

# HB2649 HD2

Measure Title: RELATING TO ENERGY.

Report Title: Public Utilities Commission; Electric Utilities; Rates

Description: Requires the PUC to establish performance incentive mechanisms that directly tie electric utility revenues to the utility's achievement on performance metrics. Allows PUC to delay implementation until no later than January 1, 2020. (HB2649 HD2)

Companion:

Package: None

Current Referral: CPH, WAM

Introducer(s): C. LEE, LOPRESTI, LOWEN, POUHA, SAIKI



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

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CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2016

TUESDAY, MARCH 22, 2016  
9:30 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS, TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEE

HOUSE BILL NO. 2649, H.D. 2 - RELATING TO ENERGY

DESCRIPTION:

This measure proposes to provide that electric utility rates or rate changes shall only be considered just and reasonable if the rate is derived from an earnings impact mechanism that directly ties the utility's revenues to the achievement of certain performance-based metrics and conditions. The bill also contains a "defective" effective date of July 1, 2030, but also allows the Public Utilities Commission ("Commission") to delay implementation until no later than January 1, 2020.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") offers comments on the bill.

COMMENTS:

The Commission initiated a Decoupling Investigation docket by issuing Order No. 31289 on May 31, 2013. In its subsequent Order No. 31484, the Commission identified General Issues 3 (“Whether performance incentives/penalties should be incorporated into the RBA, RAM or other utility rate designs or ratemaking procedures?”) and 4. (“Whether changes should be made to general ratemaking procedures to improve efficiency and/or effectiveness?”).

Most recently, the Commission issued Order No. 32735 on March 31, 2015, modifying decoupling mechanisms. However, the Commission declined to implement performance incentive mechanisms at that time, citing the impracticality of doing so before many related issues are resolved in other major dockets, such as the ownership of the Hawaiian Electric Companies, the power supply improvement plans, distributed energy resources, and integrated demand response planning. The Commission wrote that “care must be taken regarding the details of the performance metrics and mechanisms in order to ensure that the mechanisms are effective, are not subject to excessive gaming, and do not produce unintended deleterious consequences.” Parties to the Decoupling Investigation docket began filing statements of position and briefs on the further investigation of performance incentive mechanisms in June of 2015.

The parties are awaiting further direction from the Commission on the next steps on completing the investigation of performance incentive mechanisms. This bill is unnecessary because the issue is being considered in this ongoing docket.

Thank you for this opportunity to testify.

TESTIMONY OF RANDY IWASE  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII  
TO THE  
SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

March 22, 2016  
9:30 AM

**MEASURE:** H.B. No. 2649, H.D. 2  
**TITLE:** RELATING TO ENERGY

Chair Baker and Members of the Committee:

**DESCRIPTION:**

This measure requires the Public Utilities Commission (“Commission”) to establish performance incentive mechanisms that directly tie electric utility revenues to the utility’s achievement on performance metrics on or before January 1, 2020.

**POSITION:**

The Commission offers the following comments for the Committee’s consideration.

**COMMENTS:**

The Commission agrees that electric utility performance should be aligned with meeting the State’s energy goals and protecting ratepayers from potentially unnecessary additional costs. The Commission currently has an open docket to reexamine the HECO Companies’ Decoupling Mechanism (See Docket No. 2013-0141) and the development of performance incentive mechanisms is one of the issues pending final decision in that docket.

Thank you for the opportunity to testify on this measure.

**TESTIMONY BEFORE THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH**

**H.B. No. 2649, H.D. 2**

**Relating to Performance-Based Regulatory Mechanisms**

Tuesday, March 22, 2016

9:30 AM

State Capitol, Conference Room 229

Kevin M. Katsura

Assistant Deputy General Counsel (Regulatory), Legal Department  
Hawaiian Electric Company, Inc.

Chair Baker, Vice Chair Kidani, and Members of the Committee:

My name is Kevin Katsura and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company on H.B. 2649, H.D. 2.

