

NEIL ABERCROMBIE
Governor



RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

SCOTT E. ENRIGHT
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEES ON AGRICULTURE, AND ENERGY AND
ENVIRONMENTAL PROTECTION**

Monday, March 25, 2013

10:30 A.M.

Room 312

**HOUSE CONCURRENT RESOLUTION NO. 113 AND HOUSE RESOLUTION NO. 84
URGING THE PUBLIC UTILITIES COMMISSION TO CONSIDER THE
ESTABLISHMENT OF PREFERENTIAL RATES FOR THE PURCHASE OF ENERGY
THAT IS USED OR CONSUMED FOR AGRICULTURAL ACTIVITIES**

Chairpersons Wooley and Lee and Members of the Committees:

Thank you for the opportunity to testify on House Concurrent Resolution No. 113 and House Resolution No. 84. These resolutions request the Public Utilities Commission to consider establishing preferential rates for the purchase of energy that is used or consumed for agricultural activities, including eligible agricultural activities of the Department of Agriculture. As a strong advocate for agriculture in Hawaii, the Department supports the intent of these resolutions that may reduce the cost of electricity to farms and, perhaps, agricultural crop processing facilities. Otherwise, we defer to the Public Utilities Commission (PUC) regarding the reasonableness and feasibility of these resolutions.

Thank you, again, for the opportunity to testify on these resolutions.

TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEES ON
AGRICULTURE
AND
ENERGY & ENVIRONMENTAL PROTECTION

MARCH 25, 2013
10:30 a.m.

MEASURE: H.C.R. No. 113/H.R. No. 84

TITLE: Urging the Public Utilities Commission to Consider the Establishment of Preferential Rates for the Purchase of Energy that is Used or Consumed for Agricultural Activities

Chair Wooley, Chair Lee, and Members of the Committees:

DESCRIPTION:

H.C.R. No. 113 and H.R. No. 84 (collectively referred to as “Resolutions”) urge the Public Utilities Commission (“Commission”) to consider establishing preferential energy rates for agricultural activities, including qualifying Department of Agriculture activities. Applications for preferential energy rates would be filed with the Commission by a public utility 1) on behalf of a ratepayer having made a bona fide request for preferential rates, and 2) including proof that energy receiving preferential rates will be used for agricultural activities. Additional criteria for a preferential rate program may be created by the Commission in consultation with the Department of Agriculture.

POSITION:

The Commission supports policies that encourage and support agricultural activities in the State. However, the Commission cannot support these Resolutions, or any legislation, that would establish a discriminatory regulatory practice.

COMMENTS:

The establishment of preferential rates for one class of ratepayer and a single state agency for energy used in agricultural activities at the expense of all other ratepayers would be unfair, discriminatory, and would conflict with other parts of Chapter 269, Hawaii Revised Statutes. As the Commission has testified on similar measures, the use of preferential rates places an unfair burden and a hidden “tax” on the utility ratepayer who does not qualify for the preferential treatment. The Commission continues to believe that agricultural subsidies should be given through the form of tax credits or outright grants that can be audited for appropriate application.

As also previously stated in testimony, a main objective of the Commission is to stabilize and reduce cost for all ratepayers by ensuring efficiently-run utilities. Off-peak rates, a form of rate reduction, should be offered to any ratepayer that can make the electric system more efficient during periods when electricity or usage is low and resources must be curtailed. Such a focus, rather than preferential rates, could be more beneficial to all ratepayers and can be applied to agricultural activities like water pumping and ice storage or refrigeration.

Thank you for the opportunity to testify on this measure.



Hawaii's Agricultural Partnership

HOUSE COMMITTEE ON AGRICULTURE

HOUSE COMMITTEE ON ENERGY & ENVIRONMENT

Monday March 25, 2013 10:30 a.m. Room 312

HCR 113/HR 84

URGING THE PUBLIC UTILITIES COMMISSION TO CONSIDER THE
ESTABLISHMENT OF PREFERENTIAL RATES FOR THE PURCHASE OF ENERGY
THAT IS USED OR CONSUMED FOR AGRICULTURAL ACTIVITIES

Chair Wooley, Chair Lee, Vice Chairs and Members of the Committees:

4 Ag Hawaii strongly supports HCR 113/HR 84

Electrical costs are a significant expenditure for Hawaii's family owned farmers and ranchers. Agriculture and the movement of water use 10-25 percent of all electrical energy in each of our counties. Any reductions in operating costs for producers are critical for long-term viability. Bona fide farmers and ranchers provide local people with local food and are currently provided a special agricultural water rate. Similarly, lower electricity rates should also be established for Hawaii's agriculture producers.

4 Ag Hawaii is a non-profit 501[c] [3] corporation established as a public-private partnership focused on goals that include: promoting the agricultural economic welfare of Hawai'i and its counties; conducting agricultural economic; educational & media programs, and fostering statewide interest for responsible agricultural economic development of our islands.

