
A BILL FOR AN ACT

RELATING TO ELECTRICITY RATES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii's
2 agricultural industry is dependent on access to affordable
3 resources. The public utilities commission has established
4 preferential rates for potable water that is used for
5 agricultural activities. This has provided our farmers with
6 access to water at affordable rates. However, preferential
7 rates for electricity that is used for the same activities have
8 not been established. Farmers need affordable electricity rates
9 to be able to comply with government regulations while remaining
10 competitive and self-sustaining. For example, local farmers use
11 significant amounts of electricity to refrigerate their products
12 in compliance with food safety regulations.

13 The purpose of this Act is to establish a pilot program to
14 determine whether preferential electricity rates for
15 agricultural activities will better aid in the sustainable
16 perpetuation of local agriculture in Hawaii.



1 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§269- Rates for electricity; pilot program for
5 agricultural use. (a) It is the policy of the State to promote
6 the long-term viability of agriculture by establishing
7 mechanisms that provide for preferential rates for electricity
8 for agricultural activities. The public utilities commission
9 shall have the authority to establish a preferential rate pilot
10 program for electricity used for agricultural activities in a
11 public utility's service area. The pilot program shall measure:

12 (1) Whether preferential rates will better aid the
13 sustainable perpetuation of local agriculture in
14 Hawaii; and
15 (2) The effects the program may have on all electrical
16 ratepayers.

17 (b) Beginning no later than January 1, 2014, the
18 preferential rate pilot program shall require a public utility
19 to:

20 (1) Discover the average electricity consumption for each
21 agricultural category as determined by acreage;

22 (2) Propose to the public utilities commission for



1 approval, preferential rates for electricity to be
2 used only for qualified agricultural activities, upon
3 the utility's receipt of:

4 (A) A bona fide customer request for preferential
5 rates for electricity to be used for agricultural
6 activities; and

7 (B) Satisfactory evidence that the customer engages in
8 agricultural activities on land within
9 agricultural districts; and

10 (3) Establish preferential rate ceilings, wherein standard
11 electricity rates will be applied to electricity
12 consumed in excess of the discovered average usage for
13 each agricultural category.

14 All such rates approved by the public utilities commission shall
15 be subsidized by the electricity rates charged to other
16 customers of the public utility, if required, as determined by
17 the public utilities commission. In reviewing the proposed
18 preferential rates, the public utilities commission, in
19 consultation with the department of agriculture, may establish
20 additional criteria to qualify bona fide agribusinesses for
21 electricity used solely for agricultural activities. For rate
22 cases initiated pursuant to this section, the public utilities



1 commission shall allow the recovery of any reasonable
 2 unamortized costs incurred by the public utility in its previous
 3 rate case; provided, however, upon full amortization of these
 4 costs, rates shall be adjusted accordingly.

5 (c) The preferential rate pilot program shall be in effect
 6 for a minimum period of two years, and shall not exceed five
 7 years."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

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H.B. NO. 1449

Report Title:

Electricity Rates; Agricultural Use

Description:

Establishes a pilot program to determine whether preferential electricity rates for agricultural activities will better aid in the sustainable perpetuation of local agriculture in Hawaii.

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