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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce and Consumer Protection
Tuesday, February 27, 2024
10:01 a.m.
Conference Room 229**

**On the following measure:
S.B. 2092, S.D. 1, RELATING TO PUBLIC UTILITIES**

WRITTEN TESTIMONY ONLY

Chair Keohokalole and Members of the Committee:

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

The purpose of this bill is to require the Public Utilities Commission (Commission) to direct each electric utility company in the State to file proposals for programs to provide certain benefits to residential property owners in fire-prone areas to reduce or eliminate the impacts of wildfires on residential properties or to purchase emergency equipment or supplies for use in deenergization events.

The tragedy and devastation of the wildfires that arose on Maui during the August 8, 2023, windstorm must be prevented from reoccurring. The Department offers that it supports the intent of this bill, which helps protect public safety and maintain utility services during a high-risk hazardous event.

The Department offers, however, that the bill would presumably require either ratepayers, utility shareholders, or some combination thereof to shoulder the program's costs. Moreover, the program seemingly supports only a single subset of ratepayers, that is, those that have the financial means to own residential property. The program would also be limited to addressing wildfires as a specific type of hazard and focuses on *individuals* that would choose to take advantage of the program's benefits.

Given Hawaii's state-wide risk to a multitude of hazards, including, but not limited to, wildfires, high wind events, and flooding, the Department offers that it is supportive of a holistic system-wide approach that seeks to prioritize maintaining safety and reliability during a range of natural hazards and incorporates state-wide stakeholder feedback. To that end, the Department notes our recommendation in the Commission's Docket No. 2022-0135, regarding Hawaiian Electric Company's Climate Adaptation Transmission and Distribution Resilience Program, that the Commission:

open a new docket under Hawaii Revised Statutes § 269-7 to assess the vulnerabilities of the systems of Hawaii's regulated utilities to threats and disasters, whether they be manmade or caused by extreme natural events. The proposed proceeding would allow for identification and a thorough assessment of critical vulnerabilities to the state's regulated utility systems, and risk mitigations to be proposed, evaluated, and prioritized. The targeted outcome of such an effort would be to support the development of plans that rely on risk assessments prioritizing mitigation measures that should be implemented to address critical vulnerabilities efficiently and cost-effectively.¹

On November 21, 2023, the Commission issued Order No. 40396, opening a non-docketed proceeding, "Directing Public Utilities to Develop and File Reports Related to their Ongoing Efforts and Future Mitigation Plans to Address Natural Hazards." The Consumer Advocate offers that this non-docketed proceeding offers the opportunity to develop the actions needs to protect ratepayers on a state-wide basis.

Thank you for the opportunity to testify on this bill.

¹ Docket No.2022-0135, Consumer Advocate's Response to Life of the Land's Motion for Leave to File Post Fire Information Requests to PUC & HECO, filed on September 18, 2023, at 3.

TESTIMONY OF
LEODOLOFF R. ASUNCION, JR.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION

February 27, 2024
10:01 a.m.

Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

MEASURE: S.B. No. 2092 SD1
TITLE: RELATING TO PUBLIC UTILITIES.

DESCRIPTION: Requires the Public Utilities Commission to direct each electric utility company in the State to file proposals for programs to provide certain benefits to residential property owners in fire-prone areas to reduce or eliminate the impacts of wildfires on residential properties or to purchase emergency equipment or supplies for use in deenergization events. (SD1)

POSITION:

The Public Utilities Commission (“Commission”) offers the following comments for consideration.

COMMENTS:

The Commission appreciates the intent of this measure to require electric utilities to develop programs that provide certain benefits to residential property owners in fire prone areas to reduce the impact of wildfires and deenergization events to their property and daily activities. The Commission understands that customers who experience deenergization would be providing a benefit to the state and its residents by reducing wildfire risk and may therefore be entitled to a benefit for their contributions.

Several already existing programs created to support customers could be further modified or tailored for use specifically to reduce the impact of wildfires and deenergization events. As a few examples, Hawaiian Electric's Special Medical Needs program provides rate discounts for customers that depend on electricity for life support equipment, there are already programs in place that provide rebates and incentives for behind-the-meter battery installation, the Commission and Hawaiian Electric are working on customer resilience via microgrid and resilience hub development, and Hawaiian Electric is developing a program to remove hazardous vegetation outside of the utility's right of way. These types of programs could be enhanced for the purposes contemplated by this measure and could serve as examples to develop new programs.