This bill requires the Public Utilities Commission to establish, by January 1, 2020, performance incentive mechanisms that directly tie electric utility revenues to the utility's achievement on performance metrics, which may include compliance with the renewable portfolio standards, electric rate affordability, electric service reliability, levels of customer service, public information access to electric system planning and customer energy usage data, integration of renewable energy sources and timely execution of competitive procurement of processes.

Hawaiian Electric supports the intent of the bill for the Commission to eventually establish a performance-based ratemaking (or "PBR") mechanism in Hawai'i. However, the Company has the following comments on the bill.

First, the Commission is already addressing whether and in what form performance-based ratemaking should be introduced in Hawai'i. In Order No. 32735 in the decoupling reexamination proceeding, the Commission stated that pending resolution of certain strategic issues in other proceedings such as the Companies' proposed Power Supply Improvement Plans, implementation of a performance-based ratemaking framework is premature. However, it further stated that when major decisions regarding these plans are more clearly determined, the Commission will further consider the implementation of performance-based frameworks. In the meantime, the Commission is continuing its consideration in the decoupling

proceeding of certain stand-alone performance incentive metrics related to service quality and their implementation. A decision and order in that proceeding is pending. Therefore, this bill may not be necessary. The implementation of performance-based ratemaking would have very significant impacts on the utility companies and their customers and decisions on whether to go forward with it and what form it would take must be the result of very careful analysis and scrutiny. The Commission is the appropriate entity to evaluate and decide what kind of ratemaking mechanisms should be implemented in Hawai'i and what the timing of implementation should be.

Second, I'd like to briefly explain what performance-based ratemaking is. A performance based ratemaking mechanism should do the following:

- It should provide a financial incentive to the utility to deliver desired outcomes.
- Both customers and the utility should see benefits from increased efficiency.
- The utility should bear risk from factors that are within management control but should not bear the risk from factors that are outside management control.
- The PBR must provide the utility with a reasonable opportunity to earn a fair rate of return. This is consistent with Section 269-16(b) of the Hawai'i Revised Statutes.

A well-designed PBR plan is an extension to traditional ratemaking methodologies that provides stronger financial incentives to the utility to encourage delivery of desirable outcomes such as, for example, greater cost-effectiveness or achievement of certain service levels. PBR schemes are designed so that if, over time, desirable outcomes are achieved, the utility will earn a greater return than it would have done under traditional ratemaking. Conversely, if the desirable outcome is not achieved, the utility will earn a smaller return than it would have done under traditional ratemaking.

While a PBR may provide incentives relating to overall revenue requirement and incentives to reduce or control costs, it can also include targeted incentives designed to deliver desirable outcomes for certain performance measures or attributes such as service quality or customer service.

Third, the selection of the incentives, the benchmarks to measure whether the utility has achieved a desirable outcome, and the amount of the financial rewards and penalties, and the design of the total mechanism to ensure that it creates the right

incentives and does not result in unintended consequences is a critical and complicated process that should be carefully conducted. Different objectives may compete against each other if not carefully balanced and aligned. Regarding some of the possible incentives in HB 2649, Hawaiian Electric has the following comments:

- “Utility system information access” – It is very difficult to identify a standard or benchmark to determine whether the utility has achieved the right level of access. Therefore, utility system information access may not be a good choice for a performance incentive, and there may be other means to achieve the desired result. In the decoupling proceeding, for example, the Commission conducted an extensive evaluation, with input from various outside parties, on information access and as a result, the Hawaiian Electric Companies today provide a wide variety of electric service metrics and data on their websites.
- “Electric rate affordability” – “Affordability” may be considered a measure of a customer’s individual ability to pay rather than a measure of electric utility performance. However, the utility does have control over much of the costs that it incurs to provide electrical service. Therefore, a more appropriate performance incentive may be “utility cost control.” Revenue caps are a common incentive for utility cost control, allowing the utility to retain expense savings (or a portion of the savings) from efficiency gains and resulting in the utility absorbing expenses (or a portion of the overage) over the cap.
- “Timely execution of competitive procurement processes” –The utility does not have control over all aspects of a competitive procurement process. A performance incentive like this would have to target parts of the process over which the utility has control.

