

**This presentation is meant for
informational purposes only and is not
intended to provide Ulupono Initiative's
position in the Performance-Based
Regulation docket**

Performance-Based Regulation (PBR) Overview

Hawai'i Context

June 24, 2025

Why do we regulate electric utilities?

ENERGY

Natural Monopoly

- Single provider is most efficient (duplication of infrastructure costly)

Regulatory Compact

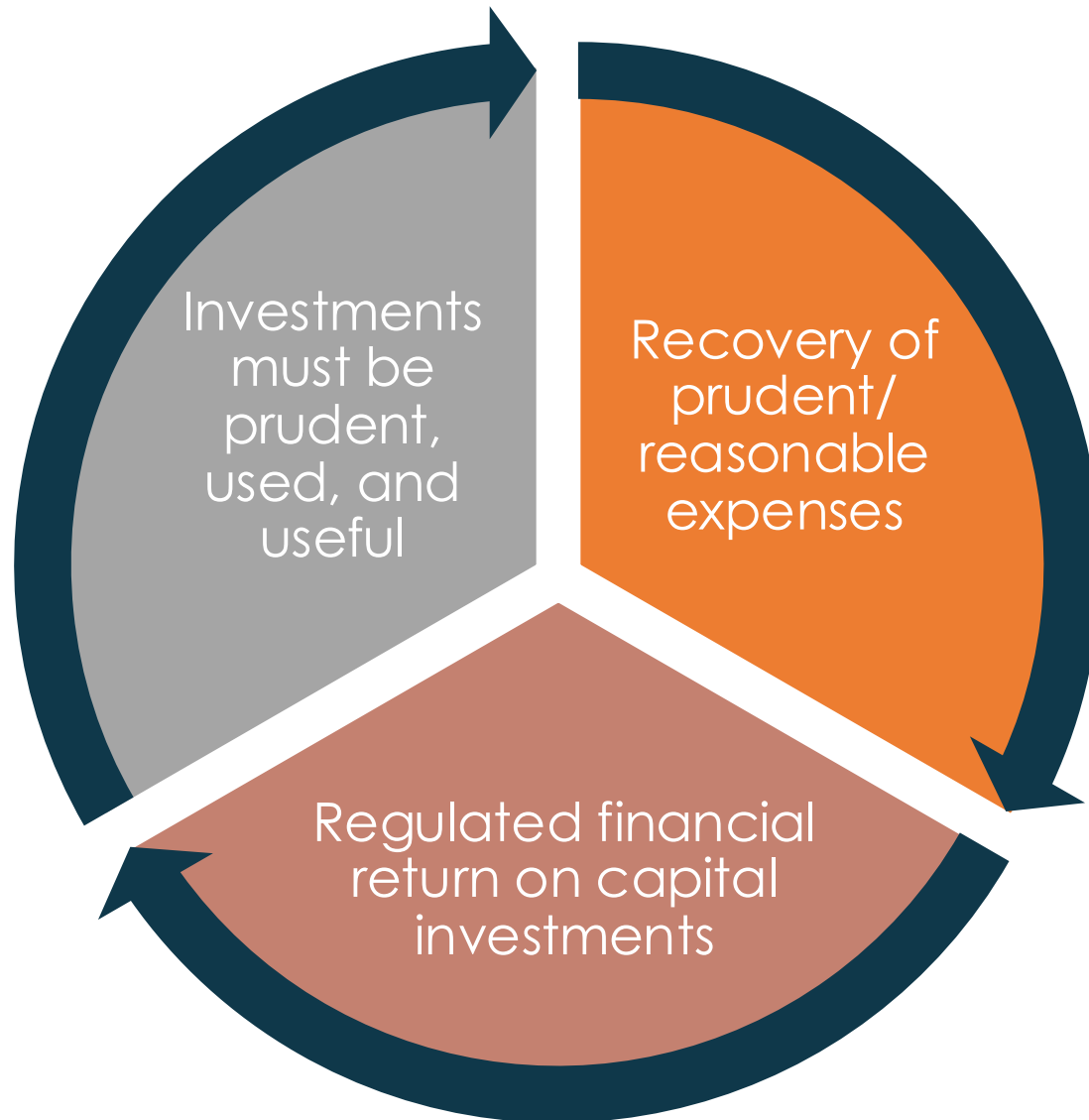
- Utilities operate under regulatory oversight to protect consumers from monopolies overcharging customers in exchange for limited market competition