Thank you for the opportunity to provide testimony on this matter.



Hawaii Cattlemen's Council, Inc.

P O Box 437199 Kamuela HI 96743
Phone (808) 885-5599 • Fax (808) 887-1607
e-mail: HCattlemens@hawaii.rr.com

HOUSE COMMITTEE ON AGRICULTURE
HOUSE COMMITTEE ON ENERGY & ENVIRONMENT
Monday March 25, 2013 10:30 a.m. Room 312

HCR 113/HR 84

URGING THE PUBLIC UTILITIES COMMISSION TO CONSIDER THE ESTABLISHMENT OF
PREFERENTIAL RATES FOR THE PURCHASE OF ENERGY THAT IS USED OR CONSUMED FOR
AGRICULTURAL ACTIVITIES

Chair Wooley, Chair Lee, Vice Chairs and Members of the Committees:

My name is Alan Gottlieb, and I am a rancher and the Government Affairs Chairperson of the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 130+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council strongly supports HCR 113/HR 84

Electrical costs are a significant expenditure for Hawai'i's farmers and ranchers. Agriculture and the movement of water use 10-25 percent of all electrical energy in each of our counties. Any reduction in operating costs for producers are critical for long-term viability. Bona fide farmers and ranchers provide local people with local food and are currently provided a special agricultural water rate. Similarly, lower electricity rates should also be established for Hawai'i's agriculture producers.

We appreciate this opportunity to provide testimony on this matter.

onishi1-Jerry

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 23, 2013 5:33 AM
To: AGRtestimony
Cc: cwong-wmm@hawaii.rr.com
Subject: *Submitted testimony for HCR113 on Mar 25, 2013 10:30AM*

HCR113

Submitted on: 3/23/2013

Testimony for AGR/EEP on Mar 25, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Calvin Wong	Wong's Meat Market, Ltd.	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 23, 2013 4:09 AM
To: AGRtestimony
Cc: vtrentals@aol.com
Subject: Submitted testimony for HCR113 on Mar 25, 2013 10:30AM

HCR113

Submitted on: 3/23/2013

Testimony for AGR/EEP on Mar 25, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
charles jameson	Individual	Support	No

Comments: Please move sustainable living bill forward, this is good and necessary work. Sincerely, Chip and Jackie jameson Rd. 6 Mountain view, Hi.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 23, 2013 11:39 AM
To: AGRtestimony
Cc: pono@ponoholo.com
Subject: *Submitted testimony for HCR113 on Mar 25, 2013 10:30AM*

HCR113

Submitted on: 3/23/2013

Testimony for AGR/EEP on Mar 25, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Harry von Holt	Ponoholo Ranch, Ltd	Support	No

Comments:

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Email: communications@uluponoinitiative.com

HOUSE COMMITTEES ON AGRICULTURE/ENERGY & ENVIRONMENTAL PROTECTION
March 25, 2013 — 10:30 a.m. — Room 312

Ulupono Initiative Strongly Supports HCR 113/HR 84, Urging the Public Utilities Commission to Consider the Establishment of Preferential Rates for the Purchase of Energy that is Used or Consumed for Agricultural Activities

Chairs Wooley and Lee, Vice Chairs and Members of the Committees:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono strongly supports HCR 113/HR 84, which encourages the Hawai'i Public Utilities Commission (PUC) to create preferential rates that could be used by agriculture. We have suggested amendments to the original bill based on issues raised by the Public Utilities Commission.

This bill retains the commission's regulatory flexibility, while proposing that the PUC look at the whole system. There are many ways that the PUC could define rates that both lower the costs to agricultural users, and simultaneously improve the way the system operates so that rates would be lower for all ratepayers.

For example, the PUC could offer the agricultural sector specific off-peak rates or time-of-use rates, which is consistent with how utility commissions set rates in states with large amounts of renewable power that would otherwise be curtailed, such as Nebraska. In Hawai'i, a lot of renewable energy is currently lost due to utility curtailment or restriction of wind and solar producers. This energy source — which is currently wasted — could be used instead to move irrigation water, pump groundwater, chill food-storage facilities and power other agricultural uses. Agricultural users could shift these activities to the off-peak hours if they were offered the right rate incentives by the PUC, avoiding the need to limit or curtail renewable energy.

Since the rate structure would allow recovery of the utility costs for transmission and distribution, this would increase utility revenues. Renewable energy providers currently bid prices to the utility that include an expectation of curtailment, so those bids are higher than if they operated under the rate structure set forth under this bill. For the agricultural users, the lower rates would be an added inducement to shift their loads to the off-peak hours. Further, by lowering demand during peak hours, we can avoid using the most expensive generation units on the system, which would lower rates for everyone. This is just one example of how preferential rates for agriculture can benefit the entire system.

