



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA
SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Tuesday, March 11, 2025
9:00 a.m.
Conference Room 325**

**On the following measure:
S.B. 137, S.D. 2, RELATING TO ELECTRIC UTILITIES**

Chair Lowen 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. The Department offers comments on this bill.

The purpose of this bill is to: (1) require the Public Utilities Commission (Commission) to consider whether approving a proposed merger or acquisition would or would not further the State's renewable energy goals; (2) establish a process to ensure that when an application for the proposed acquisition, merger, or consolidation of an electric utility company is filed with the Commission by an acquiring entity that is an investor-owned utility, alternative applications filed by acquiring entities that operate under a non-investor-owned utilities ownership model will be concurrently reviewed; and (3) require an acquiring entity of an electric utility company to assume and be bound by any existing collective bargaining agreements entered into by the electric utility company, as it applies to covered employees.

The Department appreciates the intent of this measure, which among other things, seeks to ensure that the State continues to successfully progress toward its renewable energy goals if there was a proposed change of control of an electric utility. However, the Department notes some concerns regarding whether there is a need for certain components of this legislation as described below.

At the outset, the Department notes to the Committee the statement by the Commission, that it will continue, “. . . holding any electric utility company accountable for compliance with the renewable portfolio standards set forth in [Hawaii Revised Statutes (HRS)] HRS § 269-92(a) and establishing and maintaining the performance incentive and penalty mechanisms for electric utility rates pursuant to HRS § 269-16.1.”

Regarding the provision that an acquiring entity shall not terminate any existing and valid power purchase agreement based solely on the completion of an acquisition, merger, or consolidation, the Department notes that preemptively prescribing certain conditions of approval may have the unintended consequence of limiting the Commission’s ability to take the most effective actions needed at the time to protect the public’s interests.

The Department also notes to the Committee the Commission’s concern that it emphasized in its previous testimony regarding a requirement that the Commission concurrently review applications from non-investor-owned utilities with an application by an acquiring entity that is an investor-owned utility. As noted by the Commission, there is no requirement in the proposed legislation that any such applications have been presented to or accepted by the electric utility company, its board, and/or shareholders prior to their submission to the Commission and the Commission’s concern that it may not have the authority to approve a proposed acquisition, merger, or consolidation of an electric utility company that the electric utility company has not agreed to.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
465 S. KING STREET, #103
HONOLULU, HAWAII 96813

LEODOLOFF R. ASUNCION, JR.
CHAIR

NAOMI U. KUWAYE
COMMISSIONER

COLIN A. YOST
COMMISSIONER

Telephone: (808) 586-2020
Facsimile: (808) 586-2066

Website: puc.hawaii.gov
E-mail: puc@hawaii.gov

Testimony of the Public Utilities Commission

To the
House Committee on
Energy and Environmental Protection

March 11, 2025
9:00 a.m.

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

Measure: S.B. 137, S.D. 2
Title: RELATING TO ELECTRIC UTILITIES.

Position:

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

Comments:

The Commission appreciates the intent of this measure to safeguard the public interest by requiring that the Commission consider whether approving a proposed merger or acquisition of an electric utility by an acquiring entity would or would not further the State's renewable energy goals. The Commission also appreciates the intent of this measure to encourage diversity in utility ownership models by establishing a process to ensure that when an application for the proposed acquisition, merger, or consolidation of an electric utility company is filed with the Commission by an acquiring entity that is an investor-owned utility, alternative applications submitted by entities that operate under a non-investor-owned utilities ownership model are concurrently reviewed.

While the Commission has no concerns or objections regarding the temporary suspension of an application by an acquiring entity that is an investor-owned utility for the acquisition, merger, or consolidation of an electric utility company, the Commission is concerned with S.B. 137, S.D. 2's directive that the Commission concurrently review any proposed applications by acquiring entities that operate under a non-investor-owned utilities ownership model with the application by an acquiring entity that is an investor-owned utility. Although this measure provides acquiring entities that operate under a non-investor-owned utilities ownership model an opportunity to present their own applications for consideration to the Commission concurrently with an application presented by an acquiring entity that is an investor-owned utility, there is no requirement that any such applications have been presented to or accepted by the electric utility company its board, and/or shareholders prior

to their submission to the Commission. The Commission may not have the authority to approve a proposed acquisition, merger, or consolidation of an electric utility company that the electric utility company has not agreed to.

The Commission offers that should the Committee wish to move this measure forward, it would be more appropriate to direct an electric utility company that is the subject of an application for a proposed acquisition, merger, or consolidation by an acquiring entity that is an investor-owned utility to demonstrate that the electric utility company has first solicited bids from acquiring entities that operate under a non-investor-owned utilities ownership model, and note whether such submitted bids and the reasons why such bids were or were not acceptable, in any application to the Commission requesting authorization for a proposed acquisition, merger, or consolidation of the electric utility company. Should an acquiring entity that operates under a non-investor-owned utilities ownership model present an acceptable bid to the electric utility company, the electric utility would then present to the Commission those acceptable bids concurrently with an application for a proposed acquisition, merger, or consolidation by an acquiring entity that is an investor-owned utility.

This Committee previously inserted amendments consistent with the comments above when it considered S.B. 137's companion measure, H.B. 339, on January 28. The Commission respectfully requests that this Committee once again insert a similar amendment into S.B. 137, S.D. 2.

Thank you for the opportunity to testify on this measure.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION**

**SB 137, SD2
Relating to Electric Utilities**

Tuesday, March 11, 2025
9:00 am
State Capitol, Conference Room 325

James Abraham
Associate General Counsel
Hawaiian Electric

Dear Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is James Abraham and I am submitting testimony on behalf of Hawaiian Electric offering comments on SB 137, SD2, Relating to Electric Utilities, and requesting an amendment.

Hawaiian Electric appreciates the intent of this bill to preserve key State energy policy concepts and outcomes that the Company and many stakeholders have worked so hard to implement and improve over many years. However, this bill is unnecessary and has potential unintended consequences. The Public Utilities Commission already has authority to impose any reasonable conditions, including those proffered in this bill, at the time that it reviews and decides any proposed acquisition, merger, or consolidation. The Commission will be in the best position to determine what conditions, including any changes, are in the public interest at that time, considering the current circumstances and specific proposed transaction.

Moreover, the bill's overbroad definition of "acquiring entity" has the potential to impact purely local transactions, such as the transfer of utility equipment between local utilities. While the bill appears aimed at outside entities potentially entering the local

energy industry, it could impact local needs to maintain a reliable electric grid. For this reason, Hawaiian Electric respectfully requests that the Committee consider adding the following language to the definition of “acquiring entity” on page 5, lines 2-7:

“Acquiring entity” means the entity that acquires all or some classes of an electric utility company’s interests in an interest exchange, including but not limited to interest in any road, line, plant, system, or other real or personal property necessary for the performance of the electric utility’s duties to the public or any franchise or permit, or right thereunder. This definition shall not apply to the acquisition, consolidation, merger, transfer of assets, or other transactions between electric utility companies currently operating within the State.

In addition, Hawaiian Electric has concerns that the bill may be preempted by federal bankruptcy law and therefore may not achieve its intended purpose.

Hawaiian Electric appreciates the Committee’s consideration of our comments on SB 137, SD2. Thank you for this opportunity to testify.



Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Tuesday, March 11, 2025 — 9:00 a.m.

Ulupono Initiative strongly supports SB 137 SD 2, Relating to Electric Utilities.

Dear Chair Lowen and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono strongly supports SB 137 SD 2, which seeks to strengthen the certain aspects of regulatory oversight of electric utility acquisitions, mergers, or consolidations and/or bankruptcies in Hawai'i. This bill represents a crucial step in ensuring that our state's ambitious renewable energy goals remain safeguarded and that the interests of Hawai'i's electric utility customers and residents are prioritized. These critical policy goals and outcomes provide lasting benefits to utility customers not only in the transition to renewables but also in supporting lower bills for customers.

As Hawai'i continues to transition from fossil fuels to renewable energy, we have achieved significant milestones, such as establishment of the 100% Renewable Portfolio Standards (RPS) and Performance-Based Regulation frameworks. However, the potential for mergers or acquisitions involving investor-owned utilities, which may arise from the Maui wildfires or other circumstances, poses a risk of backsliding or undermining these advancements to the detriment of utility customers. SB 137 addresses this risk by bolstering and reaffirming the aspects that the Public Utilities Commission (PUC) should consider when determining whether to approve such transactions to preserve and strengthen our progress toward sustainability.

In addition to these key protections, the bill fosters transparency and fairness in the regulatory process. It signals Hawai'i's unwavering commitment to a clean energy future, ensuring that utility ownership changes do not compromise public interest or environmental sustainability.

By enacting SB 137, the Legislature will reaffirm its dedication to securing a resilient, reliable, and sustainable energy system for Hawai'i. Ulupono Initiative urges legislators to pass this measure to protect the progress we as a state have achieved and to ensure that our renewable energy goals remain on track.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



P.O. Box 37158, Honolulu, Hawai`i 96837-0158
Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair

Rep. Amy A. Perruso, Vice Chair

DATE: Tuesday, March 11, 2025

TIME: 9:00 AM

Conference Room 325

RE: SB 137 Mergers

Comments

Aloha Chair Lowen, Vice Chair Perruso, 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 55 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.

Citizens Communications Company wanted to get out of the electricity business. Kauai Island Utility Co-Op (KIUC) registered with the State on November 15, 1999, and filed an application with the Commission on April 6, 2000. The Commission rejected based on the price. KIUC filed a second application with the Commission on May 15, 2002, that was approved.

Suppose HEI agreed to sell HECO to a third party. The idea that a co-op could step in any buy part or all of HECO if HEI approves the sale of HECO to a third party is intriguing. **The multi-buyer concept raises thorny questions.**

Typically, Company A approaches Company B with a proposal. The companies sign a Non-Disclosure Agreement (NDA). If a deal is approved by the respective boards, then a public announcement is released, and the companies agree to a unified approach. How and when could either or both companies then ask if anyone co-op wanted to break up the deal?