Additionally, the Commission observes that measures such as SB3096 SD1 and HB2407 HD2 would require the Commission to, as appropriate, adopt rules or issue orders including but not limited to risk-based decision-making and deenergization. This could be folded into an existing docket or another proceeding with similar objectives that may be opened as a result of this legislative session such as an investigative proceeding focused specifically on deenergization, including but not limited to customer benefits and notification. In any case, the Commission would examine whether electric utility proposals for wildfire- or deenergization-related customer benefits programs are reasonable and in the public interest.

Regarding amendments made to this measure, the Commission agrees with the removal of gas utilities and gas infrastructure reflected in SD1. Further, the Commission believes eligibility to receive benefits could be expanded to include other customers in addition to residential property owners residing in high fire threat areas. These may include customers with access or functional needs as defined by the Hawaii Emergency Management Agency¹, customers frequently impacted by deenergization events, critical infrastructure and facilities, and community centers such as schools and places of worship.

¹ Includes individuals who are visually impaired, hearing impaired, mobility impaired, non-English speaking, people without vehicles, people with special dietary needs, people with medical conditions, mentally disabled persons, and people with dementia. HIEMA provides definitions of individuals with disabilities, access or functional needs on their website and in their Emergency Operations Plan. See: <https://dod.hawaii.gov/hiema/public-resources/special-needs-information/>. See also: <https://dod.hawaii.gov/hiema/files/2022/03/Hawaii-State-EOP-FEB-2022-1.pdf>.

FEMA and the Americans with Disabilities Act (ADA) also have established federal definitions. See <https://www.fema.gov/about/offices/disability>. See also: <https://www.ada.gov/law-and-regs/ada/>.

The Commission recommends the following amendments to Page 1 Lines 1-15 of this measure:

SECTION 1. (a) The public utilities commission shall direct each electric utility ~~company~~ in the State to file proposals with the public utilities commission by January 1, 2025, for programs to provide benefits to ~~residential property owners~~ customers that:

- (1) Reside in fire-prone areas or have been impacted by deenergization events within the service territory of the electric utility ~~company~~; and
 - (2) Have disabilities, access, or functional needs; and
 - (3) ~~(2)~~ Install improvements related to electric infrastructure to reduce or eliminate the impacts of wildfires on their ~~residential~~ properties or places of residence or purchase emergency equipment or supplies for use in deenergization events.
- Benefits shall include but not be limited to grants, financial assistance, rebates, subsidized tariffs or rates, and payment programs.

Thank you for the opportunity to testify on this measure.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

**SB 2092, SD1
Relating to Public Utilities**

Tuesday, February 27, 2024
10:01 am
State Capitol, Conference Room 229

Jimmy D. Alberts
Senior Vice President & Chief Operations Officer
Hawaiian Electric

Dear Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee,

My name is Jimmy D. Alberts and I am submitting written testimony on behalf of Hawaiian Electric providing comments and a proposed revision to SB 2092, SD1, Relating to Public Utilities.

Hawaiian Electric understands the importance of having a robust wildfire mitigation strategy while providing safe, reliable power at a reasonable cost for our customers and communities. The Maui wildfires have prompted us to revisit the assumptions and determinations of risk shaping our wildfire mitigation efforts. Hawaiian Electric intends to work closely with the appropriate stakeholders to address key issues such as whether a preemptive power shutoff program is appropriate for Hawaii and, if so, how it should be implemented. We also have accelerated and intensified the implementation of our own Wildfire Mitigation Plan and have taken other immediate action steps, including implementing fast trip settings on circuits, re-inspecting all lines for vulnerabilities, and initiating the process for replacing poles, conductor and fuses in high-risk areas.

While we agree with the intent of the bill to incentivize actions that reduce or eliminate the impact of wildfires on residential properties, we believe that a holistic view implementing broader programs may be more beneficial and cost effective than individual residential subsidies such as the direct financial assistance, rebates, subsidized tariffs or rates, and payment programs as described in the bill. In addition, we have equity concerns with the potential for customers who are unable to participate in these programs subsidizing the residential customers who can participate.

