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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Public Safety and Intergovernmental and Military Affairs
Wednesday, January 24, 2024
3:01 p.m.
Conference Room 225**

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

Chair Wakai 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 and gas 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 PUBLIC SAFETY AND INTERGOVERNMENTAL AND
MILITARY AFFAIRS

January 24, 2024
3:01 p.m.

Chair Wakai, Vice Chair Elefante, and Members of the Committee:

MEASURE: S.B. No. 2092

TITLE: RELATING TO PUBLIC UTILITIES.

DESCRIPTION: Requires the Public Utilities Commission to direct each electric and gas 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.

POSITION:

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

COMMENTS:

The Commission appreciates the intent of this measure to support utility customers who install equipment or otherwise take action to reduce the impact of wildfires and deenergization events to their property and daily activities.

The Commission understands that deenergization events require disruption to certain residents’ daily activities to support a greater benefit for the State in terms of wildfire mitigation, and that customers experiencing such disruption may be entitled to a benefit for their contributions. The Commission believes that several programs already exist to support customers that 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, or could serve as examples to develop new programs.

The Commission notes that possible improvements to reduce or eliminate wildfires on residential properties likely include actions that are not related to electric and gas utilities and would therefore not be appropriate for financial support or benefit from utilities or ratepayers. The Commission therefore recommends a small modification to the language in the measure to limit the possible activities that would receive benefits to those that are related to electric and gas utility services.

The Commission recommends an amendment to the measure at lines 8-9, page 1, as follows:

“(2) Install improvements related to electric or gas infrastructure to reduce or eliminate the impacts of wildfires on their residential properties...”.

Thank you for the opportunity to testify on this measure.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
PUBLIC SAFETY AND INTERGOVERNMENTAL AND MILITARY AFFAIRS**

SB 2092

Relating to Public Utilities

Wednesday, January 24, 2024

3:01 PM

State Capitol, Conference Room 225

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

Chair Wakai, Vice Chair Elefante, and Members of the Committee:

My name is Jimmy D. Alberts and I am testifying on behalf of Hawaiian Electric providing comments on SB 2092.

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 Hawai'i 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, however, 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.

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.

Hawaiian Electric appreciates the Committee's consideration of its comments on SB 2092. Thank you for this opportunity to testify.



**Testimony to
The Committee on Public Safety and Intergovernmental and Military Affairs**

Wednesday January 24, 2024

3:01 PM

**Conference Room 225 & VIA videoconference
Hawaii State Capitol**

SB 2092

Chair Wakai, Vice Chair Elefante, and members of the committee,

Hawaii Gas **offers comments on SB 2092**, which requires the Public Utilities Commission to direct each gas and electric 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 de-energization events.

Established in 1904, Hawaii Gas serves over 35,000 utility customers on all islands through its utility pipeline infrastructure, all of whom depend on the company for sustainable, reliable, and affordable gas for water heating, cooking, drying, and other commercial and industrial applications. The company employs some 350 professionals, over 75% of whom are members of the Teamsters Union.

As the State of Hawaii's sole franchised public gas utility, Hawaii Gas is committed to provide safe, reliable and affordable utility gas service to our customers. These tenets serve as the cornerstones of our business operations. Hawaii Gas operates under all federal laws and regulations dictating safe operations, including the Department of Transportation Pipeline and Hazardous Materials Safety Administration.

Hawaii Gas, by nature of its technology and infrastructure, has protocols and direct control of safety measures against above ground disasters such as wildfires to include

- Underground pipeline systems
- 24/7 Monitoring of pipeline / storage facilities
- Emergency isolation shut-off valves at strategic locations

Since our founding, Hawaii Gas has maintained a safe and reliable utility network, with only one major outage in our history – an intentional shut down during the Pearl Harbor attack – thus underscoring our safety record and our inherent and intentional characteristics to support safe and reliable utility service.

It's critically important that while Hawaii strives to harden its infrastructure to prevent future disasters like the Lahaina fires, we also be mindful of the costs these programs would impose



on consumers and ensure that they meet the intended objectives. Hawaii Gas's rates and tariffs are set by the PUC, including cost recovery for programs such as these, which would be recoverable and borne by all ratepayers.

Thousands of Hawaii residents depend on gas for everyday home use and especially during life-threatening events such as hurricanes, floods, lava flows, and other disasters, often when electric power isn't available due to natural and manmade disasters and deenergization events, among other things. Power outages during Iniki lasted for months, leaving people desperate for gas to manage basic things like cooking and hot water, and in many cases, powering life-saving devices. During the 2018 floods on Kauai, countless residents report that without Hawaii Gas employees coming to their properties and re-establishing their gas connection, their homes would have been without hot showers, cooking and basic needs for days if not weeks. In Lahaina, gas offered a respite to many consumers, businesses, and community organizations in the immediate aftermath of the fires and continues even now.

We urge the committee to consider these comments as it deliberates on this important issue.

Thank you for the opportunity to testify.

LATE

SB-2092

Submitted on: 1/24/2024 10:26:57 AM

Testimony for PSM on 1/24/2024 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Victor K. Ramos	Individual	Oppose	Written Testimony Only

Comments:

My concern is cost. What will be in projected increase in cost passed on to the consumer? Please identify the type of equipment that could be used to improve residential safety.

LATE



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COMMITTEE ON PUBLIC SAFETY AND INTERGOVERNMENTAL AND MILITARY AFFAIRS
Senator Glenn Wakai, Chair
Senator Brandon J.C. Elefante, Vice Chair

DATE: January 24, 2024
TIME: 93:01 PM
Conference Room 225

SB 2092 Relating to Public Utilities

Comments

Aloha Chair Wakai, Vice Chair Elefante and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 54 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.

SB 2092 requires the Public Utilities Commission to direct each electric and gas 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 de-energization events.

The bill describes actions to be taken in "fire-prone areas." In response to a Life of the Land Information Request, HECO wrote last week that DLNR has identified 55 high fire risk communities. High fire risk communities are a broader classification than fire-prone areas. Most areas of the state can burn.

Some wealthy people live in areas with a lot of vegetation. The Lahaina fire shows the danger of having flammable vegetation close to houses. It is in the economic interest of owners to decrease this flammable material.

SB 2092 asserts that if such a homeowner were to decrease this flammable material, thus increasing the value of their property, the public utilities commission should provide ratepayer-financed “assistance, rebates, subsidized tariffs or rates, and payment programs” to the homeowner. A sort of reverse robin hood effect.

Furthermore, the bill does not specify that the fire prone area need to be anywhere near utility lines in which case there would be no nexus to public utilities commission regulatory authority.

Mahalo

Henry Curtis