
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 electric public
2 utilities provide an important and essential service to the
3 State's citizens and businesses. As regulated utilities,
4 electric companies have been granted a franchise by the State
5 that results in the electric utilities having a monopoly over
6 the provision of service to customers in their service
7 territories. In return, the utilities have agreed to be
8 regulated by the public utilities commission and must serve all
9 customers that meet the terms and conditions of receiving
10 electrical service. The utilities' franchise agreements grant
11 their monopolies, and only the legislature may, at any time,
12 alter, amend, or repeal these agreements.

13 The legislature further finds that Hawaii's ratepayers have
14 persistently paid the highest electricity rates in the nation.
15 This hinders the State's economic growth and imposes a severe
16 financial challenge on many families. The electric utilities'
17 heavy reliance on oil-derived fuels is a leading cause of the
18 State's high electricity rates. As a result, the State has



1 established aggressive clean energy goals to replace expensive
2 imported fuels with lower cost clean energy sources that are
3 indigenous to Hawaii. The State has recognized that this
4 transition will require upgrades to utilities' grid
5 infrastructure and to traditional operating practices, which
6 will occur over the next several decades.

7 The legislature further finds that Hawaii's ratepayers are
8 highly frustrated with sustained high rates of electricity,
9 limited options to manage their utility bills, and a perceived
10 lack of urgency by the utilities in addressing their needs.
11 Under these conditions, in a competitive market, new companies
12 would emerge to better serve their competitors' customers.

13 The legislature further finds that these conditions
14 primarily apply to the State's investor-owned electric public
15 utilities. The State's member-owned cooperative is accountable
16 through periodic elections of its board of directors.

17 The legislature concludes that periodic performance review
18 of franchise agreements held by the State's investor-owned
19 electric public utilities is necessary to ensure that the public
20 good is served and for an evolving electricity market.



1 (3) The chair and vice chair of the standing committee of
2 the senate whose subject matter relates to commerce
3 and consumer protection; and

4 (4) The chair and vice chair of the standing committee of
5 the house of representatives whose subject matter
6 relates to consumer protection and commerce.

7 The chairs of the standing committees of both houses of the
8 legislature whose subject matter relates to energy and the
9 environment shall serve as the co-chairs of the task force.

10 (c) The committee shall meet publicly for input and
11 recommendations regarding franchises held by investor-owned
12 electric public utilities.

13 (d) Where appropriate, the task force shall seek input
14 from the public utilities commission and the consumer advocate.

15 (e) The task force shall submit a written report of its
16 findings and recommendations to the legislature no later than
17 twenty days prior to the convening of the regular session of
18 2015 and every five regular sessions thereafter.

19 (f) The task force shall reconvene every five years.

20 (g) For purposes of this section "task force" means the
21 legislative utility oversight task force."

22 SECTION 3. This Act shall take effect on July 4, 2014.



Report Title:

Electric Utilities; Franchise; Legislative Utility Oversight Task Force

Description:

Establishes the Legislative Utility Oversight Task Force to review franchises held by investor-owned electric utilities. Requires a report to the Legislature, commencing in 2015 and every five years thereafter. Effective July 4, 2014. (HB1999 HD1)

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