Rates to all customers would decline because of the combination of lower renewable energy prices to the utility and greater utility system utilization. Better still, by supporting the integration of renewable energy and agriculture, this will help to eliminate waste and lower food costs for all residents.

We believe legislation is required, because neither the PUC nor the utility have taken much-needed steps to optimize the entire system by creating innovative rate structures for agriculture that would lower both electrical rates and food costs to all consumers.

Ulupono has joined with a diverse group of organizations who have come together for the first time as the Local Food Coalition to support proposals designed to help grow more local food. The coalition brings together farmers, ranchers, livestock producers, investors and other organizations. The idea is that putting more local food on local plates can best be accomplished by bringing people and organizations together who can work on the entire food value chain in a systematic way.

We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta
General Partner

onishi1-Jerry

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 24, 2013 1:50 PM
To: AGRtestimony
Cc: Psgmikilua@aol.com
Subject: *Submitted testimony for HCR113 on Mar 25, 2013 10:30AM*

HCR113

Submitted on: 3/24/2013

Testimony for AGR/EEP on Mar 25, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Phyllis Shimabukuro-Geiser	Individual	Support	No

Comments:

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Sent: Sunday, March 24, 2013 9:32 AM
To: AGRtestimony
Cc: hawaiiifish@gmail.com
Subject: Submitted testimony for HCR113 on Mar 25, 2013 10:30AM

HCR113

Submitted on: 3/24/2013

Testimony for AGR/EEP on Mar 25, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Weidenbach	Hawaii Aquaculture and Aquaponic Association	Support	No

Comments: Utility costs are a major expense to intensive forms of agriculture and to agriculture processing, and this is often particularly so for aquaculture and aquaponics. Preferential rates for all agricultural activities would help support local food production and agricultural sustainability, and in so doing would also help support our local economy. We therefore strongly support this measure.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 23, 2013 12:35 AM
To: AGRtestimony
Cc: wislts@hotmail.com
Subject: *Submitted testimony for HCR113 on Mar 25, 2013 10:30AM*

HCR113

Submitted on: 3/23/2013

Testimony for AGR/EEP on Mar 25, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Wayne Shimokawa	Individual	Support	No

Comments:

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Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street • Honolulu, Hawaii 96819
Phone: (808) 848-2074 • Neighbor-Islands: (800) 482-1272
Fax: (808) 848-1921 • Email: info@hfbf.org
www.hfbf.org

March 25, 2013

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

TESTIMONY ON HCR 113/HR 84
URGING THE PUBLIC UTILITIES COMMISSION TO CONSIDER THE
ESTABLISHMENT OF PREFERENTIAL RATES FOR THE PURCHASE OF ENERGY
THAT IS USED OR CONSUMED FOR AGRICULTURAL ACTIVITIES.

Room 312
10:30 AM

Chair Wooley, Chair Lee, and Members of the Committees:

I am Dean Okimoto, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,950 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community

HFBF respectfully requests your strong support of HCR 113 and HR 84, which urges the Public Utilities Commission to consider the establishment of preferential rates for electricity to qualified agricultural producers.

Increased self sufficiency is a priority in the State, starting with the Governor's New Day initiative and by policymakers in various public statements. Containment of expenses is a basic requirement to enable our farmers and ranchers to be viable and provide food, fiber and energy that is a cornerstone to self-sufficiency.

During the economic downturn of 2008, one of the most significant expenditure causing hardship to agriculture was electrical expenses. The enormous fluctuations in cost that could not be directly passed on to customers caused many farms to falter, and in some cases go out of business. Pumping and refrigeration are among the major uses of power.

Preferential rates is not unprecedented. For example, Pacific Gas and Electricity provides agricultural rates to their ag customers in California and Oregon.

It should be noted that this measure does not dictate the terms of the preferential rate but rather authorizes the PUC to establish by rule or decision and order such rates. Traditionally compensatory rates are common terms used in determining rates set by PUC. This measure sets into law a commitment by the State to support agriculture as in the public interest. By authorizing a preferential rate, the PUC implements the State's Constitutional Mandate that agriculture must be preserved and protected for the people of Hawaii.

HFBF is willing to work with the PUC and utility companies on this measure to identify language that will meet our mutual needs. We humbly request your support in passing these resolutions for further discussion.

Thank you for this opportunity to provide our opinion on this important matter.

onishi1-Jerry

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 25, 2013 6:34 AM
To: AGRtestimony
Cc: henry.lifeoftheland@gmail.com
Subject: Submitted testimony for HCR113 on Mar 25, 2013 10:30AM

HCR113

Submitted on: 3/25/2013

Testimony for AGR/EEP on Mar 25, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Henry Curtis	Life of the Land	Comments Only	Yes

Comments: In \$\$\$ terms, the number 1 agricultural enterprise in Hawaii is the production of GMO seed crop by multinational corporations. Surely the working people of this State should not have to pay higher electric rates so these operations can have sweetheart electric rates

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