

# SB2256

Measure Title: RELATING TO CONDOMINIUMS.  
Report Title: Condominiums; Metering of Utilities  
Description: Allows a condominium board to authorize the installation of separate utility meters, notwithstanding the provisions of a project's declaration or association's bylaws, provided that the association pays the cost of installing the meters.  
Companion: HB1746  
Package: None  
Current Referral: CPN  
Introducer(s): ESPERO, FUKUNAGA, Nishihara, Ryan, Wakai

<b><u>Sort by</u></b> <b><u>Date</u></b>		<b>Status Text</b>
1/20/2012	S	Introduced.
1/23/2012	S	Passed First Reading.
1/23/2012	S	Referred to CPN.
1/31/2012	S	The committee(s) on CPN has scheduled a public hearing on 02-22-12 9:00AM in conference room 229.



P.O. Box 976  
Honolulu, Hawaii 96808

February 21, 2012

The Honorable Rosalyn H. Baker, Chair  
Committee on Commerce and Consumer Protection

RE: BILL: SB 2256  
DATE: February 22, 2012  
TIME: 9:00 a.m.  
PLACE: Conference Room 229

Dear Senator Baker and Members of the Committees:

This testimony is submitted on behalf of the Hawai'i Legislative Action Committee of the Community Associations Institute ("CAI"). CAI is a non-profit national and statewide organization whose members include condominium associations, planned community associations, residential cooperatives, homeowners, managing agents, and others involved in creating, managing, servicing, and living in common interest communities.

Many older Condominium Projects in Hawaii (for which construction commenced before January 1, 1978) were constructed so that a single meter measures the consumption of utilities (e.g., electricity, water, sewer). (See changes made for newer projects in HRS §514B-42.) Thus, in buildings older than 34 years (there are many condos in this category as condos were first permitted by statute in 1961 in Hawai'i) utility costs are not measured by the actual usage of the various owners or occupants of Units in the Project but instead are paid for as a common expense based on each Unit's undivided common interest. That situation is unfair to both owners in the Project and to the Association. If an owner knows that his electric bill will not be increased because of his cavalier usage, he may decide to leave on the air conditioner or the lights when he leaves his Unit. This is a big problem for resort condominiums where visitors simply leave on the air conditioning with the doors open. Thus, the Association inevitably pays a higher electric bill than it would if the individual members had to pay for their own utility use. It is also unfair to other owners because a three bedroom Unit (that generally has a higher undivided interest than a studio Unit) will then pay more in electric costs than a studio Unit, regardless of whether either Unit is even occupied or used.

A prior legislature recognized the unfairness of this situation when it enacted “§ 514B-42 Metering of Utilities,” which provides that all Projects developed after 1978 would have to provide separate meters for utilities or for another fair means of billing utilities in the governing documents of a mixed use (*e.g.*, residential and commercial) Project:

**§ 514B-42 Metering of utilities.** (a) Units in a project that includes units designated for both residential and nonresidential use shall have separate meters, or calculations shall be made, or both, as may be practicable, to determine the use by the nonresidential units of utilities, including electricity, water, gas, fuel, oil, sewerage, air conditioning, chiller water, and drainage, and the cost of such utilities shall be paid by the owners of the nonresidential units; provided that the apportionment of the charges among owners of nonresidential units shall be done in a fair and equitable manner as set forth in the declaration or bylaws. . . .

Unfortunately, that provision only relates to Projects developed after 1978: “The requirements of this subsection shall not apply to projects for which construction commenced before January 1, 1978.” Condominium projects have been developed in Hawaii since 1961 and thus many Projects cannot benefit from this language.

Modern technology will now permit metering of utilities using computers and wireless internet connections for a reasonable price regardless of the original construction of the Project. There should be no difference in treatment of older Projects with regard to this issue than newer Projects especially given the new reasonably priced technology. This bill will result in significant savings in electricity and water in Hawai`i, an important public policy reason to enact this legislation.

Thank you for the opportunity to submit this testimony. If you have any questions, I can be reached at 697-6006 or by email at [jneeley@alf-hawaii.com](mailto:jneeley@alf-hawaii.com).

COMMUNITY ASSOCIATIONS INSTITUTE  
HAWAII LEGISLATIVE ACTION COMMITTEE

/s/ Joyce Y. Neeley

  
JOYCE Y. NEELEY



# Hawaii Energy

Conservation and Efficiency Programs

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1132 Bishop Street • Suite 1800 • Honolulu • Hawaii 96813 • [www.HawaiiEnergy.com](http://www.HawaiiEnergy.com) • P (808) 839-8880 F (808) 441-6068

February 20, 2012

The Honorable Rosalyn H. Baker, Chair  
Committee on Commerce and Consumer Protection

The Honorable Brian T. Taniguchi, Vice Chair  
Committee on Commerce and Consumer Protection

RE: SB 2256, Relating to Condominiums  
February 22, 2012  
9:00 A.M.  
Conference Room 229

Aloha Chair Baker, Vice Chair Taniguchi and Members of the Committee,

As the State's Public Benefits Fee Administrator (PBFA) and operator of the Hawaii Energy Conservation and Efficiency Program, we would offer the following observations for your consideration regarding SB 2256, Relating to Condominiums:

First – Our industry experience has shown that individual electric energy users tend to use less energy when they are made aware of the quantity of their actual energy use and are required to pay for the electricity use directly attributable to the specific user.