Public Interest

- Utilities have an obligation to serve

Publicly regulated utilities make money differently than normal businesses

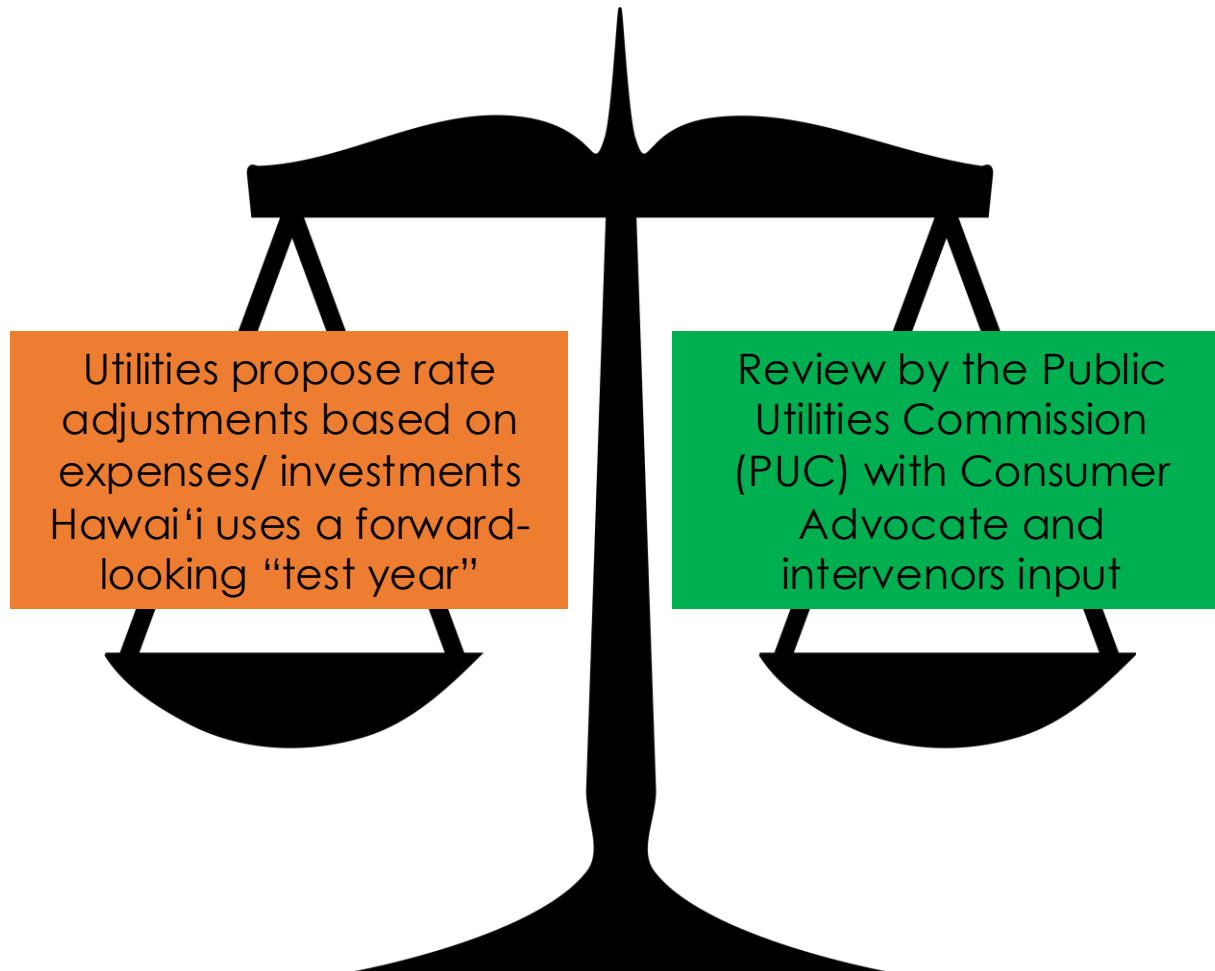
ENERGY



Rate case process is used to determine rates

ENERGY

Balance fair returns and affordable consumer rates



The traditional regulatory construct has a 'Capital Bias'

ENERGY



Expenses
reimbursed
vs. returns
earned on
investments



Preference
to invest
over
controlling
costs



Tight
regulation
needed to
control
capital
spending

To address capital bias and help advance clean energy goals...

ENERGY

Hawai'i adopted alternative ratemaking

Original compact incentivized infrastructure expansion
(~100 years old)

Current context (Hawai'i): Grid static but incentives
expansion-focused

Alternative ratemaking: Performance based regulation (PBR)
bases incentives on performance, efficiency, and cost control

Adopted internationally (USA, Canada, UK)

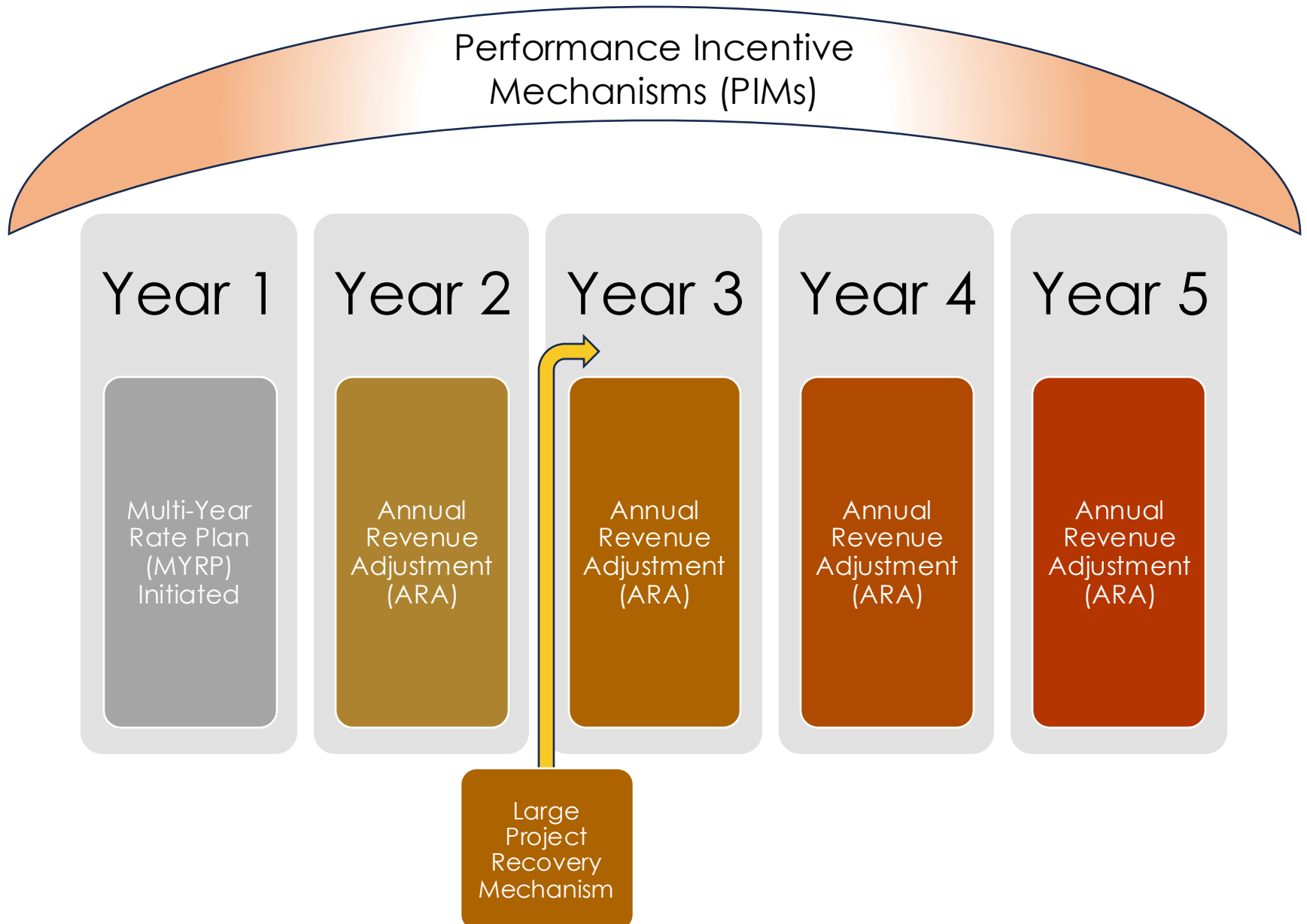
Legislative intent: 'Break the direct link'

