

TESTIMONY OF  
JAMES P. GRIFFIN, Ph.D.  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII

TO THE  
HOUSE COMMITTEE ON  
ENERGY AND ENVIRONMENTAL PROTECTION

January 30, 2020  
8:30 a.m.

Chair Lowen and Members of the Committee:

**MEASURE:** H.B. No. 2186

**TITLE:** RELATING TO THE UNDERGROUND CONSTRUCTION OF HIGH-VOLTAGE  
ELECTRIC TRANSMISSION LINES.

**DESCRIPTION:** Eliminates the requirement for a public utility to seek PUC approval for the underground construction of high-voltage electric transmission lines if certain conditions are met.

**POSITION:**

The Public Utilities Commission offers the following comments for consideration.

**COMMENTS:**

The Commission supports the intent of this measure to streamline the regulatory process while maintaining appropriate oversight of public utility operations and investments. The Commission currently reviews all proposals for the construction of high-voltage transmission lines, in order to determine whether transmission line system should be built above or below ground. As part of that review, the Commission evaluates whether the benefits of undergrounding as opposed to overhead construction justify the total cost to the utility's ratepayers. It is often significantly more expensive to build transmission lines below ground than above ground. When the utility is paying these costs, the burden is passed onto ratepayers.

The Commission notes that the changes proposed in this bill would only exempt public utilities from the requirement to obtain Commission approval of constructing underground

high-voltage transmission line systems when the cost of undergrounding is paid for by “an entity other than the public utility.” Under the current statutory language, public utilities must obtain approval for constructing underground transmission systems even when an agency, developer, or other third party is responsible for the cost of undergrounding.

However, if an entity other than a public utility is responsible for the incremental cost of undergrounding, there is no direct ratepayer burden to weigh against the benefits of undergrounding. Yet under the current language, a public utility is still required to obtain Commission review and approval in such a case.

The Commission views this measure as an effort to make the approval process for underground transmission line systems more efficient when there is no additional cost to ratepayers.

Thank you for the opportunity to testify on this measure.



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COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair

Rep. Tina Wildberger, Vice Chair

DATE: Thursday, January 30, 2020

TIME: 8:30 AM

PLACE: Conference Room 325

HB 2186 Undergrounding Transmission Lines

**Concerns**

Aloha Chair Lowen, Vice Chair Wildberger, and Members of the Committees

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 49 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

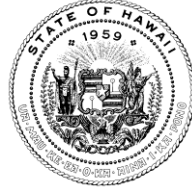
HB 2186 eliminates the requirement for a public utility to seek PUC approval for the underground construction of high-voltage electric transmission lines if certain conditions are met.

Lost within that process is that the utility might move lines from one area to another area, disrupting economic and residential activity, and the public would have no right to intervene in the proceedings.

Mahalo

Henry Curtis

Executive Director



**LATE**

DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Energy and Environmental Protection  
Thursday, January 30, 2020  
8:30 a.m.  
State Capitol, Conference Room 325**

**On the following measure:  
H.B. 2186, RELATING TO THE UNDERGROUND CONSTRUCTION OF  
HIGH-VOLTAGE ELECTRIC TRANSMISSION LINES**

Chair Lowen and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department offers comments on this bill.

The purpose of this bill is to exempt projects to place electric transmission infrastructure underground from the Public Utilities Commission (Commission) approval process if certain conditions are met.

The Department appreciates H.B. 2186's intent to reduce the workload of the Commission and the Department for electric transmission projects that may be uncontroversial and that are subject to conditions set forth in this bill. However, the Department respectfully suggests amendments to ensure protection of the public interest.

First, to avoid possible ambiguity and unintended consequences, the Department suggests striking “additional” from page 4, lines 18 to 20 and amending that provision to read: “The entire cost due to building underground, rather than above-ground, is paid by an entity as a contribution in aid of construction.” This modification would eliminate any confusion over whether an entity might pay only the incremental portion of the costs between building the infrastructure above-ground and underground, as opposed to the entire cost of the project. This amendment would also eliminate ambiguity about the regulatory treatment of the costs covered by an entity other than the public utility.

Second, the Department suggests adding the following condition that would allow the Commission to retain, if necessary, approval authority of a project under Hawaii Revised Statutes section 269-27.6: “The Commission will have sixty days to take action on the report filed pursuant to subsection (3), or it shall be assumed that the public utility may proceed with the project.” This additional condition would address the concern that the proposed project may not be consistent with certain policies that the Commission may be promulgating. For instance, if there exists a cost-effective, non-wire alternative to installing the underground transmission infrastructure, it may be appropriate for the Commission to require the utility to justify why the underground transmission infrastructure is a better alternative than the non-wire alternative. As another example, the proposed transmission infrastructure may result in placing that project in an area that is likely to be inundated due to sea level rise. While the initial project costs might be covered by a contribution in aid of construction (CIAC), the replacement costs of projects originally paid for by CIAC are generally recovered from ratepayers.

Thank you for the opportunity to testify on this bill.