Second – Condominium complexes with only a single “master” electrical meter do not give individual condominium users any sense of the amount of electricity the individuals are actually using. This allows heavy users of electricity to pay less than their fair share and have little or no incentive to reduce their actual energy use or support sub-metering for the complex.

Third - Electrical sub-metering of condominium projects has been shown to cause changes in individual occupant electrical use that results in overall aggregate energy savings when compared to total savings in facilities with only a master meter for the entire complex.

Fourth - It is the opinion of the PBFA that electrical sub-metering of both residential and non-residential condominium complexes saves electrical energy and has a positive benefit towards the State's achievement of its clean energy goals.

Thank you for the opportunity to testify.

Respectfully,  
H. Ray Starling  
Program Manager

Wednesday, February 22, 2012

Committee On Commerce and Consumer Protection

Sen. Rosalyn Baker, Chair  
Sen. Brian Taniguchi, Vice Chair

Brian Grayling  
General Manager, Harbor Square AOA  
700 Richards St. #2610  
Honolulu, HI 96813  
(808) 291-8761

**Testimony For SB2256**

Members of the Committee On Commerce and Consumer Protection:

Thank you for this opportunity to testify in favor of this Bill.

This energy conservation legislation has generated a great deal of interest as it moves through the committees, and my office has fielded informational calls from Condominium Board Presidents and Managers on both Oahu and Maui. Channel 4 made it their lead story.

The reason for the interest is that Hawaii is facing an energy shortage. Over the past year we have all seen higher utility costs, a matter serious enough for HECO to air commercials asking for conservation. Meanwhile, housing development continues, and prognosis is that immediate future supply will not be able to keep up with peak demand.

This Bill targets waste in residential condominiums, whose owners have faced massive increases in maintenance fees as a result of up to 40% higher energy costs over the last twelve months. If a Board of a high-rise complex chooses to sub-meter, individual residents will become accountable for the energy they use. On inception, a typical high-rise will see its electrical usage reduced by 2-5%, leaving that much more electrical energy available to everybody from businesses to single family homes.

Submetering Systems and Hawaii Energy have placed the unit cost of a meter at \$300 to \$500, but of course a bulk purchase will bring the cost much lower.

We are all pulling from the same source, and there's only so much power to go around.

Thank you for your attention.

Brian Grayling

**Testimony of Thomas J. Smyth, Secretary  
Association of Apartment Owners of Harbor Square**

**Before the  
Committee on Commerce And Consumer Protection**

**Wednesday, February 22, 2012, 9:00 a.m. Conference Room 229  
On  
SB2256 Relating to Condominiums**

Chair Baker, Vice Chair Taniguchi and Committee Members:

The Board of Directors of the Association of Apartment Owners of Harbor Square supports SB 2256 which allows an association to install utility sub-meters in each owner's apartment in buildings built before 1978. Thus the bill would allow us to do as buildings built more recently can do.

When our building was built in 1971, electric rates were not of particular concern to the association and our common area maintenance fees were fairly low in comparison to the market price or rental cost of a unit. Sub-metering of an older building a few years ago would have required extensive rewiring, no longer required using today's technology.

We do know that even with major efforts to reduce electrical use through reduced or new technology lighting in common areas, an individual owner or tenant is not motivated to reduce in-unit electricity use. We have a sophisticated central air conditioning system which is certainly more efficient than the one originally installed.

The electric use in each apartment is one aspect of our electric use that we cannot now reduce, keeping our rates very high. This bill will allow us to ensure that each occupant knows how much electricity is being used and will be individually billed for that use.

A recent engineering survey of our 360-unit, two tower complex, indicates that many units can be remotely metered and others will need only a minor change to their circuit breaker box. So the cost of this type of sub-metering should not be expensive or intrusive.

Thank you for the opportunity to testify.

Testimony for CPN 2/22/2012 9:00:00 AM SB2256

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Henry & Carrie Chen

Organization: Individual

E-mail: [carrihen@hotmail.com](mailto:carrihen@hotmail.com)

Submitted on: 2/18/2012

Comments:

We are residents of Makaha Valley Towers. We strongly support this bill for the following reasons, 1). It will curb waste and help conserve precious water and energy of our islands.

2). It promotes fairness of condo utility expenses. You only pay for water and electricity you actually use in your unit, while sharing utility costs of common areas.

3). It provides authority for Association Board of Directors to install meters for individual condo units without undue delay.

Thanks for your consideration.

Henry & Carrie Chen,  
Makaha Valley Towers, APT. 1010

Testimony for CPN 2/22/2012 9:00:00 AM SB2256

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Diane Tippett

Organization: Individual

E-mail: [haldia@aol.com](mailto:haldia@aol.com)

Submitted on: 2/3/2012

Comments:

With the current economy and escalating utility costs, this bill should be passed as quickly as possible. It is a win win situation.

Diane