Thank you for this opportunity to testify.



**SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH**

March 22, 2016, 9:30 A.M.

Room 229

(Testimony is 3 pages long)

**TESTIMONY IN STRONG SUPPORT OF HB 2649  
PROPOSED CLARIFYING AMENDMENTS**

Aloha Chair Baker, Vice Chair Kidani, and Committee members:

Blue Planet Foundation strongly supports HB 2649, setting a 2020 deadline for Hawai'i's utilities to shift away from the "cost-plus" utility revenue model and embrace a revenue model that is aligned with consumer interests. This is particularly important as Hawai'i considers fundamental changes in the ownership and operation of its utilities.

Under the current ratemaking mechanisms, utilities basically earn an approved rate of return on top of money they invest in the grid. This mechanism causes the fundamental interests of the utility (to spend money) to be misaligned with the interests of customers (to save money). In addition, 100% of fuel costs are passed through to ratepayers, removing appropriate incentives to reduce consumers' risk of fuel price volatility.

The Public Utilities Commission has previously stated its concern with misaligned incentives:

*"The Commission is concerned that under the current regulatory cost-recovery model for power supply the utilities lack correct incentives to control power supply costs, aggressively pursue long-term contracts with IPPs for new renewable energy projects, and expeditiously retire old, inefficient generation units."*<sup>1</sup>

The Commission described several specific concerns with the "cost-plus" ratemaking model:

- *"Lack of correct incentives to control power supply costs" (especially fuel costs)*
- *"No direct financial incentive to pursue independent, third-party/IPP clean energy projects"*
- *"No direct financial incentives to accelerate retirement of fossil generating units"*
- *"Lack of transparent price signals to evaluate the supply of ancillary services."*<sup>2</sup>

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<sup>1</sup> Commission's Inclinations on the Future of Hawaii's Electric Utilities: Aligning the Utility Business Model with Customer Interests and Public Policy Goals. (emphasis added).

<sup>2</sup> *Id.*



The Commission also concluded that incentives that align customer interests with utility interests are a policy necessity:

*“It is essential that properly structured power generation cost recovery and financial incentive mechanisms are in place to guide and reward the HECO Companies for implementing [transformative energy] strategies and actions . . . . With new incentive mechanisms that better align utility performance with customers’ interests and public policy, a financially healthy utility can be synonymous with achieving Hawaii’s clean energy future.”<sup>3</sup>*

HB 2649 sets a deadline for utilities to replace the “cost-plus” ratemaking model with a performance-based model, under which utilities will earn revenue based on their performance rather than simply on their investment. Other parties have suggested that this bill is unnecessary. Blue Planet disagrees. This bill focuses on setting a deadline to implement this “essential” vision for serving the interests of consumers. **A deadline will ensure that no party, including the utilities who advocate before the Public Utilities Commission, will drag their feet in finding ways to align the interests of shareholders with the interests of Hawai‘i’s consumers.**

We also note that the bill defers to the Commission’s expertise in achieving this policy vision: “the public utilities commission’s review of electric utility performance may include but is not limited to the following [list of performance indices].”

#### **SUGGESTED AMENDMENTS:**

We suggest the following clarifying amendments, to ensure that:

- (1) “Performance” should mean *exceeding* clean energy targets, rather than merely achieving the statutory minimums; and
- (2) “Performance” will mean reducing costs *and* reducing ratepayers risk of fuel price fluctuations. Lower costs today at the expense of statistically relevant risks of enormous costs tomorrow is not true “performance.”