- The 2018 Hawai'i Legislature, in passing [Senate Bill 2939 SD2](#), concluded that a change to the regulatory compact was necessary to promote decisions and strategies that will maximize public benefit, reduce ratepayer risk, and meet Hawai'i's energy goals
- Signed into law as Act 5, SLH 2018, and codified as [Hawai'i Revised Statutes \(HRS\) section 269-16.1](#)

§269-16.1 Performance incentive and penalty mechanisms. (a) On or before January 1, 2020, the public utilities commission shall establish performance incentives and penalty mechanisms that directly tie an electric [utility's] revenues to that utility's achievement on performance metrics and **break the direct link** between allowed revenues and investment levels. The performance incentives and penalty mechanisms, as may be amended by the public utilities commission from time to time, shall apply to the regulation of electric utility rates under section 269-16.

Overview of a Multi-Year Rate Plan in Hawai'i

ENERGY



PIMs encourage stronger performance in agreed upon areas

ENERGY

RPS-A

- Rewards exceeding renewable energy benchmarks

Interconnection
PIM

- Faster renewable connections

Shared Savings
Mechanism (SSM)

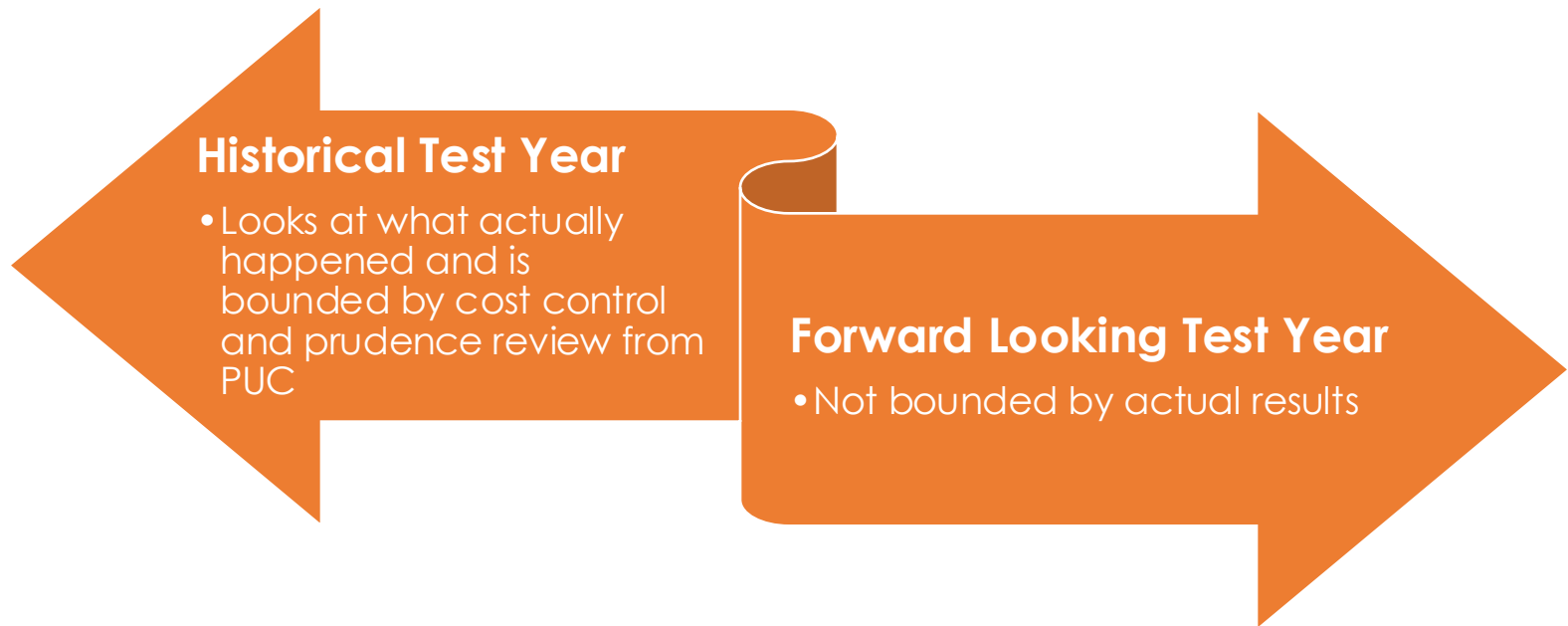
- Low-cost renewable projects

Reliability PIM

- Service reliability rewards/penalties

Fully Forecasted Test Year (FLTY) vs. Historical Test Year (HTY)

