

STAND. COM. REP. NO.

785

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 367
S.D. 3

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 367, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a regulatory structure for the placement, operation, and possible acquisition of an undersea high-voltage electric transmission cable system that will transmit electricity generated at renewable energy facilities to other islands of the State.

Written comments in support of this measure were submitted by Richard C. Lim, Interim Director, Department of Business, Economic Development, and Tourism; Jeffrey T. Ono, Executive Director, Division of Consumer Advocacy, Department of Commerce and Consumer Affairs; and Robbie Alm, Executive Vice President, Hawaiian Electric Company. Sally Kaye and Beverly Zigmond submitted comments in opposition to this measure. Comments on this measure were submitted by Carlito P. Caliboso, Chairman, Public Utilities Commission, Department of Budget and Finance; and the Office of Hawaiian Affairs.

The ability to generate large amounts of electricity from renewable resources and transmit that electricity to major load centers throughout the State is crucial to making Hawaii less dependent on imported fossil fuel energy sources and promoting environmental preservation. Your Committee finds that it is necessary to regulate a cable system operator as a public utility,

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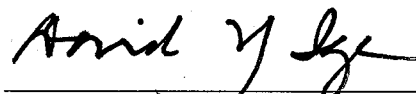
and this measure will provide a regulatory structure, administered by the Public Utilities Commission, for the placement and use of an undersea interisland electric transmission cable and for the construction and use of the necessary on-island transmission infrastructure. Your Committee further finds that this regulatory framework is necessary for the Public Utilities Commission to oversee cost recovery from ratepayers for the use of the undersea cable system; and, if necessary, the acquisition of the cable system by an electric utility. Your Committee believes that this measure will encourage development of the undersea cable system, by allowing for reasonable cost recovery if the cable system is not completed, as determined by the Public Utilities Commission.

Your Committee has amended this measure by:

- (1) Incorporating language suggested by the Division of Consumer Advocacy that would allow a wider variety of offsets, such as federal funds, to be taken into account when calculating an electric utility company's net investment;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making numerous technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 367, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 367, S.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:	Committee Referral:	Date:		
SB 367, SD2	ENE/CPN, WAM	2-25-11		
<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
IGE, David Y. (C)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.				✓
ENGLISH, J. Kalani		✓		
ESPERO, Will	/			
FUKUNAGA, Carol		✓		
KIM, Donna Mercado	/			
KAHELE, Gilbert	/			
KOUCHI, Ronald D.				✓
RYAN, Pohai		✓		
TOKUDA, Jill N.	/			
WAKAI, Glenn	/			
SLOM, Sam			✓	
TOTAL	8	3	1	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Michelle N. Kidani				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes