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# A BILL FOR AN ACT

RELATING TO UTILITIES REGULATION.

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

1           SECTION 1. The purpose of this Act is to align statutory  
2 language regarding utility ratemaking with widely accepted  
3 utility ratemaking principles and ratemaking practices already  
4 applied in Hawaii. The legislature intends that this Act be  
5 prospective in nature so that existing judicial and regulatory  
6 decisions are considered in accordance with this Act. The  
7 legislature further intends that specific application of the  
8 used and useful standard in rate making be left to the  
9 discretion of the public utilities commission.

10           SECTION 2. Section 269-16, Hawaii Revised Statutes, is  
11 amended by amending subsection (b) to read as follows:

12           "(b) No rate, fare, charge, classification, schedule,  
13 rule, or practice, other than one established pursuant to an  
14 automatic rate adjustment clause previously approved by the  
15 commission, shall be established, abandoned, modified, or  
16 departed from by any public utility, except after thirty days'  
17 notice to the commission as prescribed in section 269-12(b), and  
18 prior approval by the commission for any increases in rates,



1 fares, or charges. The commission, in its discretion and for  
2 good cause shown, may allow any rate, fare, charge,  
3 classification, schedule, rule, or practice to be established,  
4 abandoned, modified, or departed from upon notice less than that  
5 provided for in section 269-12(b). A contested case hearing  
6 shall be held in connection with any increase in rates, and the  
7 hearing shall be preceded by a public hearing as prescribed in  
8 section 269-12(c), at which the consumers or patrons of the  
9 public utility may present testimony to the commission  
10 concerning the increase. The commission, upon notice to the  
11 public utility, may:

12 (1) Suspend the operation of all or any part of the  
13 proposed rate, fare, charge, classification, schedule,  
14 rule, or practice or any proposed abandonment or  
15 modification thereof or departure therefrom;

16 (2) After a hearing, by order:

17 (A) Regulate, fix, and change all such rates, fares,  
18 charges, classifications, schedules, rules, and  
19 practices so that the same shall be just and  
20 reasonable;



- 1 (B) Prohibit rebates and unreasonable discrimination
- 2 between localities or between users or consumers
- 3 under substantially similar conditions;
- 4 (C) Regulate the manner in which the property of
- 5 every public utility is operated with reference
- 6 to the safety and accommodation of the public;
- 7 (D) Prescribe its form and method of keeping
- 8 accounts, books, and records, and its accounting
- 9 system;
- 10 (E) Regulate the return upon its public utility
- 11 property;
- 12 (F) Regulate the incurring of indebtedness relating
- 13 to its public utility business; and
- 14 (G) Regulate its financial transactions; and
- 15 (3) Do all things that are necessary and in the exercise
- 16 of the commission's power and jurisdiction, all of
- 17 which as so ordered, regulated, fixed, and changed are
- 18 just and reasonable, and provide a fair return on the
- 19 property of the utility [~~actually~~] used [~~or~~] and
- 20 useful for public utility purposes."

21 SECTION 3. Section 269-134, Hawaii Revised Statutes, is  
22 amended by amending subsection (c) to read as follows:



1           "(c) Notwithstanding any requirements to the contrary, a  
2 high-voltage electric transmission cable system may be deemed  
3 "used [~~or~~] and useful for public utility purposes" upon  
4 commencing commercial operations, subject to the commission's  
5 determination and approval."

6           SECTION 4. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8           SECTION 5. This Act shall take effect on July 1, 2112.



**Report Title:**

Public Utilities Commission; Utility Ratemaking; Used; Useful

**Description:**

Aligns statutory language regarding utility ratemaking with widely accepted utility ratemaking principles and ratemaking practices already applied in Hawaii by allowing utilities in the State the opportunity to earn a fair return on utility property that is "used and useful" for public utility purposes. Effective July 1, 2112. (SB2809 HD1)

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