ENERGY

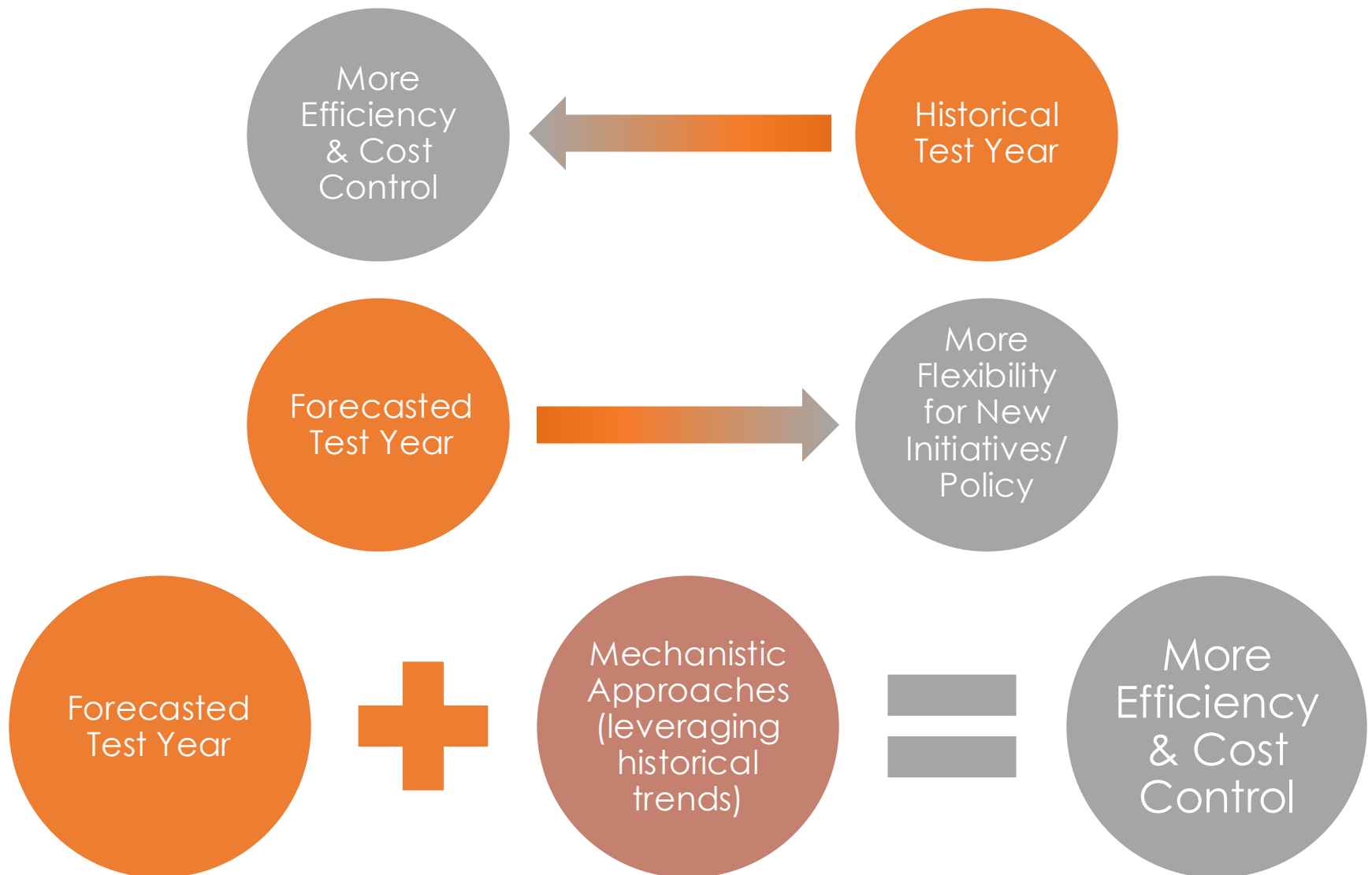


3 examples

- A HTY is 100% actual expenditures, but is not updated for future changes in policy/expectations
- FLTY is just about future forecasts and is not directly connected to prior results or PBR cost control incentives
- FLTY with mechanistic streamlining combines these two by allowing forward looking estimates, but basing a share of revenues based off of historical expenses and trends

Further improvements for administrative efficiency and better cost control

ENERGY



Grounding forecasts to actual past results, unless there is a reason to deviate

PIM rewards are currently insufficient

ENERGY

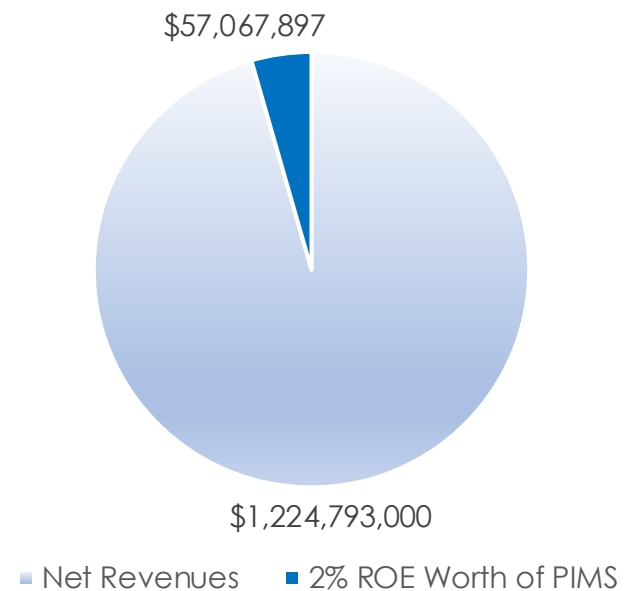
2021 PIM awards
(highest total PIMS
achieved to date)

Ulupono proposes to
increase PIM awards to
Equal 2% of ROE

PIMs Compared to Net Revenues (0.13% of Equity)



PIMs as 2% of Net Revenues



Questions and feedback are welcome

Mahalo!

