

Honolulu, Hawaii

APR 24 2014

RE: S.B. No. 2809
S.D. 1
H.D. 1
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2809, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO UTILITIES REGULATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to align statutory language regarding utility ratemaking with widely accepted utility ratemaking principles and ratemaking practices already applied in Hawaii.

Your Committee on Conference finds that existing statute allows public utilities to earn a fair return on public utility property that is "actually used or useful" for public utility ratemaking purposes. However, the "used and useful" principle is widely accepted as the regulatory industry standard for determining fair value in ratemaking. Hawaii courts also use "used and useful" when deciding cases or disputes involving Hawaii's utility ratemaking laws. This measure conforms certain sections in the Hawaii Revised



Statutes with practices followed by the Public Utilities Commission and state courts when ruling on dockets and cases involving application of Hawaii's utility ratemaking laws.

Your Committee on Conference has amended this measure by inserting an effective date of upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2809, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2809, S.D. 1, H.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

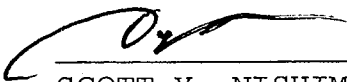
ON THE PART OF THE SENATE



CHRIS LEE, Co-Chair



DEREK S.K. KAWAKAMI, Co-Chair



SCOTT Y. NISHIMOTO, Co-Chair



ROSALYN H. BAKER, Chair



WILL ESPERO, Co-Chair