On or before January 1, 2020, the public utilities commission shall establish performance incentive mechanisms that directly tie electric utility revenues to the utility’s achievement on performance metrics. In developing performance incentive mechanisms and performance metrics, the public utilities commission’s review of electric utility performance may include but is not limited to the following:

- (1) ~~Exceeding Compliance with~~ the State’s renewable portfolio standards;
- (2) Electric rate affordability and reduction in ratepayer fuel cost risks;
- (3) Electric service reliability;
- (4) Levels of customer service;

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<sup>3</sup> *Id.* (emphasis added).

- (5) Utility system information access, including but not limited to public access to electric system planning data and aggregated customer energy usage data;
- (6) Integration of renewable energy sources, including customer-sited generation; and
- (7) Timely execution of competitive procurement processes."

Thank you for the opportunity to testify.



Before the Senate Committee on Consumer Protection and Health  
Tuesday, March 22, 2016, 9:30 a.m., Room 229  
HB 2649 HD 2: RELATING TO ENERGY

Aloha Chair Baker, Vice Chair Kidani, Members of the Committee,

On behalf of the Distributed Energy Resources Council of Hawaii, I would like to testify in support for HB 2649 HD 2, which requires the PUC (“Commission”) to establish performance incentive mechanisms that directly tie electric utility revenues to the utility’s achievement on performance metrics. This bill is effective upon approval, but it allows the PUC to delay implementation until no later than January 1, 2020. The DER Council is a nonprofit trade organization formed to assist with the development of distributed energy resources and smart grid technologies to support an affordable, reliable, and sustainable energy supply for Hawaii.

The DER Council strongly supports HB 2649 HD 2 as it starts the process of reforming the utility’s business model to meet the needs of Hawaii’s energy transformation. We believe that HB 2649 HD 2 combines both clarity and caution. First, HB 2649 HD 2 directs the Commission to include and consider several key performance metrics which will ensure that our decoupled utility will make the best decisions and most effectively engineer our energy transformation with their guaranteed revenue requirement. Right now, under the decoupled business model, the utility makes a guaranteed revenue which is not specifically tied to any particular performance. HB 2649 HD 2 would fix this by tying the utility’s revenues to performance determined as necessary by the commission. Next, HB 2649 HD 2 gives the Commission and the utility ample time to integrate these changes, as the Commission need not implement the performance metrics until January 1, 2020. The DER Council believes that this grace period will allow the Commission to integrate changes to the decoupling mechanism effectively as they proceed with the DER (2014-0192), DR (2015-0412), PSIP (2014-0183), and the merger docket.

In addition, the DER Council wishes to note that the Commission is no longer considering performance incentive metrics under the Reexamination of the Decoupling docket.<sup>1</sup> Although the docket is still open, and the Commission is still considering other performance metrics such as safety and reliability, metrics specifically tied to energy metrics are no longer part of the docket. Also, the DER Council wishes to note that although the PSIP docket will present a variety of plans for the Commission and stakeholders to consider, it will not involve any fundamental changes to the utility’s business model. HB 2649 HD 2 *does* address the utility business model, and it gives clear yet flexible guidance to the Commission as we move ahead with our energy plan.

Thank you for the opportunity to testify.

Leslie Cole-Brooks  
Executive Director  
Distributed Energy Resources Council of Hawaii

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<sup>1</sup> Order No. 327735, Docket No. 2013-0410 where “[t]he commission reiterates that it will not give further consideration to energy policy PIMs, as distinguished above, in this docket.” At 46.



COLLEGE OF SOCIAL SCIENCES  
**HAWAII ENERGY POLICY FORUM**  
UNIVERSITY OF HAWAI'I AT MĀNOA

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**Hawaii Energy Policy Forum**

