



DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

TUESDAY, MARCH 21, 2017
9:00 A.M.

TESTIMONY OF DEAN NISHINA, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE CHRIS LEE, CHAIR,
AND MEMBERS OF THE COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 172 REQUESTING THAT THE PUBLIC
UTILITIES COMMISSION PROVIDE A STATUS REPORT ON DOCKET
NO. 2013-0141, RELATING TO THE DEVELOPMENT OF PERFORMANCE
INCENTIVE MECHANISMS.

DESCRIPTION:

This resolution requests that the Public Utilities Commission (“PUC”) provide a status report on Docket No. 2013-0141, relating to the development of performance incentive mechanisms.

POSITION:

The Division of Consumer Advocacy (“Consumer Advocate”) offers comments on this resolution.

COMMENTS:

Performance incentive mechanisms are the subject of multiple ongoing dockets before the Commission, not just Docket No. 2013-0141. The Commission, through its Order No. 33342, required the Hawaii Electric Light Company (“HELCO”) to file its next rate proceeding with proposed economic incentive and cost recovery mechanisms, consistent with Act 37, Session Laws of Hawaii 2013, in order to further encourage reduction in costs and acceleration of clean energy transformation. Subsequently,

when Hawaiian Electric Company (“HECO”) filed its request for a rate increase in 2016, in Docket No. 2016-0328, HECO’s filing reflected the requirements that were placed on HELCO, HECO has also proposed performance incentive mechanisms.

It should also be noted that the Commission chair indicated in a public legislative informational briefing earlier this year that a Commission decision in the Decoupling Investigation may be forthcoming.

First, the Consumer Advocate points out that requesting that the Commission reactivate and conclude Docket No. 2013-0141 may not be necessary or appropriate. Given the complex issues surrounding the establishment of performance based ratemaking, the implementation of performance incentive mechanisms may require a phased approach. Thus, “closing out” Docket No. 2013-0141 may result in a rushed implementation that may ultimately be contrary to the public interest. Additionally, as noted above, since there are multiple dockets in which performance incentives are being considered, reactivation and closure of Docket No. 2013-0141 may not have the intended results.

The Consumer Advocate offers that this resolution may be somewhat unnecessary since the Commission may be issuing a decision in Docket No. 2013-0141 and/or may not have the intended results. The Consumer Advocate believes that the Commission and interested stakeholders should be allowed to pursue appropriate actions in the relevant dockets, rather than as requested in this resolution. In the alternative, the Consumer Advocate respectfully recommends that the resolution require the Commission to file a status report on the development and implementation of performance incentive mechanisms rather than requesting reporting and/or closure of Docket No. 2013-0141.

Thank you for this opportunity to testify.

TESTIMONY OF RANDY IWASE
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION

March 21, 2017
9:00 a.m.

MEASURE: H.C.R. No. 172

TITLE: Requesting that the Public Utilities Commission Provide a Status Report on Docket No. 2013-0141, Relating to the Development of Performance Incentive Mechanisms.

Chair Lee and Members of the Committee:

DESCRIPTION:

This measure requests that the Public Utilities Commission (“Commission”) “reactivate and conclude” Docket No. 2013-0141. The measure further requests for the Commission to submit a status report to the Legislature no later than twenty days prior to the convening Regular Session of 2018 on the reactivation and conclusion of Docket No. 2013-0141.

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. This principle was discussed in detail in the *Commission’s Inclinations on the Future of Hawaii’s Electric Utilities* (See Docket No. 2012-0036, Order No. 32052). which has guided the Commission’s regulatory activities over the last several years.

The Commission currently has an open proceeding to re-examine 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. The Commission also intends to examine implementation of performance incentive mechanisms in the forthcoming rate case applications from each of the HECO Companies.

Thank you for the opportunity to testify on this measure.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 19, 2017 11:30 AM
To: EEPtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HCR172 on Mar 21, 2017 09:00AM*

HCR172

Submitted on: 3/19/2017

Testimony for EEP on Mar 21, 2017 09:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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: Friday, March 17, 2017 7:59 PM
To: EEPtestimony
Cc: tika_bean@hotmail.com
Subject: *Submitted testimony for HCR172 on Mar 21, 2017 09:00AM*

HCR172

Submitted on: 3/17/2017

Testimony for EEP on Mar 21, 2017 09:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Erica Scott	Individual	Support	No

Comments:

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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