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TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

THURSDAY, FEBRUARY 2, 2017
8:30 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 BILL NO. 871 - RELATING TO PUBLIC UTILITIES

DESCRIPTION:

This measure proposes to prohibit electric utilities from installing power connections or transferring accounts or services without owner or occupant consent.

POSITION:

The Division of Consumer Advocacy (“Consumer Advocate”) supports the intent of this bill and offers comments.

COMMENTS:

The Consumer Advocate understands that the intent of this measure is meant to discourage unauthorized individuals from living in and/or using vacant structures. The Consumer Advocate further understands that it is assumed that, without utility service, these unauthorized individuals may determine that it is undesirable to remain in or use vacant structures.

The Consumer Advocate notes that the proposed requirement may add additional time and procedural measures, as well as associated costs, before utility companies can provide service to bona fide customers. There may also be some unintended consequences of the proposal. The Consumer Advocate notes that the underlying problems (e.g., squatting) are not utility regulation problems. The Consumer Advocate is unaware of any statistics regarding unauthorized individuals' effect on utilities' bad debt expense, but supports the intent on the measure assuming that:

- the incremental costs to implement utility procedures to effectuate the proposed legislative language will not be significant;
- any increase in utility costs will be offset by decreases in other costs (e.g., reduced bad debt expense, reduced service calls) such that general ratepayers will not experience any kind of increase associated with the measures necessary to effectuate the proposed measure;
- the incremental time necessary to authorize service to bona fide customers does not significantly increase; and
- bona fide customers would not experience significant delays or costs in obtaining service consistent with the need of producing a notarized document that establishes the authority to install or transfer an account or service.

If experience with these procedures suggests that net costs may increase or that the required time to verify title, valid lease, etc. may result in a longer service time for the majority of customers, there should be some flexibility allowed to mitigate the impacts of this measure on the general customer base.

Thank you for this opportunity to testify.

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TESTIMONY IN SUPPORT OF HOUSE BILL 871

A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES

COMMITTEE ON ENERGY & ENVIRONMENTAL
PROTECTION

Rep. Chris Lee, Chair

Rep. Nicole E. Lowen, Vice Chair

Thursday, February 2, 2017, 8:30 A.M.
State Capitol, Conference Room 325

Honorable Chair Lee, Vice-Chair Lowen, and Members of the Committee on Energy & Environmental Protection, the Office of the Prosecuting Attorney, County of Hawai'i submits the following testimony in support of House Bill No. 871.

This measure Prohibits electric utilities from installing power connections or transferring accounts or services without written and notarized owner or occupant consent.

The 2008 economic recession continues to negatively affect the Hawai'i County housing market with numerous foreclosed, abandoned and incomplete homes throughout Hawai'i County. Various dwellings are illegally occupied statewide by individuals who move in and connect utilities without consent of the legal owner.

This Act will make it difficult for individuals who illegally occupy dwellings to connect electric power and would deter future persons from this activity. The requirement of having written and notarized authorization is not overly burdensome, as this prerequisite would give legal owners more authority over illegal occupants taking up residence on their property.

The Office of the Prosecuting Attorney, County of Hawai'i supports the passage of House Bill No. 871. Thank you for the opportunity to testify on this matter.

Justin F. Kollar
Prosecuting Attorney

Jennifer S. Winn
First Deputy



Rebecca Vogt Like
Second Deputy

Diana Gausepohl-White
Victim/Witness Program Director

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TESTIMONY IN SUPPORT OF HOUSE BILL 871

A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES

COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Rep. Chris Lee, Chair
Rep. Nicole E. Lowen, Vice Chair

Thursday, February 2, 2017, 8:30 AM
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This measure Prohibits electric utilities from installing power connections or transferring accounts or services without written and notarized owner or occupant consent.

The 2008 economic recession continues to negatively affect the rural Hawaii housing market with numerous foreclosed, abandoned and incomplete homes throughout Hawai'i County, for example. Various dwellings are illegally occupied statewide by individuals who move in and connect utilities without consent of the legal owner.

This Act will make it difficult for individuals who illegally occupy dwellings to connect electric power and would deter future persons from this activity. The requirement of having written and notarized authorization is not overly burdensome, as this prerequisite would give legal owners more authority over illegal occupants taking up residence on their property.

