DIRECTOR

EVERETT KANESHIGE
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2011

WEDNESDAY, FEBRUARY 2, 2011
2:05 P.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR,
DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND
CONSUMER AFFAIRS, TO THE HONORABLE ROBERT N. HERKES, CHAIR, AND
MEMBERS OF THE COMMITTEE

HOUSE BILL NO. 1257 – RELATING TO THE PUBLIC UTILITIES.

DESCRIPTION:

This measure proposes to amend Section 269-7.5, Hawaii Revised Statutes, to add that in considering an application for a certificate of public convenience and necessity ("CPCN") submitted by an electric utility, the Public Utilities Commission ("Commission") shall consider technology effectiveness and reliability, effect on carbon emissions and other greenhouse gases, and costs to consumers in analyzing the CPCN request.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") supports this measure.

COMMENTS:

This measure seeks to clarify that in considering an application for a CPCN submitted by an electric utility, the Commission shall consider technology effectiveness and reliability, the effect on carbon emissions and other greenhouse gases, and the costs to consumers in deciding whether the applicant's CPCN request should be granted.

Under current statutory and regulatory provisions, in assessing and offering comments upon a CPCN application that is currently filed with the Commission for review and approval, the Consumer Advocate examines the CPCN request to determine whether the applicant is fit, willing, and able to provide the regulated utility service identified in the applicant's application. Furthermore, the Consumer Advocate seeks information and data from the applicant to determine whether the rates proposed to be charged for regulated utility service are reasonable and non-discriminatory and the rules proposed to govern the identified utility service are reasonable, prudent, and the customers' interest.

The language contained in this bill explicitly describe factors considered by the Consumer Advocate in making a determination concerning the fitness and ability of the applicant to provide the regulated utility service identified in the CPCN application. Given the State's expressed goal of reducing the State's reliance upon fossil fuels in the coming years and considering the impact of the applicant's utility service upon the levels of carbon emissions and other greenhouse gases in the atmosphere, this measure appears to be consistent with assessing whether applicant's proposed utility service is reasonable, prudent, and in the public interest.

The Consumer Advocate notes that the amendments proposed in this measure apply only to CPCN requests submitted by an electric utility. Given that the State's primary electric service providers, Hawaiian Electric Company, Inc., Maui Electric Company, Limited, Hawaii Electric Light Company, Inc., and Kauai Island Utility Cooperative, already provide service pursuant to franchises duly granted by the State of Hawaii or its predecessor governments, the proposed amendment will likely affect electric utilities seeking approval to produce, convey, transmit, deliver, or furnish electricity service to customers after the effective date of this measure. The providers that might fall into scope of this new subsection include those providers who opt to aggregate the sale of solar power to consumers.

Thank you for this opportunity to testify.

CPCtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 29, 2011 12:19 PM
To: CPCtestimony
Cc: gottlieb@hawaii.rr.com
Subject: Testimony for HB1257 on 2/2/2011 2:05:00 PM

Follow Up Flag: Follow up
Flag Status: Flagged

Testimony for CPC 2/2/2011 2:05:00 PM HB1257

Conference room: 325
Testifier position: support
Testifier will be present: No
Submitted by: Alan Gottlieb
Organization: Hawaii Cattlemen's Council
Address:
Phone: 808-306-7769
E-mail: gottlieb@hawaii.rr.com
Submitted on: 1/29/2011

Comments:



Indigenous Consultants, LLC

Mililani B. Trask, Principal

P.O.Box 6377 ♦ Hilo, HI 96720

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HB 1527 Relating to Public Utilities
Hearing Date: February 2d, 2011
Committee: Consumer Protection Committee
Hearing Room: 325
Hearing time: 2:05pm

Testimony in Support of HB 1257 Relating to Public Utilities:

Aloha Chairman Herkes and members of the Committee,

I am submitting this testimony in behalf of Indigenous Consultants, a Hawaii based LLC which has been working with indigenous peoples globally, developing geothermal energy for the last several years. I am a resident and ratepayer on the island of Hawaii, and have attended and submitted testimony to the Big Island Geothermal Working Group.