The Public Utilities Commission would open a docket. What does “concurrently reviewed” mean in the bill? Would the co-op file a motion to intervene or seek party status? Would the co-op have to pre-register with the State? What if the co-op only wanted to buy MECO or only wanted to buy one or more grids? If the first bid was insufficient, could the coop make a second offer? Could three co-ops each make an offer for HECO, MECO, and HELCO respectively? What happens if only some of them are approved.

A Commission proceeding has both confidential info (available to those who sign protective agreements) and restricted info (kept secret from competitors). Could each potential buyer keep some information restricted from being reviewed by other potential buyers?

When the HECO-NextEra merger fell through, NextEra Energy paid Hawaiian Electric Industries a \$90 million break-up fee and up to \$5 million for reimbursement of expenses associated with the transaction.¹

Would the co-op or ratepayers be on the hook for the costs of a failed co-op takeover?

Mahalo

Henry Curtis
Executive Director

¹ <https://www.hei.com/investor-relations/news-and-events/news/news-details/2016/NextEra-Energy-and-Hawaiian-Electric-Industries-announce-termination-of-Merger-Agreement/default.aspx>



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025,
House Committee on Energy and Environmental Protection
HEARING DATE: Tuesday, March 11, 2025
TIME: 09:00 a.m.
PLACE: Committee Room 325
RE: Senate Bill 137 SD2- **IN STRONG SUPPORT** with Amendments

Aloha Honorable Chair Lowen, Vice-Chair Perruso, and Committee Members;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) offers the following testimony in STRONG SUPPORT of Senate Bill 137 SD2 with a minor amendment.

IBEW Local 1260, is comprised of approximately 3,000 members throughout Hawaii and Guam and consists of a diverse and highly-skilled workforce that supports the electric utility infrastructure across our state as well as government service contracts and broadcasting. We are committed to protecting the well-being of the members we serve and the community at large.

SB137 SD2 requires that the public utilities commission to consider whether approving a proposed merger, acquisition, or consolidation would or would not further the State's renewable energy goals; establishes a process to ensure that if such an application is filed with the public utilities by an acquiring entity that is an investor-owned utility, alternative applications filed by acquiring entities that operate under a non-investor owned utilities ownership model will be concurrently reviewed; and requires an acquiring entity of an electric utility company to assume and be bound by any existing collective bargaining agreements, as it applies to covered employees.

Local headlines consistently highlight the many challenges of living in Hawaii, ranging from the high cost of living, to limited economic opportunities, housing challenges, and quality of life concerns. A 2024 ALICE report noted that 53% of residents under 35 years old are below the ALICE threshold, threatening Hawaii's future workforce. Moreover, a U.S. Census Bureau report indicates a steady decline in Hawaii's population over a recent four-year period.

Hawaii's fragile economy and shrinking workforce, coupled with the sharp increase in demand for qualified and skilled electrical utility workers needed to pursue the State's renewable energy goals, as well as upgrade, maintain, and develop Hawaii's electric utility infrastructure to ensure safe, reliable service to the community, heightens the need to protect Hawaii's electric utility workforce in the event of a merger, acquisition, or consolidation.

SB137 SD2 ensures that this local workforce of properly trained and qualified individuals are adequately maintained and developed to further ensure that Hawaii's electric utilities continue to serve the energy needs of our community.

Mahalo for the opportunity to testify on this measure.

**Senate Bill 137 SD2– Relating to Renewable Energy
TESTIMONY**

Hawai'i State House of Representatives
Energy and Environmental Protection Committee
Tuesday, March 11, 2025
9:00 a.m.

Aloha Chair Lowen, Vice Chair Perruso and Committee Members:

Mahalo for the opportunity to provide testimony in **support of SB 137 SD2**. AES Hawai'i shares the State's vision for a 100% renewable energy future. We are working to accelerate and support Hawai'i's transition toward a carbon-free energy future with renewable projects across the Hawaiian Islands totaling over 405 MW of solar, solar plus storage, and wind resources in operation or under contract, with 102.5 MW of Stage 1 projects and 37 MW of Stage 2 projects. Additionally, AES Hawai'i has two Stage 3 projects, which recently signed PPAs and were submitted to the PUC for review and approval.

SB 137 SD2 supports Hawai'i's goals of achieving 100% renewable energy, enhancing energy resilience, decarbonization, and promoting energy equity. It seeks to address the project financing challenges faced by Independent Power Producers (IPP), due to Hawaiian Electric Company's sub-investment-grade status. Without this assurance, IPPs may be forced to cancel or delay renewable energy projects due to high-yield credit, high interest rates, and unavailability of project financing. The bill proposes to amend the Hawai'i Revised Statutes to allow the Public Utilities Commission (PUC) to establish a methodology for determining just and reasonable rates for non-fossil fuel-generated electricity, potentially including adjustments for inflation and premium interest rates. AES Hawai'i supports the intent of this measure to ensure the financial viability of our renewable energy projects and that Hawai'i can achieve our renewable energy goals.

Mahalo for your consideration.



Sandra Larsen
President
AES Hawai'i