Jeanne Schultz Afuvai, Hawaii Inst. for Public Affairs  
Karlie Asato, Hawaii Government Employees Assn  
Joseph Boivin, Hawaii Gas  
Warren Bollmeier, Hawaii Renewable Energy Alliance  
Michael Brittain, IBEW, Local Union 1260  
Albert Chee, Chevron  
Elizabeth Cole, The Kohala Center  
Kyle Datta, Ulupono Initiative  
Mitch Ewan, UH Hawaii Natural Energy Institute  
Jay Fidell, ThinkTech Hawaii  
Carl Freedman, Haiku Design & Analysis  
Matthias Fripp, REIS at University of Hawaii  
Ford Fuchigami, Hawaii Dept of Transportation  
Mark Glick, Hawaii State Energy Office, DBEDT  
Justin Gruenstein, City & County of Honolulu  
Dale Hahn, Ofc of US Senator Brian Schatz  
Michael Hamnett, SSRI at University of Hawaii  
Senator Lorraine Inouye, Hawaii State Legislature  
Randy Iwase, Public Utilities Commission  
Ashley Kaono, Ofc of US Representative Tulsi Gabbard  
Jim Kelly, Kauai Island Utility Cooperative  
Darren Kimura, Energy Industries  
Kelly King, Sustainable Biodiesel Alliance  
Kal Kobayashi, Maui County Energy Office  
Representative Chris Lee, Hawaii State Legislature  
Gladys Marrone, Building Industry Assn of Hawaii  
Stephen Meder, UH Facilities and Planning  
Hermina Morita, Energy Dynamics  
Sharon Moriwaki, UH Public Policy Center  
Tim O'Connell, US Dept of Agriculture  
Jeffrey Ono, Division of Consumer Advocacy, DCCA  
Stan Osserman, HCATT  
Darren Pai, Hawaiian Electric Companies  
Melissa Pavlicek, Hawaii Public Policy Advocates  
Randy Perreira, Hawaii Government Employees Assn  
Rick Reed, Hawaii Solar Energy Assn  
Cynthia Rezentes, Ofc of US Representative Mark Takai  
Rick Rocheleau, UH Hawaii Natural Energy Institute  
Will Rolston, Hawaii County, Research & Development  
Riley Saito, SunPower Systems  
Scott Seu, Hawaiian Electric Companies  
Joelle Simonpietri, US Pacific Command Energy Ofc  
H. Ray Starling, Hawaii Energy  
Ben Sullivan, Kauai County  
Lance Tanaka, Par Hawaii, Inc.  
Maria Tome, Public Utilities Commission  
Alan Yamamoto, Ofc of US Senator Mazie Hirono

Testimony of the  
Hawaii Energy Policy Forum  
Before the

Senate Committee on Commerce, Consumer Protection, and Health  
Tuesday, March 22, 2016 at 9:30am in Conference Room 229

**Comments on HB2649 HD2, Relating to Energy**

Chair Baker, Vice-Chair Kidani, and Members of the Committee,

The Hawaii Energy Policy Forum (“HEPF”), created in 2002, is comprised of over 40 representatives from Hawaii’s electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. Our vision and mission, and comprehensive “10 Point Action Plan” serves as a guide to move Hawaii toward its preferred energy goals and our comments on this bill.

HB 2649 HD2 requires that by 2020 the public utilities commission establish performance incentive mechanisms that directly tie electric utility revenues to the utility’s achievement on performance metrics.

The Forum supports aligning electric utility performance with meeting the State’s energy goals. However, the development of performance-based ratemaking is already being considered by the Commission in Docket No. 2013-0141, which is reviewing the HECO Companies’ decoupling mechanisms. Thus, while this measure could provide some legislative guidance on the issues the Commission is considering, it is not necessary and may cause inadvertent consequences. Such guidance would be more appropriate in a resolution as the PUC continues its investigation of this issue.

During this time of transition, with rapidly advancing technologies and evolving business models, we must ensure the Commission is afforded the flexibility necessary to craft utility performance metrics and incentive mechanisms that align utility performance with State energy goals in a way that will benefit all utility customers.

Thank you for the opportunity to testify.

