

Honolulu, Hawaii

March 4, 2016

RE: H.B. No. 2567
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2567 entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES COMMISSION,"

begs leave to report as follows:

The purpose of this measure, as received by your Committee, is to establish consistency in the review of utility mergers by establishing "substantial net benefit" as the Public Utilities Commission's standard of review for a transfer or assignment of a public utility franchise.

For purposes of a public hearing on this measure, your Committee circulated a Proposed H.B. No. 2567, H.D. 1 (Proposed Draft), and notified the public that it would be accepting testimony on the Proposed Draft. The Proposed Draft amended this measure as follows:

- (1) Retained the substance of the original measure;
- (2) Added specific criteria that the Public Utilities Commission must consider in determining whether there is a substantial net benefit for a transfer or assignment of a public utility franchise;
- (3) Changed the effective date to January 1, 2017; and



- (4) Made a technical, nonsubstantive amendment to correct a reference to the Public Utilities Commission.

Your Committee received testimony from the following organizations and individuals:

For H.B. No. 2567:

Reis Pediatrics and numerous individuals testified in support. Aqua Engineers, Inc. testified in opposition.

For the Proposed Draft:

The Division of Consumer Advocacy testified in support of the intent of the Proposed Draft. Hawaii Water Service Company, Inc. testified in opposition. The Public Utilities Commission and Hawaiian Telcom provided comments.

After consideration of the merits of this measure, as received by your Committee, and the Proposed Draft, your Committee has adopted the Proposed Draft with the following amendments:

- (1) Clarified that the Public Utilities Commission must apply the substantial net benefit standard when considering the transfer or assignment of an electric utility;
- (2) Specified that the criteria used to determine whether there is a substantial net benefit is discretionary, rather than mandatory;
- (3) Clarified that one of the discretionary criteria used to determine whether there is a substantial net benefit is whether the proposed transaction will impact the ability of the public utility company's employees to provide safe, adequate, and reliable service; and
- (4) Made technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2567, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2567, H.D. 1.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



