
A BILL FOR AN ACT

RELATING TO ELECTRIC UTILITIES.

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

1 SECTION 1. The legislature finds that electrical utilities
2 are monopolies with the exclusive right to transmit and generate
3 electricity within the State. The legislature further finds
4 that, when dealing with other single entities such as cable
5 services, the State has established stringent licensing
6 procedures to ensure that the public good is given priority.
7 The legislature further finds that a similar licensing
8 requirement for electric utilities, and proceedings to approve
9 the license application, will ensure that the public's needs are
10 an integral part of an electric utility's operational goals.

11 The purpose of this Act is to require licensing for
12 electric utilities that seek to operate monopolies in the State.

13 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
14 amended by adding a new part to be appropriately designated and
15 to read as follows:

16 **"PART . ELECTRIC UTILITY LICENSING**

17 **§269-A Definitions.** As used in this part, unless the
18 context otherwise requires:



1 "Applicant" means a person that initiates an application or
2 proposal for a license to be issued under this part.

3 "Application" means an unsolicited filing for a license to
4 be issued under this part.

5 "Commission" means the public utilities commission.

6 "Facility" means all property owned or used by an electric
7 utility for the production, conveyance, transmission, delivery,
8 or furnishing of electric power to the public, including but not
9 limited to real property, power plants, transmission and
10 distribution lines, and related equipment for the production and
11 delivery of electric power.

12 "Person" means an individual, partnership, association,
13 joint stock company, trust, corporation, or governmental agency.

14 "Proposal" means a filing solicited by the commission.

15 "Service area" means the geographic area for which an
16 electric utility has been issued an electric utility license.

17 **§269-B Electric utility license required.** No person shall
18 construct, operate, or acquire an electric utility, or extend an
19 existing electric utility outside its designated service area,
20 without first obtaining an electric utility license issued by
21 the commission.



1 §269-C Application or proposal; fee. (a) No license
2 shall be issued except upon written application or proposal to
3 the commission, by a fee of \$1,000.

4 (b) An application for issuance of an electric utility
5 license shall be made in a form prescribed by the commission.
6 The application shall set forth the facts as required by the
7 commission to determine in accordance with section 269-E(b)
8 whether an electric utility license should be issued, including
9 facts as to:

- 10 (1) The citizenship and character of the applicant;
11 (2) The financial, technical, and other qualifications of
12 the applicant;
13 (3) The principals and ultimate beneficial owners of the
14 applicant;
15 (4) The public interest to be served by the requested
16 issuance of an electric utility license; and
17 (5) Any other matters deemed appropriate and necessary by
18 the commission.

19 (c) A proposal for issuance of an electric utility license
20 shall be accepted for filing in accordance with section 269-D
21 only when made in response to the written request of the
22 commission for the submission of proposals.



1 **§269-D Public hearing; notice.** An application or proposal
2 for an electric utility license shall be processed as follows:

3 (1) After the application or proposal and required fee are
4 received by the commission and within a time frame
5 established by rule, the commission shall notify an
6 applicant in writing of the acceptance or
7 nonacceptance for filing of an application or proposal
8 for issuance of an electric utility license required
9 by this part;

10 (2) After the issuance of a notice of acceptance for
11 filing and within a time frame established by rule,
12 the commission shall hold a public hearing on the
13 application or proposal to afford interested persons
14 the opportunity to submit data, views, or arguments,
15 orally or in writing. Notice thereof shall be given
16 to the council and mayor of the county in which the
17 proposed service area is located. The commission
18 shall also give public notice of the application and
19 hearing at least once in each of two successive weeks
20 in the county in which the proposed service area is
21 located. The last notice shall be given at least
22 fifteen days prior to the date of the hearing;



1 (3) After holding a public hearing, the commission shall
2 approve the application or proposal in whole or in
3 part, with or without conditions or modifications, or
4 shall deny the application or proposal, with reasons
5 for denial sent in writing to the applicant. If the
6 commission does not take final action after the
7 issuance of a notice of acceptance for filing and
8 within a time frame established by rule, the
9 application or proposal shall be deemed denied; and

10 (4) The time limit for final action may be extended, on
11 the commission's approval of the applicant's request
12 and justification in writing for an extension of time
13 to the commission at least two weeks in advance of the
14 requested effective date of the extension, or by
15 mutual agreement.

16 **§269-E Issuance of license; criteria; content.** (a) The
17 commission may issue an electric utility license to construct
18 and operate facilities for an electrical system upon the terms
19 and conditions provided in this part.

20 (b) The commission, after a public hearing as provided in
21 this part, shall issue an electric utility license to the
22 applicant when the commission is convinced that it is in the



1 public interest to do so. In determining whether an electric
2 utility license shall be issued, the commission shall take into
3 consideration, among other things:

- 4 (1) Content of the application or proposal;
- 5 (2) Public need for the proposed service;
- 6 (3) Ability of the applicant to offer safe, adequate, and
7 reliable service at a reasonable cost to ratepayers;
- 8 (4) Suitability of the applicant;
- 9 (5) Financial responsibility of the applicant;
- 10 (6) Technical and operational ability of the applicant to
11 perform efficiently the service for which license is
12 requested;
- 13 (7) Any objections arising from the public hearing or
14 elsewhere; and
- 15 (8) Any other matters as the commission deems appropriate
16 in the circumstances.

17 (c) In determining the applicant's proposed service area,
18 the commission shall take into account the:

- 19 (1) Geography and topography of the proposed service area;
- 20 and



1 (2) Present, planned, and potential expansion in
 2 facilities or services of the applicant's proposed
 3 electrical system and existing electrical systems.


4 (d) In issuing an electric utility license under this
 5 part, the commission shall not be restricted to approving or
 6 disapproving the application or proposal but may issue it for
 7 only partial exercise of the privilege sought or may attach to
 8 the exercise of the right granted by the license terms,
 9 limitations, and conditions that the commission deems to be in
 10 the public interest. The electric utility license shall be
 11 nonexclusive, shall include a description of the service area in
 12 which the electrical system is to be constructed, extended, or
 13 operated and the approximate date on which the service is to
 14 commence and shall authorize the electric utility to provide
 15 service for a term of fifteen years."

16 SECTION 3. In codifying the new sections added by section
 17 2 of this Act, the revisor of statutes shall substitute
 18 appropriate section numbers for the letters used in designating
 19 the new sections in this Act.

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

21

INTRODUCED BY:





H.B. NO. 1999

Report Title:

Electric Utilities; License

Description:

Requires electric utilities to apply to the PUC for license to operate.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

