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# 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. To support the integration of new  
4 technologies, the State has also recognized that this transition  
5 will require upgrades to utilities' grid infrastructure and to  
6 traditional operating practices, which will occur over the next  
7 several decades.

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

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

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





- 1 relates to energy and environmental protection, or  
2 their successor committee;
- 3 (3) The chair and vice chair of the standing committee of  
4 the senate whose subject matter relates to commerce  
5 and consumer protection, or their successor committee;  
6 and
- 7 (4) The chair and vice chair of the standing committee of  
8 the house of representatives whose subject matter  
9 relates to consumer protection and commerce, or their  
10 successor committee.

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

14 (c) The focus of the review conducted by the task force  
15 shall be guided by a discussion framework and evaluation  
16 criteria to include, but not be limited to, the following topic  
17 areas:

- 18 (1) The future role of investor-owned electric public  
19 utilities in the State, including whether the function  
20 of these utilities should be limited to the provision  
21 of transmission and distribution services;



- 1           (2) The effectiveness of investor-owned electric public  
2           utilities in fulfilling their duties so as to serve  
3           the public interest, including the effectiveness of  
4           utility plans to reduce high electric rates and to  
5           serve the diverse needs of customers;
- 6           (3) The strategic plans and objectives of investor-owned  
7           electric public utilities to modernize the electric  
8           grid cost-effectively so as to serve the needs of all  
9           customers and to meet the State's energy goals; and
- 10          (4) The applicability and nature of the regulatory compact  
11          with respect to electric utilities in Hawaii in light  
12          of industry changes and other relevant findings,  
13          including those findings related to the topic areas  
14          described in paragraphs (1), (2), and (3).
- 15          (d) The task force shall meet publicly for input and  
16          recommendations regarding franchises held by investor-owned  
17          electric public utilities.
- 18          (e) Where appropriate, the task force shall seek input  
19          from the public utilities commission and the consumer advocate.
- 20          (f) For purposes of this chapter, the powers granted to  
21          the task force are limited to legislative review and  
22          recommendation, and shall not duplicate the powers and duties of



1 the public utilities commission as established pursuant to  
2 chapter 269.

3 (g) For purposes of this section "task force" means the  
4 legislative utility review task force."

5 SECTION 3. This Act shall take effect upon its approval.



**Report Title:**

Electric Utilities; Franchise; Legislative Utility Review Task Force

**Description:**

Establishes the Legislative Utility Review Task Force to review franchises held by investor-owned electric utilities. (HB1999 HD2)

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