*This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies.*



**Directors**

Jody Allione  
Project Development  
Consultant

Joe Boivin  
Hawaii Gas

Kelly King  
Pacific Biodiesel

Warren S. Bollmeier II  
WSB-Hawaii

**TESTIMONY IN SUPPORT**

**WARREN BOLLMEIER ON BEHALF OF THE  
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE  
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND  
HEALTH**

HB2649 HD2 Relating to Energy

March 22, 2016 9:30 AM

Chair Baker, Vice Chair Kidani and Members of the Committee on Commerce,  
Consumer Protection and Health,

I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purposes of this Act is to begin transitioning towards an electric utility of the future by requiring the PUC to establish performance incentive mechanisms (PIM) that directly tie electric utility revenues to the utility's achievement on performance metrics, effective upon approval, but delayed implementation until no later than Jan 1, 2020.

HREA **strongly supports** this measure with the following comments:

- 1) Meeting Our Clean Energy Goals. This measure supports our clean energy goals by providing policy guidance to the PUC to incent the utility to integrate renewable energy sources, including customer-sited generation and execute timely competitive procurement processes, such as controlling power supply costs by aggressively pursuing competitively procured renewable energy projects, making sure they are built, and expeditiously retire their own old, costly, generation units.
- 2) Creating a Sustainable Electric Utility of the Future. This measure helps to have the investor-owned utility transition to a sustainable business model of a utility of the future providing policy guidance to the PUC to align the utility's performance incentives to the ratepayers interests, which are currently misaligned. Today, the utility is incented to spend money to achieve a greater rate of return, vs. controlling costs to save ratepayers money.
- 3) Provides for Policy PIM. Today, the PUC has a docket that provides for review of *conventional* PIMs such as outlined on page 8 lines 5-12, however, the PUC specifically does not have plans in the docket to

	<p>address <i>policy</i> PIMs such as those outlined on page 8 lines 3-4, and 11-14. Specifically, the docket does not address:</p> <ul style="list-style-type: none"><li>(1) Compliance with the State’s renewable portfolio standards;</li><li>(6) Integration of renewable energy source, including customer-sited generation; and</li><li>(7) Timely execution of competitive procurement processes.”</li></ul> <p>4) HB2649 HD1 provides much needed policy guidance to the PUC, while allowing them flexibility in what may be included, details and execution while addressing the utility business model, which is something other dockets do not provide for, in order to achieve the state’s clean energy policy initiatives.</p> <p><b>Recommendation: We recommend passing the measure out with an effective date of July 1, 2016.</b></p> <p>Mahalo for this opportunity to testify.</p>
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**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

**TESTIMONY OF THE HAWAII SOLAR ENERGY ASSOCIATION  
IN REGARD TO HB 2649 HD 2, RELATING TO ENERGY  
BEFORE THE  
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND HEALTH  
ON  
TUESDAY, MARCH 22, 2016**

Chair Baker, Vice-Chair Kidani, and members of the committee, my name is Hajime Alabanza, and I represent the Hawaii Solar Energy Association, Inc. (HSEA)

HSEA supports HB 2649 HD 2 with comments. The measure amends §269 to include language that will designate the public utilities commission to establish performance based mechanisms, rendering electric utility revenue to be a product of its achievement on performance metrics. These amendments will help to address the issues brought up in the Commission's "Inclinations" docket released on April 28<sup>th</sup>, 2014.<sup>1</sup>

Thank you for the opportunity to testify.

<sup>1</sup>Order No.32052, Docket No. 2012-0036, 16-29

March 22, 2016 9:30am

Hearing of the Committee on Commerce, Consumer Protection and Health

To the Committee on Commerce, Consumer Protection and Health,

Please note my support for HB2649.

Currently our utility company is allowed to use a no-risk business model. This allows the company to profit from increased spending, rather than linking revenues to performance.

This bill would clarify the change needed to the Utility's business model. It includes important performance outcomes and increases incentives to control power supply costs, along with independent pursuit of clean energy projects and retirement of inefficient fossil generating units.

Thank you for your consideration,

Heather Huitt  
44-002 Paku Pl.  
Kaneohe, Hi 96744



Committee on Commerce, Consumer Protection and Health

9:30am March 22, 2016

Dear Chair and Committee members,

I would like to thank you for the opportunity to **strongly support Bill HB2649**. There needs to be a correction in the business model of the utility, and in the lack of incentives given to control energy supply costs.

