

**SB 1343**

**nishihara5 - Randy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 02, 2011 11:37 AM  
**To:** AGL Testimony  
**Cc:** Leslie.Campaniano@hawaii.gov  
**Subject:** Testimony for SB1343 on 2/3/2011 2:45:00 PM  
**Attachments:** SB1343\_AGR\_02-03-11\_AGL-CPN-final.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Testimony for AGL 2/3/2011 2:45:00 PM SB1343

Conference room: 229  
Testifier position:  
Testifier will be present: Yes  
Submitted by: James Nakatani  
Organization: Hawaii Department of Agriculture  
Address:  
Phone: 973-9552  
E-mail: [Leslie.Campaniano@hawaii.gov](mailto:Leslie.Campaniano@hawaii.gov)  
Submitted on: 2/2/2011

Comments:

NEIL ABERCROMBIE  
Governor



State of Hawaii  
DEPARTMENT OF AGRICULTURE  
1428 South King Street  
Honolulu, Hawaii 96814-2512

RUSSELL S. KOKUBUN  
Chairperson, Board of Agriculture

JAMES J. NAKATANI  
Deputy to the Chairperson

TESTIMONY OF RUSSELL S. KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON AGRICULTURE  
THURSDAY, FEBRUARY 3, 2011  
2:45 p.m.  
CONFERENCE ROOM 229

SENATE BILL NO. 1343  
RELATING TO ELECTRICAL RATES

Chair Nishihara and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 1343. The Department of Agriculture supports the intent of this measure which would reduce the cost of electricity for qualified agribusinesses defers to the Public Utilities Commission (PUC) regarding the feasibility of developing and implementing this measure.

This bill proposes a policy and process to establish preferential rates for electricity for agricultural activities. These preferential rates are to be subsidized by rates charged to other customers of the electrical public utility. The Department of Agriculture may be consulted by the Public Utilities Commission (PUC) to establish criteria to qualify bona fide agribusinesses. This bill closely resembles Section 269-26.5, HRS which establishes preferential water rates for qualified agricultural activities (Act 169, 2008 SH).

Thank you, again, for this opportunity to testify on this measure.



**nishihara5 - Randy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 02, 2011 8:33 AM  
**To:** AGL Testimony  
**Cc:** wendy.a.takanishi@hawaii.gov  
**Subject:** Testimony for SB1343 on 2/3/2011 2:45:00 PM  
**Attachments:** SB1343\_BUF-PUC\_02-03-2011\_AGL.pdf

Testimony for AGL 2/3/2011 2:45:00 PM SB1343

Conference room: 229  
Testifier position: comments only  
Testifier will be present: Yes  
Submitted by: Carlito P. Caloboso  
Organization: Public Utilities Commission  
Address: 465 S. King Rm 103 Honolulu, HI  
Phone: 808-586-2020  
E-mail: [wendy.a.takanishi@hawaii.gov](mailto:wendy.a.takanishi@hawaii.gov)  
Submitted on: 2/2/2011

Comments:

**TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
SENATE COMMITTEE ON AGRICULTURE  
FEBRUARY 3, 2011**

**MEASURE: S.B. No. 1343**

**TITLE: Relating to Electricity Rates.**

Chair Nishihara and Members of the Committee:

**DESCRIPTION:**

This bill amends chapter 269, Hawaii Revised Statutes ("HRS"), by including a new section to authorize the Public Utilities Commission ("Commission") to establish preferential rates for electricity used for agricultural activities in a public utility's service area.

**POSITION:**

The Commission appreciates the intent of this bill to assist and encourage agricultural activities, but has concerns because of the effect it would have on increasing electricity rates for the majority of ratepayers unnecessarily and, therefore, defers to the Legislature's policy determination regarding mandating preferential electricity rates for agricultural activities.

**COMMENTS:**

As the Legislature considers whether to require preferential rates for electricity specifically for agricultural activities, the Commission respectfully notes that this practice may be contrary to the Commission's regulation of rates and ratemaking procedures under HRS § 269-16, which prohibits "unreasonable discrimination between localities or between users or consumers under substantially similar conditions."

In effect, as provided for in this bill, any preferential rates for electricity used for agricultural activities would more than likely be subsidized by the electricity rates charged to other ratepayers of the public utility.

The Commission expresses serious reservations about this bill's effect of increasing the ratepayers' already heavy economic burden during the current difficult economic environment.

Thank you for the opportunity to testify.

**nishihara5 - Randy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 02, 2011 12:43 PM  
**To:** AGL Testimony  
**Cc:** warrenmcfb@hotmail.com  
**Subject:** Testimony for SB1343 on 2/3/2011 2:45:00 PM  
**Attachments:** Sb1343 relating to electricity rates.doc

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Testimony for AGL 2/3/2011 2:45:00 PM SB1343

Conference room: 229  
Testifier position: support  
Testifier will be present: Yes  
Submitted by: Warren Watanabe  
Organization: Individual  
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Phone:  
E-mail: [warrenmcfb@hotmail.com](mailto:warrenmcfb@hotmail.com)  
Submitted on: 2/2/2011

Comments:



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**Testimony**  
**RE: SB1343 RELATING TO ELECTRICITY RATES**

Chair Nishihara and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our commercial farm and ranch families and organizations across the State, strongly supports SB1343 establishing a process for preferential rates for electricity used for agricultural activities.

Electricity is one of the largest variable costs for an agricultural operation. Whether it be to refrigerate produce or meat, energy use on a farm is significant. In 2007, our farmers and ranchers faced astronomical increases in cost much of which could not be passed on. Sales of local agricultural products are always in competition with imports that tend to be lower priced even with shipping costs.

Hawaii has always said it wants to increase local self sufficiency. This can only be accomplished by having viable farms and ranches. Cost containment is a very critical aspect of the business. This measure would significantly contribute to this end.

We respectfully request your assistance in passing this measure to assist in containing costs of our agricultural operations and thereby increasing their viability. Thank you for this opportunity to provide our opinion on this important matter. If there are questions, please contact Warren Watanabe, Executive Director of MCFB at 2819718.