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Briefing on Performance-Based Regulation in Hawaii Docket No. 2018-0088 (active)

Before the Senate Committee on Commerce and
Consumer Protection

June 24, 2025



What is Performance-Based Regulation (PBR)?



Cost of Service Regulation (COSR)

- Traditionally, utilities make their money through “cost of service ratemaking”
 - Generally, cost of service ratemaking is:
 - How much it will cost the utility to provide you electricity (and other services)
 - A rate of return on capital expenditures
 - Utilities collect that amount from you via your electricity rates



PBR Offers an Alternative to COSR

- Revenues are increasingly tied to utility performance, not utility costs.
- Benefits
 - Greater accountability for cost management
 - Can mitigate capital expenditure (CAPEX) bias
 - Mechanisms to incentivize desired policies or outcomes
 - Dynamic and flexible
- Hawaii's PBR Framework features more PBR concepts than any other state.



Development of PBR in Hawaii



High-level Process Overview

Phase 1

- 2018-2019
- Establish goals & outcomes

Phase 2

- 2019-2020
- Develop and implement PBR Framework

Phase 3

- 2021-2022
- Examination and development of additional PIMs

Phase 4

- 2022-2024
- Continued refinement of certain mechanisms

Phase 5

- 2024-present
- Evaluation of the PBR Framework over MPR1

Phase 6

- Forthcoming
- Modifications to PBR Framework for MRP2



Phase 1 (2018-2019)

- Background
 - Some PBR elements already incorporated as early as 2010
- Phase 1 Objectives
 - Priority outcomes for PBR
 - PBR mechanisms to be implemented



Phase 2 (2019-2020)

Design and Implementation

- Formal process
- Parties weigh in on:
 - Revenue adjustment mechanisms
 - Performance mechanisms
 - Safeguards
- December 2020: PUC D&O 37507



Development of PBR in Hawaii cont'd

- Phase 2.5 (2020-2021): Implementation of PBR Framework
 - Development and review of tariffs
 - Finalization of PIMs, Scorecards, and Reported Metrics
 - Streamlining reporting requirements
- Phase 3 (2021-2022): Examination of additional PIMs
 - Explored PIMs for:
 - Grid Resiliency
 - Timely Retirement of Fossil Fuel Units
 - Interconnection of Large-Scale Renewable Energy Facilities
 - Cost Control for Fossil Fuel, Purchased Power, and other Non-ARA Costs
 - Utilization of Grid Resources from DERs
 - Resulted in three additional PIMs and two new reports



Development of PBR in Hawaii cont'd

- Phase 4 (2022-2024): refinement of PBR mechanisms
 - Sunset/limited extension of interim PIMs
 - DER Grid Services PIM
 - DER Interconnection Approval PIM
 - AMU Utilization PIM
 - LMI-EE PIM
 - Addressing proposed modifications to certain PIMs
 - Long-term DER Grid Utilization PIM
 - Accelerated RPS PIM
 - Call Center PIM
 - Modifications following the Maui Wildfires
 - Suspension of the ESM
 - Suspension of the T&D Service Reliability PIM
- Phase 5 (2024-present): Evaluation of PBR Framework



The PBR Framework in MRP1



PBR Framework Goals and Outcomes

Guiding Principles

A customer-centric approach, including immediate “day 1” savings when the new regulations takes effect;

Administrative efficiency to reduce regulatory burdens to the utility and stakeholders; and

Utility financial integrity to maintain the utility’s financial health, including access to low-cost capital.

Goal	Priority Outcome	
Enhance Customer Experience	Traditional	Affordability
		Reliability
	Emergent	Interconnection Experience
		Customer Engagement
Improve Utility Performance	Traditional	Cost Control
	Emergent	DER Asset Effectiveness
		Grid Investment Efficiency
Advance Societal Outcomes	Traditional	Capital Formation
		Customer Equity
	Emergent	GHG Reduction
		Electrification of Transportation
		Resilience



Hawaii's PBR Framework

Revenue Adjustment Mechanisms

- A 5-year **multi-year rate plan**
- **Allowed revenues adjusted annually** for inflation and a “customer dividend”
- An **Exceptional Project Recovery Mechanism** for extraordinary projects
- **Revenue Decoupling** to reconcile target revenues to what's collected

Performance Mechanisms

- Portfolio of **Performance Incentive Mechanisms (PIMs)**
- Project/program-specific **shared savings mechanisms**
- Portfolio of **scorecards** and **reported metrics**

Pilot process

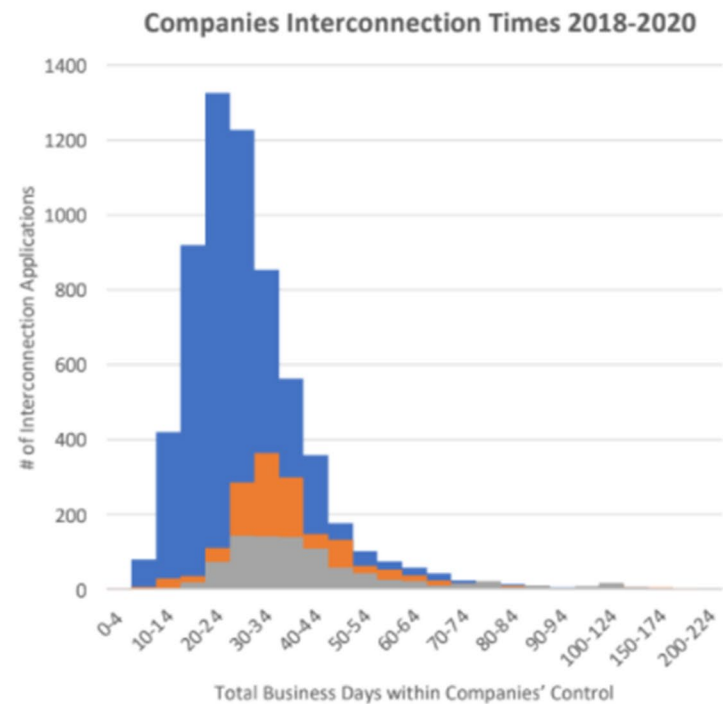
- A framework for **expedited review for pilot projects** to incent innovative programs and projects

