

Honolulu, Hawaii

FEB 13 2012

RE: S.B. No. 2785
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Energy and Environment and Commerce and
Consumer Protection, to which was referred S.B. No. 2785 entitled:

"A BILL FOR AN ACT RELATING TO INTERISLAND ELECTRIC
TRANSMISSION CABLE SYSTEMS,"

beg leave to report as follows:

The purpose and intent of this measure is to establish the
regulatory structure under which interisland undersea transmission
cables can be developed, financed, and constructed, on
commercially reasonable terms.

Your Committees received testimony in support of this measure
from the Office of the Governor; Public Utilities Commission;
Department of Business, Economic Development, and Tourism;
Division of Consumer Advocacy; Office of the Mayor of Maui County;
The Pacific Resource Partnership; International Longshore and
Warehouse Union Local 142; Blue Planet Foundation; Building
Industry Association; Hawaii Carpenters Union; Hawaii Laborers'
Union; Hawaiian Electric Company; Castle & Cook Hawai'i; Enterprise
Honolulu; Hawaii Interisland Cable LLC; and three individuals.
Your Committees received testimony in opposition to this measure
from Friends of Lana'i, Life of the Land, Conservation Council for
Hawai'i, Hawaii's Thousand Friends, and sixty-four individuals.
Your Committees received comments on this measure from the
Environmental Caucus of the Democratic Party of Hawaii and two
individuals.



Your Committees find that the creation of a regulatory structure for the installation and implementation of an interisland undersea electric transmission cable system is in the best interests of the people of Hawaii. A cable built in the absence of an appropriate regulatory structure will cost more to finance and place an unnecessary burden on electricity ratepayers. Your Committees note that this measure does not guarantee that an interisland cable system will be built; it only ensures the predictability and certainty of the regulatory process in the event that an interisland cable system is built.

Your Committees note that the electric utility company's revenue requirement and the electric utility company's net investment, as specified in this measure, should be further discussed by your Committee on Ways and Means.

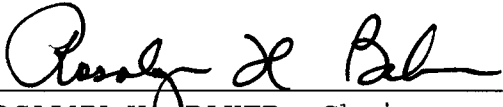
Your Committees have amended this measure by:

- (1) Adding language clarifying that nothing in this measure is intended to require construction of an interisland cable from the islands of Molokai or Lanai to Oahu;
- (2) Adding language clarifying that a cable company selected to construct a cable system shall not commence commercial operations of the cable system until it is issued a certificate of public convenience and necessity by the Public Utilities Commission;
- (3) Deleting language pertaining to acquisition of a cable system by an electric utility and recovery of acquisition costs by an electric utility that purchases a cable system; and
- (4) Deleting definitions that are no longer used in the measure and making other technical, nonsubstantive amendments for the purposes of clarity and consistency.

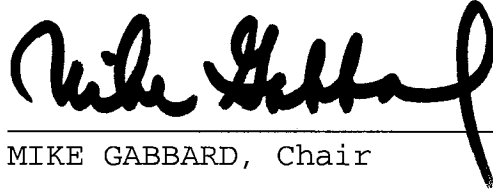
As affirmed by the records of votes of the members of your Committees on Energy and Environment and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2785, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2785, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



MIKE GABBARD, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i


Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 2785	Committee Referral: ENE/CPN, WAM	Date: 2 Feb 2012		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
ENGLISH, J. Kalani (VC)	X			
GREEN, M.D., Josh	X			
IHARA, Jr., Les	✓	WR X		
SLOM, Sam			X	
TOTAL	3	1	1	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>J. Kalani English</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 2785	Committee Referral: ENE/CPN, WAM	Date: 2-3-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam			✓	
TOTAL	6	0	1	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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