The Office of the Prosecuting Attorney, County of Kaua'i supports the passage of House Bill No. 871. Thank you for the opportunity to testify on this matter.

**Testimony before the House of Representatives
Committee On
Energy & Environmental Protection**

**By Enrique Che
Manager, Field Services
Hawaiian Electric Company, Inc.**

February 2, 2017; 8:30 am

HB 871 – Relating to Public Utilities

Chair Lee, Vice Chair Lowen, and Members of the Committee:

My name is Enrique Che, and I am testifying on behalf of Hawaiian Electric Company, Inc. and its subsidiaries Maui Electric Company, Limited and Hawaii Electric Light Company, Inc. (“the Companies”). We are opposed to this bill.

As a regulated utility, the Companies provide service to our customers in accordance with the tariffs as approved by the Hawaii Public Utilities Commission (“PUC”). Tariff Rule No. 3.A (“Application for Service”) requires applicants to provide the following information when applying for service:

1. Name of applicant
2. Location of premises to be served
3. Date applicant will be ready for service
4. Whether the premises have been heretofore supplied
5. Purpose for which service is to be used, with description of equipment KW or HP capacity
6. Whether applicant is owner, agent or tenant of premises
7. Mailing address
8. Rate Schedule desired if optional rate schedule is available
9. Business address and occupation
10. Reference as requested
11. Such other information as the Company may reasonably require

Tariff Rule No. 3.A also requires that the applicant to establish credit in accordance with Tariff Rule No. 5 (“Establishment and Re-establishment of Credit”). As part of the establishment of credit, in certain situations, proof of home ownership and/or an affidavit of landlord is required. Furthermore, additional requirements have been added to address the locations prone to having illegal occupants.

The above listed information required by the subject tariffs provides the information necessary for the Companies to start and manage customers’ accounts without incident in the majority of cases. However, there are instances where the applicant for electric service does not have the legal authority to occupy the dwelling. While it may appear that a simple solution would be to have the utility obtain written and notarized authorization from the owner

or agent of record of the premise or the occupant of the premise with a description of the tenancy, we have in practice found it to be more complex than it appears.

Our evaluation has determined that it would be unduly burdensome and time-consuming for our customers to produce the notarized authorizations. The Companies would also have to confirm the owner of record by using Bureau of Conveyances, Land Court, or County Property Records Search, among other options, which would entail increased customer waiting time and consequential cost for the Companies. Further, certain searched ownership records may or may not be current—or even under ownership litigation.

For example, the question whether a particular applicant has a right to occupy the premises, or even who the legal property owner is, often requires a legal determination. Our customer service representatives are not equipped to determine whether or not an applicant's representation that he or she has a legal right to occupy the premises is correct, let alone resolve a dispute between a third party and the occupant as to whether the applicant has a legal right to occupy the premises. We feel those determinations are better left to the courts.

In addition, requiring all applicants to provide written documentation or otherwise demonstrate that they have a legal right to occupy a property or to require the Companies to first verify with the property owner of record that the applicant has permission to obtain electrical service would significantly burden and delay the provision of service to the vast majority of customers who are legal tenants. For example, the Companies received about 57,000 requests for service or reconnection in 2016 of which the majority received service within one to two working days. Adding the legal verification (and liability for the Companies as a de facto ownership title guarantor) would delay customer service connections by many days or even weeks. An unintended consequence may be the displacement of our customers from their homes because of the lack of electricity service and potential safety concerns for customers with special needs.

Having a safe neighborhood is a concern to all of us. If the neighboring residents suspect illegal activities occurring at a particular property, we are willing to work with proper authorities to address the situation. Moreover, the identified illegal occupations have been flagged in our system. These occupants will require affidavit of landlord and/or notarized lease agreements before electric service is rendered. Also, there are current laws that address trespassing and/or other illegal activities. In addition we are willing to meet with you or your staff or other members of our community to explore other ideas or methods to address the situation. This problem will require multiple solutions from various government agencies and should not be burdened solely by our customers.

Thank you for the opportunity to testify on this matter.