



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

SB 367

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
INTERIM DIRECTOR

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Statement of
RICHARD C. LIM
Interim Director
Department of Business, Economic Development, and Tourism
before the
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
AND
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**
Thursday, March 17, 2011
11 AM
State Capitol, Conference Room 325

in consideration of
SB 367, SD3
RELATING TO ENERGY.

Chair Coffman and Herkes, Vice Chair Yamane, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports SB 367, SD3. DBEDT has worked closely with the Public Utilities Commission (Commission) to develop a regulatory framework provided in this bill that gives the Commission the proper discretion and authority to ensure that the implementation of the cable project is in the best interest of Hawaii's ratepayers.

SB 367, SD 3 provides the following:

- Establishes a regulatory structure under which undersea transmission cables can be developed, financed, and constructed on reasonable terms that minimize the risks to ratepayers;
- Establishes a regulatory structure to enable receipt of project proposals and costs for the construction of an inter-island high voltage electric transmission cable system ("Cable System");

- Establishes the regulatory process, requirements, and guidelines for the selection and certification of a transmission cable company in a manner that minimizes risks to the ratepayers; and
- Establishes the regulatory procedure and approval process for costs and costs recovery in a manner that protects the ratepayers' interest.

Based on meetings with several state officials, legislators, and members of the general public, DBEDT would like to suggest the following changes to SB367 for the committees' consideration to address some concerns raised relating to the procurement process for the cable developer, the right to participate in the regulatory proceedings for the selection and certification of the cable developer, and the land costs of the cable system:

1. Modify the definition of Certified Cable Company at page 7, beginning on line 19, to read as follows:

"Certified cable company" means any person or persons, company, corporation, or entity who owns or controls a high-voltage electric transmission cable system and who is selected through a request for proposal issued by the utility under a commission authorized bidding process to install the high-voltage electric transmission cable system; provided that the person or persons, company, corporation, or entity receives a certificate of public convenience and necessity from the commission pursuant to section 269-B.

2. Expand the definition of "Cost" on page 8 to include land acquisition costs, such as purchase cost, license fees, land leases, rents, commission, and other possible land acquisition costs.

3. Modify the definition of Request for Proposals on page 12, line 1 to read as follows:

"Request for proposals" means a request for proposals issued by the utility under a commission authorized bidding process to select a certified cable company, and conducted by the utility company or companies to which the capacity of a high-voltage electric transmission cable system will be made available. The utility and the energy resources coordinator or its designee shall develop the request for proposals, and the energy resources coordinator or its designee shall be a member of the selection committee that will review and evaluate the proposals. The utility shall suspend or terminate the request for proposals at the direction of the commission.

4. Amend the public hearing requirement on page 17, starting at line 16 to read as follows:

- (7) The reasonableness of the request for proposals, the financial fitness of the cable company and the project-on-project risk mitigation proposed by the cable company shall be determined by the commission.
- (a) The commission shall conduct a hearing on each island to be connected by the high-voltage electric transmission cable system to obtain input from the affected communities about the high-voltage electric transmission cable system.
- (b) Any person or entity who can materially and substantively contribute to the regulatory proceedings evaluating all matters pertaining to the certification of a cable company may make an application to intervene and become a party to the proceeding.

We respectfully request your support of this bill, with the recommended changes provided above.

Thank you for the opportunity to provide these comments.

coffman3 - Sean

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 16, 2011 8:27 PM
To: EEPtestimony
Cc: fackrell@hawaiiantel.net
Subject: Testimony for SB367 on 3/17/2011 11:00:00 AM

Testimony for EEP/CPC 3/17/2011 11:00:00 AM SB367

Conference room: 325
Testifier position: oppose
Testifier will be present: No
Submitted by: John Fackrell
Organization: Individual
Address:
Phone:
E-mail: fackrell@hawaiiantel.net
Submitted on: 3/16/2011

Comments:

I oppose SB 367 S.D. 3. It is premature and not in the best interests of Hawai'i's ratepayers or the people of Lana'i or Moloka'i. Please defer this Bill.

coffman3 - Sean

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 16, 2011 10:19 PM
To: EEPtestimony
Cc: sakinancy@hawaii.rr.com
Subject: Testimony for SB367 on 3/17/2011 11:00:00 AM

Testimony for EEP/CPC 3/17/2011 11:00:00 AM SB367

Conference room: 325
Testifier position: oppose
Testifier will be present: No
Submitted by: Gerald Sakamura
Organization: Individual
Address:
Phone:
E-mail: sakinancy@hawaii.rr.com
Submitted on: 3/16/2011

Comments:

I believe in alternative energy but the cost to our citizenry must be controlled. Both Lanai and Molokai will need to sacrifice the usage of land and access to the hunting and fishing on limited areas of land. How long will our citizens have to pay fees to have these changes? Our State is already in financial problems and talk of taxes at all levels are taking a toll on our fellow citizens. Please take care of the people, with their best interest in mind. Thank you!

coffman3 - Sean

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 17, 2011 5:25 AM
To: EEPtestimony
Cc: joannawalter@comcast.net
Subject: Testimony for SB367 on 3/17/2011 11:00:00 AM

Testimony for EEP/CPC 3/17/2011 11:00:00 AM SB367

Conference room: 325
Testifier position: oppose
Testifier will be present: No
Submitted by: Joanne Laughton
Organization: Individual
Address:
Phone:
E-mail: joannawalter@comcast.net
Submitted on: 3/17/2011

Comments:

morita2----Lahela

From: EEPtestimony
Sent: Thursday, March 17, 2011 9:02 AM
To: morita2----Lahela
Subject: FW: Testimony for SB367 on 3/17/2011 11:00:00 AM

From: mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]
Sent: Thursday, March 17, 2011 8:31 AM
To: EEPtestimony
Cc: amhelm@dow.com
Subject: Testimony for SB367 on 3/17/2011 11:00:00 AM

Testimony for EEP/CPC 3/17/2011 11:00:00 AM SB367

Conference room: 325
Testifier position: oppose
Testifier will be present: No
Submitted by: Adolph Helm
Organization: Individual
Address:
Phone:
E-mail: amhelm@dow.com
Submitted on: 3/17/2011

Comments:

"I oppose SB 367 S.D. 3. It is premature and not in the best interests of Hawai'i's ratepayers or the people of Lana'i or Moloka'i. Please defer this Bill."