These bills are important to protect Hawaii, and our planet, from further damage, and to make steps in a positive direction. Thank you for your time.

Sincerely,

Emily Grave

Student, University of Hawaii

March 22, 2016 9:30am  
Committee on Commerce, Consumer Protection and Health

Testimony in SUPPORT of HB 2649 which requires the PUC to establish performance incentive mechanisms that directly tie electric utility revenues to the utility's achievement on performance metrics.

Esteemed Chair Baker, Vice-chair Kidani and CPH committee members,

Please support this Bill as we need our utility to profit when, and only when, they achieve State goals for energy, quality of customer service and reasonable rates.

Lois Crozier  
[lbc628@gmail.com](mailto:lbc628@gmail.com)  
Kailua

Committee: Commerce, Consumer Protection and Health

Date: March 22, 2016

Time: 9:30am

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Testimony for HB2649 – Support

I support HB 2649 and ask that you do the same.

With only one power company in Hawaii it's important to make sure that the lack of incentive to serve the State of Hawaii change. This bill will do that – it will correct the lack of incentive to control power supply costs; to pursue independent, third party clean energy projects; and to retire inefficient fossil generating units.

Thank you,

Karen Simmons

[sksb@earthlink.net](mailto:sksb@earthlink.net)

Committee on Commerce, Consumer Protection and Health  
Hearing 9:30am 3-22-16

HB 2649: Requires the PUC to establish performance incentive mechanisms that directly tie electric utility revenues to the utility's achievement on performance metrics.

Aloha Chair Baker, Vice-chair Kidani and members of the committee,

I strongly support HB2649.

This Bill will ensure that investments in infrastructure are not wasteful, as a mechanism to increase the profits taken by the utility. Also, it aligns the interest of the utility with the interest of our State in terms of meeting clean energy goals and retiring inefficient generation plants. This is not currently part of the existing PUC Docket, so that is not a substitute for this Bill.

Sincerely,

Julianne King  
[julianneking@hawaii.rr.com](mailto:julianneking@hawaii.rr.com)  
Kailua, Oahu

Committee on Commerce, Consumer Protection and Health

Hearing 3/22/16 9:30am

Support for HB 2649, relating to energy

Aloha Chair Baker and members of the CPH committee,

**I support Bill HB2649.** Currently the lack of incentives to control power supply costs (especially fuel costs), to pursue independent, third party clean energy projects and to retire inefficient fossil fuel generating units puts Hawaii and Hawaiian rate payers at great risk. Ratepayers are not only the people that live here, but include all the businesses large, small and tiny that depend on efficient, dependable energy. Tourism is a major part of our economy and tourists on vacation are not notorious for caring about conserving energy. In addition new housing seems to be focusing on large condo buildings that require air conditioning. If we are to keep our economy healthy and our lives comfortable for all-not just those who can absorb whatever cost increases come along-we must hold our utility company to a higher, more inclusive standard.

Ann R. Marten, LCSW

A handwritten signature in cursive script that reads "Ann R. Marten". The signature is written in black ink and is positioned below the typed name.

Hearing March 22, 2016 9:30am

Committee on Commerce, Consumer Protection and Health

*HB 2649 requires the PUC to establish performance incentive mechanisms that directly tie electric utility revenues to the utility's achievement on performance metrics.*

Dear Chair Baker, Vice-chair Kidani and members of the committee,

I am writing to voice my support for HB2649.

We have to make sure the profit motives of our utility move them towards reaching our State goals around customer service, rates and clean energy. The legislature needs to give the PUC clear guidance.

Thank you,

Annie Cusick Wood  
[anniecusick808@gmail.com](mailto:anniecusick808@gmail.com)

Hearing March 22, 2016 9:30am  
Committee on Commerce, Consumer Protection and Health

Dear Chair Baker and members of the CPH Committee,

**I support HB2649.** Hawaii's energy cost is unrestrained. We must add guidelines and incentives to control expenses and provide a business model that encourages cost efficiencies. This bill provides that motivation.