Safeguards

- An **Earnings Sharing Mechanism** to protect the utility and customers from excessive earnings or losses
- A **Re-Opener** mechanism that allows the PUC to examine all or parts of the PBR framework

Example: DER Interconnection Approval PIM

Companies' 2018-2020 DER Interconnection Data

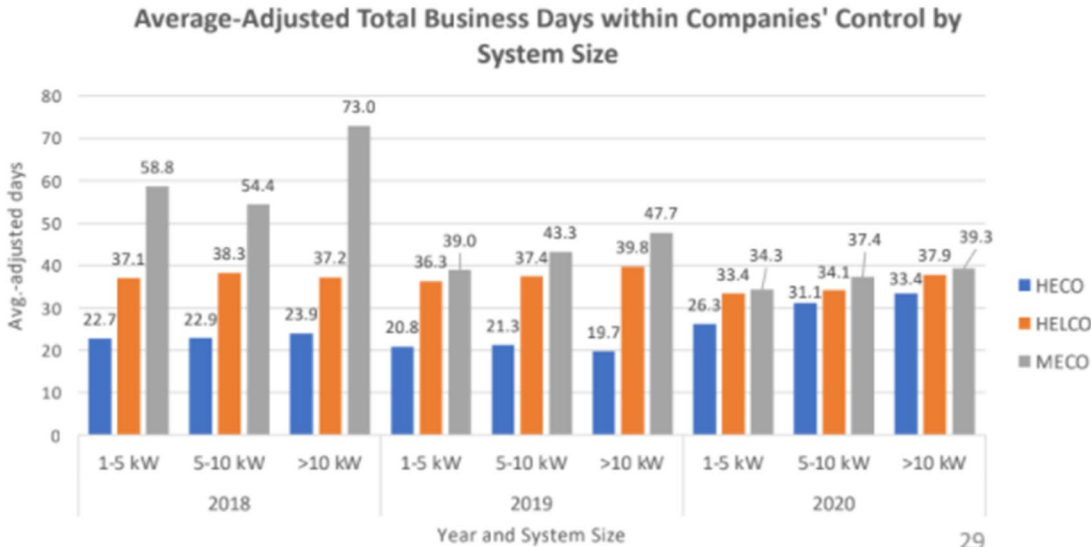


* this graph excludes 7 outliers from all three companies whose interconnection applications took ≥ 225 days.



Hawaii Public Utilities Commission

Adj-Avg Total Business Days w/in Companies' Control	HECO	HELCO	MECO
2018	23.01	37.55	56.60
2019	20.95	37.28	43.62
2020	29.72	34.49	37.47
% Improvement			
2018 -> 2019	9%	1%	23%
2019 -> 2020	-42%	7%	14%



2024 Results

Since 2020, DER Interconnection times have improved by 65% on Oahu, 62% on Hawaii Island, and 59% on Maui despite processing more applications

The Companies collectively claimed a \$2.4 million reward for 2024

HECO: \$2,100,000

HELCO: \$225,000

MECO: \$75,000

HECO		HELCO		MECO	
Days	Applications Executed	Days	Applications Executed	Days	Applications Executed
10.55	3,458	13.21	1,036	15.18	889



Example: AMI Utilization PIM

Targets	Years	Performance	Reward
<ul style="list-style-type: none">% of customers with advanced meters and utilize two of the three customer features: Customer Authorization; Energy Usage Alert; Program Participation	2021	<ul style="list-style-type: none">Only 0.001% of customers at HECO and 0% of customers at HELCO and MECO qualified for 2 of the 3 benefits.	\$0
	2022	<ul style="list-style-type: none">Only 0.003% of HECO customers, 0.002% of HELCO customers, and 0.003% of MECO customers qualified for 2 of the 3 benefits.	\$0
	2023	<ul style="list-style-type: none">Only 0.015% of HECO customers, 0.016% of HELCO customers, and 0.012% of MECO customers qualified for 2 of the 3 benefits.	\$0



Comprehensive Evaluation of the PBR Framework



- Phase 5 (June 2024 to present): Evaluation of the PBR Framework
 - Informal working group meetings
 - Commission-facilitated
 - Evaluation of PBR mechanisms
 - Informal assessment of PBR mechanisms
 - Mechanisms with no modifications needed for MRP 2
 - Mechanisms that may need modifications for MRP 2
- Discussion on necessity and means of re-basing rates for MRP 2



