

Honolulu, Hawaii

FEB 12 2016

RE: S.B. No. 2641

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Water, Land, and Agriculture and
Transportation and Energy, to which was referred S.B. No. 2641
entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to establish
preferential rates for the purchase of energy for agricultural
activities and to require electric and gas utilities to provide
incentives for agricultural customers to acquire energy storage
technology to support the viability of agricultural activities in
the State.

Your Committees received testimony in support of this measure
from the Department of Agriculture; Hawaii Cattlemen's Council,
Inc.; Land Use Research Foundation of Hawaii; Hawai'i Farm Bureau;
Ulupono Initiative; and one individual.

Your Committees find that reductions to the cost of energy
used for agricultural production are beneficial to the State.

Your Committees have heard the Public Utilities Commission's
testimony and believes that the Commission should have the
flexibility and discretion to select the most efficient and
appropriate method to establish preferential rates without going
through the formal rulemaking process. Your Committees also find
the Ulupono Initiative's suggested amendments appropriate to help
stabilize energy consumption demand and to ensure a fair,



transparent, and non-discriminatory process in the Public Utilities Commission's approval of preferential rates.

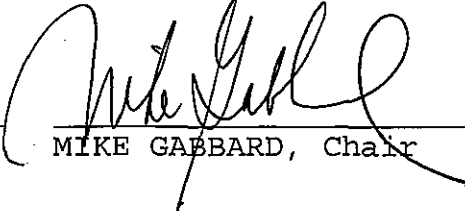
Your Committees have therefore amended this measure by:

- (1) Deleting language that would have required the Public Utilities Commission to adopt rules pursuant to chapter 91, Hawaii Revised Statutes;
- (2) Replacing the term "preferential rates" with "preferential off-peak rates";
- (3) Inserting language to require the Public Utilities Commission to notify the public of a request for a preferential off-peak rate, consider public comments, and approve the request only if the Public Utilities Commission determines that the requested preferential off-peak rate will provide benefit to ratepayers through improved system operations or other impacts; and
- (4) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Agriculture and Transportation and Energy that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2641, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2641, §.D. 1, and be referred to your Committee on Commerce, Consumer Protection, and Health.

Respectfully submitted on
behalf of the members of the
Committees on Water, Land, and
Agriculture and Transportation
and Energy,


LORRAINE R. INOUE, Chair


MIKE GAEBARD, Chair