In addition, every effort should be made to encourage clean energy as we move forward. Not enough has been done to encourage and educate consumers. We should be encouraging clean energy by continuing to add consumer incentives.

Thank you for your time,  
Melanie Bailey  
808-277-5121

Testimony for:  
Committee on Commerce, Consumer Protection and Health  
Hearing March 22, 2016 9:30am

Dear Chair Baker and members of the CPH Committee,

**I support HB2649.** We need to hold our utility company's accountable and have them meet performance standards. Our utility company needs to control power supply costs, pursue independent, third party clean energy projects and retire inefficient fossil generating units. We can no longer support a policy that allows our utility company to make more by spending more and then passing on this extra cost to us, the consumer.

Sincerely,  
Brit Reis

Reis Pediatrics  
30 Aulike St, Kailua, HI 96734  
(808) 263-8822



Committee on Commerce, Consumer Protection and Health  
Relating to HB 2649  
March 22, 2016 9:30am

Dear Chair Baker, Vice-chair Kidani and members of the committee,

I support HB2649 for a more responsible business model for Hawaii utility companies.

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Sincerely,

Cindy Petersen

Specialist-SCG West-416

45-1055 Pahuwai Pl

Kaneohe, HI 96744

Email: [Cindy.Petersen@shawinc.com](mailto:Cindy.Petersen@shawinc.com)

Office: 808 3878594

Website: [www.shawcontractgroup.com](http://www.shawcontractgroup.com)

[www.shawhospitalitygroup.com](http://www.shawhospitalitygroup.com)

[www.shawhardsurface.com](http://www.shawhardsurface.com)

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [CPH Testimony](#)  
**Cc:** [myhawaii308@gmail.com](mailto:myhawaii308@gmail.com)  
**Subject:** Submitted testimony for HB2649 on Mar 22, 2016 09:30AM  
**Date:** Friday, March 18, 2016 9:19:59 AM

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**HB2649**

Submitted on: 3/18/2016

Testimony for CPH on Mar 22, 2016 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jonathan Reis	Individual	Support	No

Comments: Dear Chair and Committee, Please support this bill to make the profit motives of our utility consistent with our State goals.

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Testimony for the Committee on Commerce, Consumer Protection and Health

Hearing March 22, 2016 9:30am

Aloha Chair Baker, Vice-chair Kidani and esteemed Members of the CPH Committee,

I strongly support HB2649. It will correct the counter-productive financial incentives currently motivating our utility.

Currently wasteful investments in infrastructure act as a mechanism to increase the profits taken by the utility. This Bill aligns the interest of the utility with the interest of our State in terms of meeting clean energy goals and retiring inefficient generation plants.

The existing PUC Docket is not a substitute for this Bill. The outcome is uncertain and will be partial at best.

Mahalo,

Lisa Marten  
HECO Ratepayer

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [CPH Testimony](#)  
**Cc:** [ndavlantes@aol.com](mailto:ndavlantes@aol.com)  
**Subject:** \*Submitted testimony for HB2649 on Mar 22, 2016 09:30AM\*  
**Date:** Thursday, March 17, 2016 11:02:08 PM

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**HB2649**

Submitted on: 3/17/2016

Testimony for CPH on Mar 22, 2016 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nancy Davlantes	Individual	Support	No

Comments:

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**Cc:** [ran4good@gmail.com](mailto:ran4good@gmail.com)  
**Subject:** Submitted testimony for HB2649 on Mar 22, 2016 09:30AM  
**Date:** Friday, March 18, 2016 9:17:04 AM

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**HB2649**

Submitted on: 3/18/2016

Testimony for CPH on Mar 22, 2016 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Erickson	Individual	Support	No

Comments: Please support Bill HB2649. Mahalo.

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