This measure has been sent to the legislature by the Geothermal Working Group in order to set criterion for the development of renewable energy on our island. This bill is a consumer protection measure as can be seen from the criteria and language that will be added to the existing language of HRS 269-7.5. This language sets forth three significant criterion for consumer protection, and for the energy security of the State. They are: #1) the effectiveness and reliability of the technology, #2) the levels of carbon & greenhouse emissions, and #3) the cost relative to other methods of energy generation. These criterion are necessary because there are many new & evolving technologies available for energy generation, and we need the best technologically and cost wise for Hawaii. At present our costs for electricity are the highest in the US and the Pacific. Costs for electricity on Hawaii Island have skyrocketed and recent information indicates that these extremely high electricity costs are not related to the actual cost of producing and transmitting electricity on our Island, but have been based for nearly 20 years on the price of fossil fuel. This price fixing arrangement did not assess real & actual costs to consumers, instead the HECO/PVG energy monopoly were allowed to set prices based on the "avoided costs" (money saved by producing geothermal based electricity rather than fossil fuel electricity) to themselves as profit.

The Geothermal Working Group is submitting this legislation with its interim report in a timely and appropriate manner given its legislative mandate. Please support and pass this measure,

Sincerely,
Mililani B. Trask, Indigenous Consultants LLC

CPCtestimony

From: Scott [revscott@maylaigh.org]
Sent: Tuesday, February 01, 2011 7:47 AM
To: CPCtestimony
Subject: HB 1257 Testimony

Aloha,

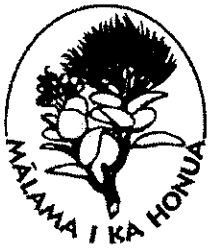
Please support HB 1257. The world we grew up in is based on cheap oil.
If we rely on business as usual your grand children and mine will suffer.

We need to put the people of Hawai`i first. Please make it easiest for geo-thermal power to grow here in your policy decisions.

Thank you, Scott Larson
Captain Cook Hawai`i

--

Look back and thank God.
Look forward and trust God.
Look around and serve God.
Look within and find God!



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
808.538.6616 hawaii.chapter@sierraclub.org

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

February 2, 2011, 2:05 P.M.
(Testimony is 1 page long)

TESTIMONY IN OPPOSITION TO HB 1257

Chair Herkes and members of the Committee:

The Sierra Club, Hawaii Chapter, with 8000 dues paying members and supporters statewide, opposes HB 1257. This measure would require the Public Utilities Commission to consider the reliability of the proposed technology, carbon emissions, and the cost of electricity generated by before issuing a certificate of public convenience and necessity to an electrical power producer.

In 2009, this legislature took the appropriate step of removing the requirement that the PUC consider "avoided costs," namely the consideration that renewable energy sources may be more expensive than today's oil prices. *See* Haw. Rev. Stat § 269-27.2. The statute now directs the PUC to "to maximize the reduction in consumption of fossil fuels in the generation of electricity to be provided to the public" by ensuring the increased rates are:

- (1) Just and reasonable;
- (2) Not unduly prejudicial to the customers of the public utility;
- (3) Promotional of Hawaii's long-term objective of energy self-sufficiency;
- (4) Encouraging to the maintenance or development of nonfossil fueled sources of electrical energy; and
- (5) In the overall best interest of the general public.

Id. We believe this language adequately fulfills the proposed intent of HB 1257. The proposed language is therefore unnecessary.

Mahalo for the opportunity to testify.

CPCtestimony

From: Richard Ha [richard@hamakuasprings.com]
Sent: Tuesday, February 01, 2011 10:16 PM
To: CPCtestimony
Subject: In support of, HB1257 A bill for an act relating to Public Utilities

Richard Ha
Date: Feb 2d, 2011
Time: 2:05p
Place:

Chair Bob Herkes:

I am in favor of HB 1257.
Proven technology, carbon emissions and costs are the essential elements to consider for the long run, when approving a utility's application for a certificate of public convenience and necessity. There are a thousand reasons why no can. In the face of Peak Oil soon, we need to find the one reason why; CAN!!

Richard Ha
President
Mauna Kea Banana Co.