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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
Thursday, February 20, 2020
9:00 a.m.
State Capitol, Conference Room 229**

**On the following measure:
S.B. 2655, RELATING TO UTILITY TRANSMISSION LINES**

Chair Baker 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 a public utility from seeking approval from the Public Utilities Commission (Commission) to place, construct, erect, or build a high-voltage electric transmission system under certain circumstances.

The Department appreciates S.B. 2655'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 3, lines 1 to 3 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-wires 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-wires 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 and the Commission should require the utility determine why the project should not consider a better alternative.

Thank you for the opportunity to testify on this bill.

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



TO THE
SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH

February 20, 2020
9:00 a.m.

Chair Baker and Members of the Committee:

MEASURE: S.B. No. 2655

TITLE: RELATING TO UTILITY TRANSMISSION LINES.

DESCRIPTION: Exempts a public utility from seeking approval from the public utilities commission to place, construct, erect, or build a high voltage electric transmission system under certain circumstances.

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 systems 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 cost of undergrounding, there is no direct ratepayer burden to weigh against the benefits of undergrounding. Under the current statutory language, a public utility is still required to obtain Commission review and approval in such a case.

The Commission observes that a similar measure, House Bill No. 2186, was amended to include several additional provisions recommended by the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs. The Commission recommends that the Senate consider including these amendments in Senate Bill No. 2655 as well for consistency.

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.

SB-2655

Submitted on: 2/15/2020 1:16:37 PM

Testimony for CPH on 2/20/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerard Silva	Individual	Oppose	No

Comments:

The people of Hawaii have to Have a say on wether you are able to build one od these structures near Houseing or Schools!!