



P.O. Box 976
Honolulu, Hawaii 96808

March 21, 2015

Honorable Angus L.K. McKelvey
Honorable Justin H. Woodson
Committee on Consumer Protection & Commerce
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **SB 488 SD2/OPPOSE**

Dear Chair McKelvey, Vice-Chair Woodson and Committee Members:

I am a member of the Community Associations Institute Legislative Action Committee. CAI supports energy conservation but, regrettably, opposes SB488 SD2. CAI would have no objection to a similar bill that would apply solely to new construction.

The basis for opposing this well-intentioned bill is that enactment of the bill would be harmful to consumers. Thus, this is the ideal committee for taking that harm into account.

The people who own condominium units are consumers. The consumers who own condominium units pay 100% of the expenses of the condominium association. As written, SB488 SD2 would have both coercive and punitive effects on the consumers who pay a condominium association's expenses.

According to testimony submitted on behalf of DCCA's Division of Consumer Advocacy on March 17, 2015 (before the prior committee): "[T]his bill provides that the cost of installing separate meters to condominium apartments will be borne by the association, not the electric utility." That is precisely correct.

CAI advocates for the consumers who will actually bear the burden of the unfunded mandate. The interests of those consumers deserve protection.

Honorable Angus L.K. McKelvey
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The contention in Blue Planet Foundation's March 17, 2015 testimony before the prior committee that: "Sub-metering is a proven method for reducing energy waste, because it aligns behavior (energy consumption) with incentives (energy costs)" has intuitive appeal but it overlooks matters of significance. Without limitation:

- 1) Technical reasons may inhibit the installation of sub-meters at some projects. There may be no place to install the sub-meters, or the design and construction challenges to installation may make the project cost-prohibitive;
- 2) The legislature has encouraged associations to limit maintenance fee increases in the past, but SB488 SD2 would require consumers to pay increased maintenance fees or special assessments;
- 3) Some consumers will be unable to pay their percentage of the additional common expense. Those consumers will be subject to collection and/or foreclosure;
- 4) Particular associations may have pressing maintenance and repair obligations. Associations have to plan and budget for expenses;
- 5) The intended meaning of the phrase: "and up to fifty percent of the total cost of installing the meters may be subsidized" is unclear. If it means that consumers who own condominium units should be denied benefits available to other consumers for implementing energy conservation measures, then it should be omitted because it is unfair and inequitable. The phrase should also be omitted if it reflects a lack of clarity about the fact that the consumers who own condominium units pay 100% of the association's expenses;
- 6) Associations could not comply immediately with a mandate of this sort. There would have to be a reasonable period (of years) to enable the design solution, to budget for the expense, to put the job out to bid and to complete it; and
- 7) The coercive element of a fine is unwarranted, and any such fine would be paid by the innocent consumers who pay the expenses of an association.

Please, therefore, hold SB488 SD2.

Very truly yours,

Philip Nerney

Philip Nerney

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 21, 2015 6:57 PM
To: CPCtestimony
Cc: joanipt@hawaii.rr.com
Subject: Submitted testimony for SB488 on Mar 23, 2015 14:45PM

SB488

Submitted on: 3/21/2015

Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Joanne Taylor	Individual	Oppose	No

Comments: The Bill as written should be revised and limited to new construction. Aging or aged buildings have significant costs maintaining the existing components at significant cost borne entirely by the homeowners. To require individual metering for electric, water, sewer, etc., which are not currently in the reserve plan and budgeted, would force AOA's to create a "special assessment" for the purpose of covering the cost. This would become an unnecessary hardship for many homeowners. Thank you for allowing me to testify. Joanne Taylor

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 22, 2015 10:32 AM
To: CPCtestimony
Cc: kalelekai002@hawaii.rr.com
Subject: Submitted testimony for SB488 on Mar 23, 2015 14:45PM

SB488

Submitted on: 3/22/2015

Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Takumi	Individual	Oppose	No

Comments: While I applaud the intent of the bill to conserve energy, this could be a significant expense to the owners to install and maintain electrical sub-metering. We have many owners who are on fixed incomes and this expense could drive them over the edge to foreclosure. This issue is best left to the elected board of directors to decide.

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woodson2-Rachel

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 21, 2015 9:58 PM
To: CPCtestimony
Cc: amybrinker@mac.com
Subject: *Submitted testimony for SB488 on Mar 23, 2015 14:45PM*

SB488

Submitted on: 3/21/2015

Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Brinker	Individual	Support	No

Comments:

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ORIGINAL

LATE TESTIMONY

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

MONDAY, MARCH 23, 2015
2:45 p.m.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE ANGUS L.K. McKELVEY, CHAIR,
AND MEMBERS OF THE COMMITTEE

SENATE BILL NO. 488, S.D. 2, H.D. 1 – RELATING TO ENERGY

DESCRIPTION:

This measure proposes to require separate electricity utility metering of nonresidential and residential condominium units in all mixed-use condominium projects and to authorize condominium boards to also authorize separate metering of other utilities and up to half of the cost of installing the meters to be subsidized.

POSITION:

The Division of Consumer Advocacy supports this bill.

COMMENTS:

Hawaii's consumers pay billions of dollars each year for electricity that is generated using imported oil. Energy conservation and efficiency are important means by which the State of Hawaii can wean itself from its dependence upon imported petroleum.

Senate Bill No. 488, S.D. 2, H.D. 1
House Committee on Consumer Protection & Commerce
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The Consumer Advocate supports this measure as it will make the actual consumer of the electricity used in condominium apartments financially responsible for his own energy usage. There are a number of older condominiums in Hawaii whose apartments are not separately metered. Mandating individual electricity meters in condominiums would be an important step in improving energy conservation.

Furthermore, this bill provides that the cost of installing separate meters to condominium apartments will be borne by the association, not the electric utility. This means that all electric utility ratepayers will not be subsidizing these costs.

Thank you for this opportunity to testify.