
HOUSE CONCURRENT RESOLUTION

REQUESTING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH
PERFORMANCE BASED REVENUE MECHANISMS THAT DIRECTLY TIE AN
ELECTRIC UTILITY'S REVENUES TO THE UTILITY'S ACHIEVEMENT ON
PERFORMANCE METRICS.

1 WHEREAS, the prevailing business model used by most
2 electric utilities in the State is not aligned with customer
3 interests and the State's public policy goals, because it
4 rewards utilities for increasing capital expenditures,
5 irrespective of utility performance, with the result that the
6 more a utility spends, the more a utility earns, resulting in
7 higher costs for consumers; and

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9 WHEREAS, it is critical to realign the prevailing electric
10 utility business model with customer interests to ensure that
11 Hawaii's residents and businesses do not suffer economic and
12 environmental harm from the State's energy systems; and

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14 WHEREAS, realignment of the business model is also critical
15 to ensure the ongoing viability of electric utilities, which
16 face an increasing need to rapidly adapt business models and
17 strategies to enable new innovations and customer choices; and

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19 WHEREAS, in particular, the prevailing electric utility
20 business model should be updated with a feature in which the
21 reasonableness of an electric utility's rates and revenues are
22 solely based upon the utility's performance on a set of
23 measurable outcomes; and

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25 WHEREAS, in other words, the prevailing electric utility
26 business model, in which revenues are based upon costs, should
27 be replaced with a business model in which revenues are based
28 upon performance; now, therefore,



1 BE IT RESOLVED by the House of Representatives of the
2 Twenty-ninth Legislature of the State of Hawaii, Regular Session
3 of 2017, the Senate concurring, that the Public Utilities
4 Commission is requested to establish performance incentive and
5 penalty mechanisms that directly tie an electric utility's
6 revenues to the utility's achievement on performance metrics;
7 and
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9 BE IT FURTHER RESOLVED that the Public Utilities Commission
10 is further requested to submit a status report on the
11 establishment of the performance incentive and penalty
12 mechanisms, and any proposed legislation, to the Legislature not
13 later than twenty days prior to the convening of the Regular
14 Session of 2018; and
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16 BE IT FURTHER RESOLVED that a certified copy of this
17 Concurrent Resolution be transmitted to the Chairperson of the
18 Public Utilities Commission.

