



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

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LATE TESTIMONY

Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE
Wednesday, March 30, 2011
3:00 PM
State Capitol, Conference Room 308

in consideration of
SB 1347, SD1 HD1
RELATING TO THE PUBLIC UTILITIES COMMISSION.

Chair Oshiro, Vice Chair Lee, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports
SB 1347, SD1 HD1.

This bill directs the Public Utilities Commission ("Commission") to accept filings
electronically no later than January 1, 2012.

This bill would also allow the Commission to allocate an electric utility company's costs
it incurs to meet renewable energy portfolio standards to its electric utility affiliates and their
respective ratepayers if the electric utility company and its subsidiaries aggregate their renewable
portfolios to meet renewable portfolio standards. In addition, this bill allows such electric utility
companies to use an automatic rate adjustment clause to recover those costs from the aggregated
rate base. Under current Hawaii law, Chapter 269-93 Hawaii Revised Statutes, an electric utility
company and its electric utility affiliates may aggregate their renewable portfolios in order to
achieve the renewable portfolio standard. This legislation would allow, for example, the electric

utility on the Island of Hawaii to charge customers on Oahu and Maui for the costs of renewable energy projects that are used to meet the renewable portfolio standard on the HECO Companies and to help to mitigate the costs that otherwise would be borne solely by the Island of Hawaii's ratepayers .

Giving the Commission the authority to investigate and determine whether sharing these costs among an aggregated rate base are fair, just and reasonable helps the State to reach its clean energy objectives. Currently, the residential customers on Oahu pay a retail electrical rate of 23 cents per kilowatt hour. The residential customers on Lanai pay 38 cents, on Molokai 38 cents, Maui 30 cents, and Hawaii 36 cents. This is due in part to the larger customer base energy load on Oahu compared to the neighbor islands. Oahu has 262,635 residential customers, while the Maui County and Hawaii rate base has 139,616 residential customers combined. Allowing the Commission the discretion to allocate the costs of renewable energy projects among the aggregated customer base of 402,251 residential customers on Oahu, Maui County, and Hawaii will bring down the rate impacts for residents on the neighbor islands. This will encourage more renewable energy development on the neighbor islands, which will mean economic growth and jobs for these communities.

We respectfully request your support of this bill, with the recommended changes provided above. Thank you for the opportunity to provide these comments.