Looking Ahead

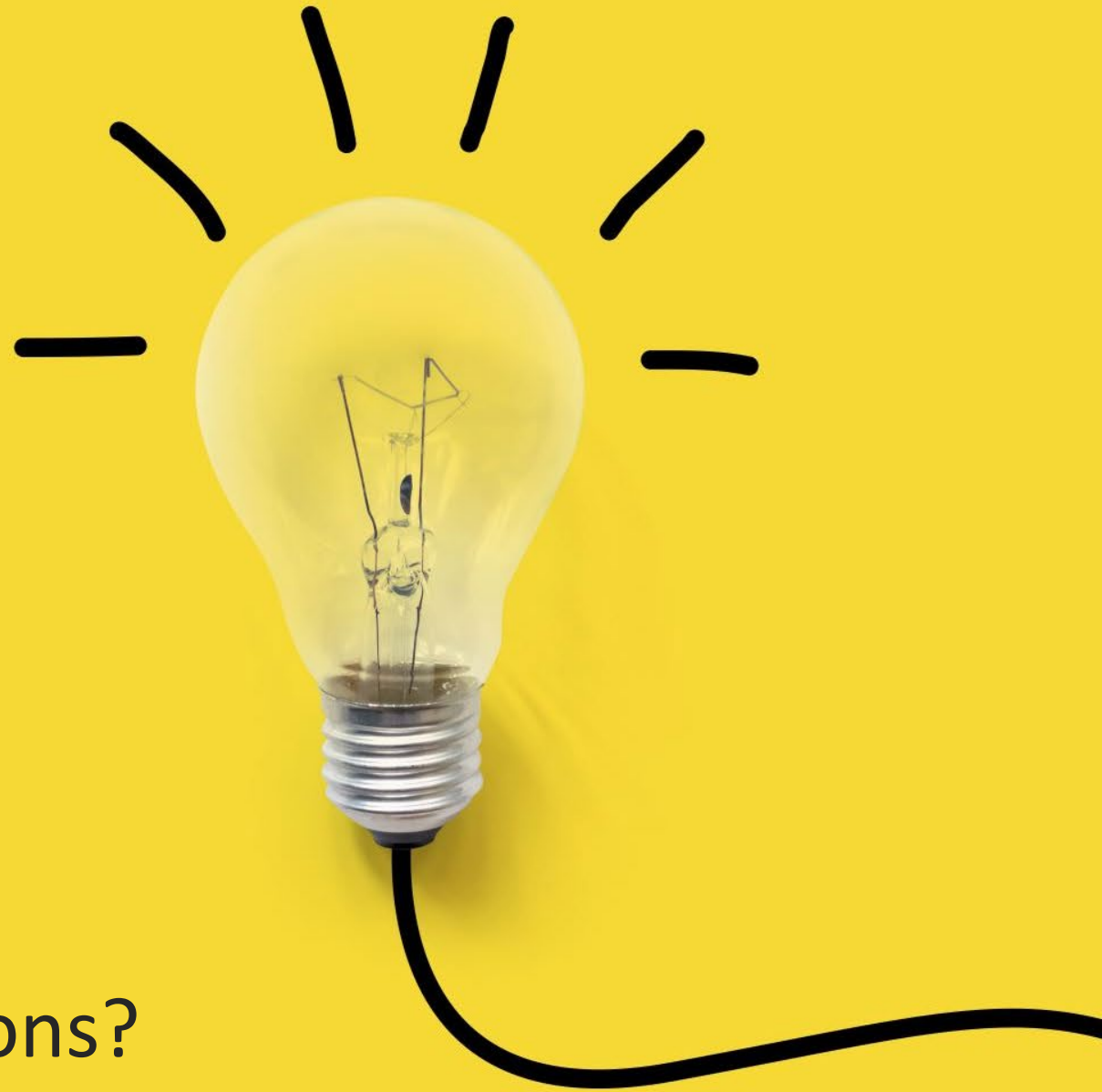
- Phase 6
 - Formal proceeding
 - Builds off Phase 5
 - Examination of potential modifications to existing PBR mechanisms
 - Effective date: start of MRP 2 in January 2027
- Rate Re-Basing
 - Purpose: re-base Hawaiian Electric's Target Revenues
 - General rate case-like
 - Open to all PBR parties
 - Application is forthcoming



Summary

- PBR Framework breaks link between revenues and investment levels
 - PIMs
 - MRP
 - ARA
- PBR Framework assessment is currently underway
- PUC Phase 6 decision is pending
- HECO Re-basing Application is pending





Questions?

Thank you for your time



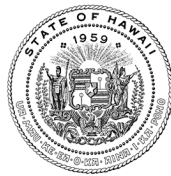
STATE OF HAWAII

PUBLIC UTILITIES COMMISSION

465 S. KING STREET, #103

HONOLULU, HAWAII 96813

Additional Slides



STATE OF HAWAII

PUBLIC UTILITIES COMMISSION

465 S. KING STREET, #103

HONOLULU, HAWAII 96813

Specifically Addressing HRS 269-16.1

- Consistent with HRS 269-16.1(b), the PUC has approved PBR mechanisms that address the following:
- (1) the economic incentives and cost-recovery mechanisms described in section 269-6(e) - inter alia, section (e)(1), "shared cost savings incentive mechanism designed to induce a public utility to reduce energy costs and operating costs and accelerate the implementation of energy cost reduction practices (see MRP, ARA, CSSM, IRS PIM, RPS-A PIM).
- (2) volatility and affordability of electric rates and customer electric bills (IRS PIM and RPS-A PIM incentivize transition towards renewable generation, which reduces impacts of fossil fuel prices on customer bills; ECRC Fuel Risk Sharing Mechanism requires utility to share in the volatility of fuel prices, which incentivizes transition away from/reduced reliance on fossil fuel).
- (3) Electric service reliability (T&D Reliability PIM and Generation Reliability PIM).
- (4) Customer Engagement and satisfaction, including customer options for managing electricity costs (Call Center PIM and Interconnection Approval PIM)
- (5) Access to utility system information, including but not limited to public access to electric system planning data and aggregated customer energy use data and individual access to granular information about an individual customer's own energy use data (broader system planning is available in other public PUC dockets (e.g., IGP, RFP); as part of PBR, PUC has required utility to file reports on plans for DER integration and retirement of fossil fuel plants; Customer Engagement scorecards have tracked utility's success at empowering customers to access their own data via online portal)
- (6) Rapid integration of renewable energy sources, including quality interconnection of customer-sited resources (RPS-A PIM and IRS PIM; ECRC Fuel-Risk Sharing mechanism)
- (7) Timely execution of competitive procurement, third-party interconnection, and other business processes (RPS-A PIM and IRS PIM; ECRC Fuel-Risk Sharing mechanism)





Performance Based Regulation (PBR) and the Utility Customer

Michael S. Angelo, PhD
Executive Director
Division of Consumer Advocacy (DCA)
Presentation to Hawai'i State Senate
Committee on Commerce and Consumer Protection
June 24, 2025

