

STAND. COM. REP. NO.

1071

Honolulu, Hawaii

March 3, 2017

RE: H.B. No. 1566
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1566, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to establish consistency in the review of utility mergers by:

- (1) Establishing substantial net benefit as the Public Utilities Commission's standard of review for a transfer or assignment of an electric utility; and
- (2) Specifying certain guidelines to address when examining whether a substantial net benefit exists in the transfer or assignment of an electric utility.

Ulupono Initiative testified in support of this measure. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs testified in support of the intent of this measure. The Public Utilities Commission provided comments.

While your Committee finds that mergers of public utilities are a concern for the general public and that these mergers should be reviewed by the Public Utilities Commission, the specific list of factors for determining substantial net benefit contained in

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this measure is almost identical to the Commission's statement of issues regarding the HECO-NextEra merger (Docket No. 2015-0022).

Your Committee finds that continuing to reference a closed docket such as the HECO-NextEra merger may not be in the best interest of good public policy. Additionally, since the circumstances and details of each utility merger are unique, the use of specific issues and criteria from one docket to make determinations for other dockets may not be appropriate. As such, your Committee finds that the Commission should not be micromanaged and should be given broad discretion in determining what constitutes substantial net benefit given the specific issues present in any particular proposed utility merger or acquisition.

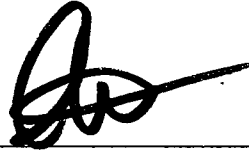
Your Committee has amended this measure by:

- (1) Deleting language specifying certain guidelines to be used when examining whether a substantial net benefit exists in the transfer or assignment of an electric utility;
- (2) Applying the substantial net benefit standard only to electric public utilities and specifying that the Public Utilities Commission may establish reasonable criteria to determine when a "substantial net benefit" exists for a proposed merger involving an electric public utility; and
- (3) Making 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. 1566, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1566, H.D. 2.



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



ANGUS L.K. MCKELVEY, Chair