Hawaiian Electric also notes that some aspects of this bill are already being implemented. For instance, suspension of service disconnections for all Hawaiian Electric customers on Maui has been extended through at least March 5, 2024, in accordance with the extension of Gov. Josh Green's emergency proclamation. Maui customers who are financially challenged by the devastating wildfires will not have to worry about potential disconnection of their electric service. Hawaiian Electric also regularly offers customers interest-free monthly installment plans for those experiencing financial hardship.

To the extent the Committee believes that utility bill subsidies are the appropriate way to incentivize the public to make this type of improvements to their residences, Hawaiian Electric respectfully requests the below revision to page 1, line 13 of the current version of the bill to ensure that utilities have flexibility in the types of program(s) they propose:

Benefits ~~may~~**shall** include but not be limited to financial assistance, rebates, subsidized tariffs or rates, and payment programs.

Hawaiian Electric appreciates the Committee's consideration of its comments and proposed amendment to SB 2092, SD1. Thank you for this opportunity to testify.



Testimony Before the Senate Committee on Commerce and Consumer Protection

By David Bissell
President and Chief Executive Officer
Kaua'i Island Utility Cooperative
4463 Pahe'e Street, Suite 1, Līhu'e, Hawai'i, 96766-2000

Tuesday, February 27, 2024; 10:01 am
Conference Room #229 & Videoconference

Senate Bill No. 2092 SD1 - RELATING TO PUBLIC UTILITIES

To the Honorable Chair Jarrett Keohokalole, Honorable Vice Chair Carol Fukunaga and Members of the Committee:

Kaua'i Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 34,000 commercial and residential members.

KIUC opposes this measure.

KIUC appreciates the intent of the bill and agrees that efforts to increase overall resiliency to catastrophic wildfire events are of critical importance. However, KIUC also agrees with the sentiments expressed by the Consumer Advocate and others that, as written, the bill may create unintended subsidization among utility ratepayers which could impact those least able to absorb the financial impact. Further, we agree with testimony previously submitted by the Hawai'i Public Utilities Commission (PUC) that programs already exist to support members with special needs in times of emergency.

A new Wildfire Mitigation Plan (WMP) is under development and expected to be adopted by KIUC within the next 60 days. The WMP will include a multi-faceted approach to prevention and mitigation, and is intended to create enhanced protection for KIUC's members and utility infrastructure from wildfire events. Additionally, several bills are being considered by the legislature that would require utilities to develop Wildfire Protection Plans: to be reviewed and approved by the PUC. KIUC believes well-crafted and thorough Wildfire Protection Plans will offer appropriate protections to residential property owners wherever they reside. Benefits outlined in the bill could be considered during the PUC's Wildfire Protection Plan development, review and approval process, to ensure they are applied fairly among ratepayers in a utility's service territory.

Mahalo for the opportunity to comment.

SB-2092-SD-1

Submitted on: 2/24/2024 7:00:08 PM

Testimony for CPN on 2/27/2024 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Henry Q Curtis	Testifying for Life of the Land	Oppose	Written Testimony Only

Comments:

WE need a holistic solution that addresses all hazards ,and considers who is paying for what, and whether the affected property owners have taken reasonable precautions.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229
Tuesday, February 27, 2024 AT 10:01 A.M.**

To The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Carol Fukunaga, Vice Chair
Members of the committee on Commerce and Consumer Protection

COMMENTS ON SB2092 SD1 RELATING TO PUBLIC UTILITIES

The Maui Chamber of Commerce would like to **COMMENT on SB2092 SD1.**

The Chamber agrees it is essential that the electric utilities develop and file proposals for programs to provide certain benefits to residential property owners in fire-prone areas to reduce or eliminate the impacts of wildfires on residential properties or to purchase emergency equipment or supplies for use in deenergization events.

We are concerned about the potential cost to consumers, who are not in "fire prone" areas, during this challenging time and when all costs are already increasing. Each of these incremental costs are what creates the widening gap between, among other things, minimum wage and a true living wage.

Mahalo for the opportunity to **COMMENT on SB2092 SD1.**

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.