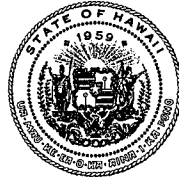


SB 1482



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

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

335 MERCHANT STREET, ROOM 310

P.O. Box 541

HONOLULU, HAWAII 96809

Phone Number: 586-2850

Fax Number: 586-2856

www.hawaii.gov/dcca

KEALI'I S. LOPEZ
INTERIM DIRECTOR

EVERETT KANESHIGE
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON WAYS AND MEANS

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2011

FRIDAY, FEBRUARY 25, 2011
9:00 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR,
DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND
CONSUMER AFFAIRS, TO THE HONORABLE DAVID Y. IGE, CHAIR, AND
MEMBERS OF THE COMMITTEE

SENATE BILL NO. 1482 – RELATING TO THE PUBLIC UTILITIES COMMISSION.

DESCRIPTION:

This measure proposes to require the Public Utilities Commission (“Commission”) to consider the need to reduce Hawaii’s reliance on fossil fuels and may determine that short-term or direct costs of alternative energies that are higher than fossil fuels are reasonable.

POSITION:

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

COMMENTS:

This measure seeks to require the Commission to consider factors, whether quantitative or qualitative, that might help the Commission to determine that alternatives to fossil fuels, which are generally imported to Hawaii, are reasonable options that should be incorporated into a utility company’s portfolio of resources available to meet customers’ energy needs.

Senate Bill No. 1482
Senate Committee on Ways and Means
Friday, February 25, 2011, 9 a.m.
Page 2

The Consumer Advocate notes that such recommendations have already been offered by the Consumer Advocate and the electric utility companies themselves in many recent dockets. Furthermore, based on the record in those dockets, the Commission approved various purchased power contracts and other mechanisms associated with renewable energy projects and/or energy efficiency measures even though the costs associated with those projects and/or measures might have been higher than fossil fuel alternatives.

As recommendations by parties to dockets and decisions filed by the Commission are already consistent with the intent and language of the proposed bill, it would appear that the need to add such language may be unnecessary. However, since the proposed language largely reflects the recommendations and actions already taken by various parties, including the Commission, in past and ongoing proceedings, the Consumer Advocate supports the effort to ensure that such guidance is included in the statute.

Thank you for this opportunity to provide our comments.

**WRITTEN TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON WAYS AND MEANS
FEBRUARY 25, 2010**

MEASURE: S.B. No. 1482
TITLE: Relating to the Public Utilities Commission

Chair Ige and Members of the Committee:

DESCRIPTION:

This bill allows the Public Utilities Commission ("Commission") to consider the benefits of capital improvements for renewable energy and energy efficiency despite the short-term expense. This bill also requires the Commission to consider the need to reduce the State's reliance on fossil fuels.

POSITION:

The Commission does not object to this bill.

COMMENTS:

The Commission is well aware of the tension between reducing the State's reliance on fossil fuels and the short-term impact on rates. A policy determination by the Legislature and guidance to the Commission can help clarify the weight these considerations should receive as decisions are made.

Thank you for the opportunity to testify.



Western States Petroleum Association

Senate Committee on Ways and Means

DATE: Friday, February 25, 2011
TIME: 9:00 a.m.
PLACE: Conference Room 211
RE: SB1482: Relating to Public Utilities Commission

I am testifying on behalf of the Western States Petroleum Association (known as WSPA) with comments in opposition to SB 1482. WSPA is a non-profit trade association representing a broad spectrum of petroleum industry companies in Hawaii and five other western states.

SB 1482 requires the PUC to consider the need to reduce the State's reliance on fossil fuels through energy efficiency. It allows the PUC to take the consequences of importing fuel into consideration when making determinations about costs of capital improvements and operations. While we support the broad goals of promoting energy efficiency and promoting the development of feasible indigenous sources of renewable energy, this measure does not serve the greater and comprehensive vision necessary to implement the state's energy policy.

We believe the PUC currently has broad authority to implement the state's energy policies and that modifying the PUC's criteria on a piecemeal basis will not serve to further the state's interests. Technological progress, improvements in information management, and other evolving economic trends all raise the possibility that imported renewable energy and petroleum supplies, as well as locally produced renewable energy sources, will factor into Hawaii's future energy supply portfolio.

This measure, as well as other similar measures being considered by the legislature this year, purports to tip the balance away from considering cost to the consumer and to place an overly broad ability for the PUC to adopt policies without sufficient regard to economic impact to the state. We believe that the key is to support, promote and increase the availability of new technologies and renewable energy without impairing the state's economic future and that the PUC's existing authority allows it to do so. We strongly support flexibility and the maintenance of all options to meet Hawaii's growing energy needs.

Therefore, we respectfully oppose this measure.