Presentation Overview

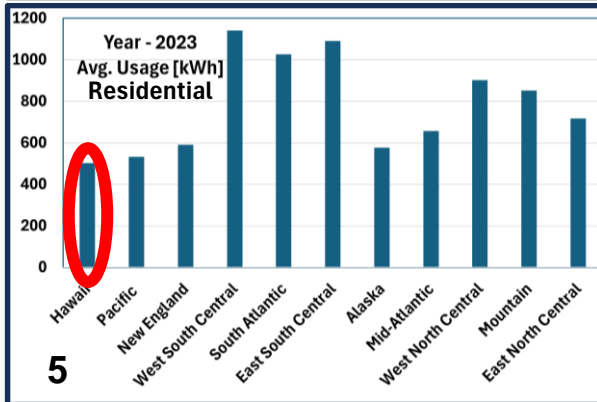
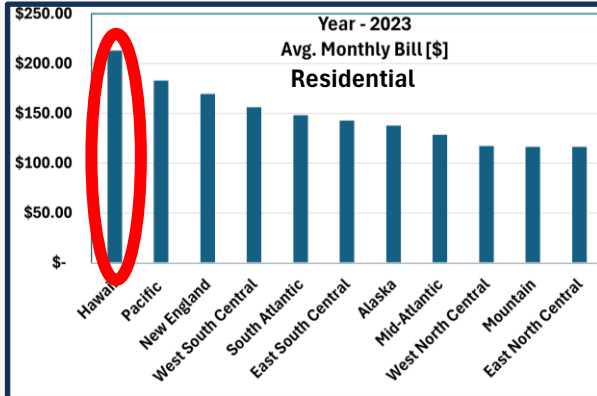
- DCA's role in advocating for consumers
- Snapshot of where we are on costs
- Scrutiny of costs and Cost control under PBR
- Whether to allow a proceeding to evaluate rebasing of Target Revenues

DCA Represents Utility Customers

- **Role:** Represent **all** customers of regulated public utilities before the Public Utilities Commission (PUC)
- **Advocate for utility services delivered:** safely, reliably, affordably (cost-effectively), equitably, achieving clean energy & environmental goals
- **Sectors:** Electricity, Gas, Water, Wastewater, Telecom, and Regulated Transportation (Water Carriers – e.g., Young Brothers, and Motor Carriers)
- **Team:** Accountants, Attorneys, Economists, Engineers, Scientists, and more . . .

Snapshot of Where we Are on Costs

Cost Control Must be Prioritized Under any Regulatory Oversight Model



Hawai'i's residential customers :

- Highest electricity bills in the nation
- Lowest amount of electricity used

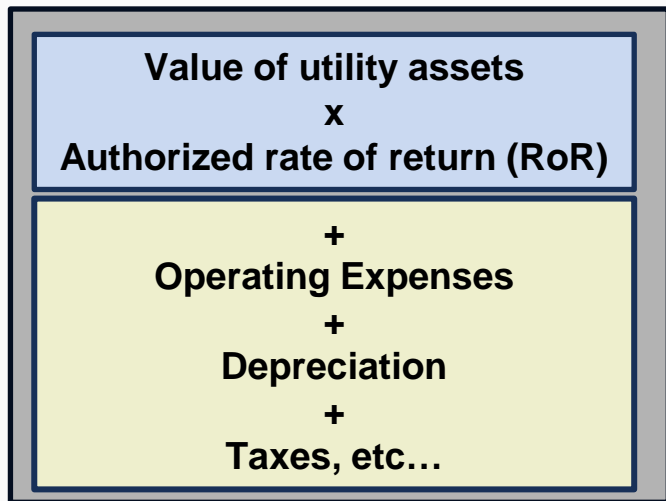
Similar situation for businesses
(commercial and industrial)

- Need to scrutinize cost drivers
(expenses and capital costs)

Scrutiny of Costs and Cost Control Under PBR

Utility Recovers its “Revenue Requirement” through Rates and Charges on Bills

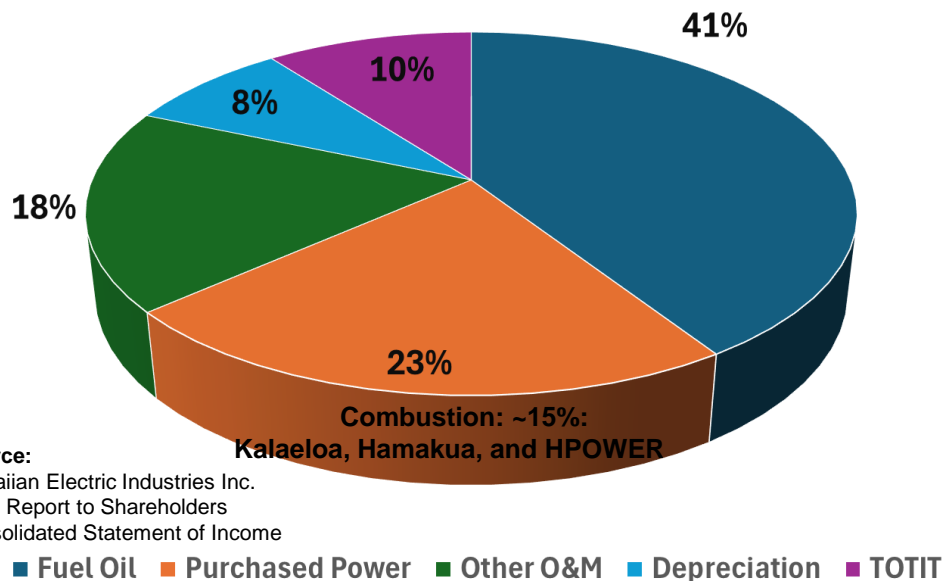
Revenue Requirement: Total cost of providing utility service



- Determined in Hawaiian Electric's most recent cost-of-service rate cases for its utilities
- Utility has *opportunity* to earn its authorized RoR
- Residential bills include usage-based (\$/kWh) rates and monthly charges (\$) to collect revenue

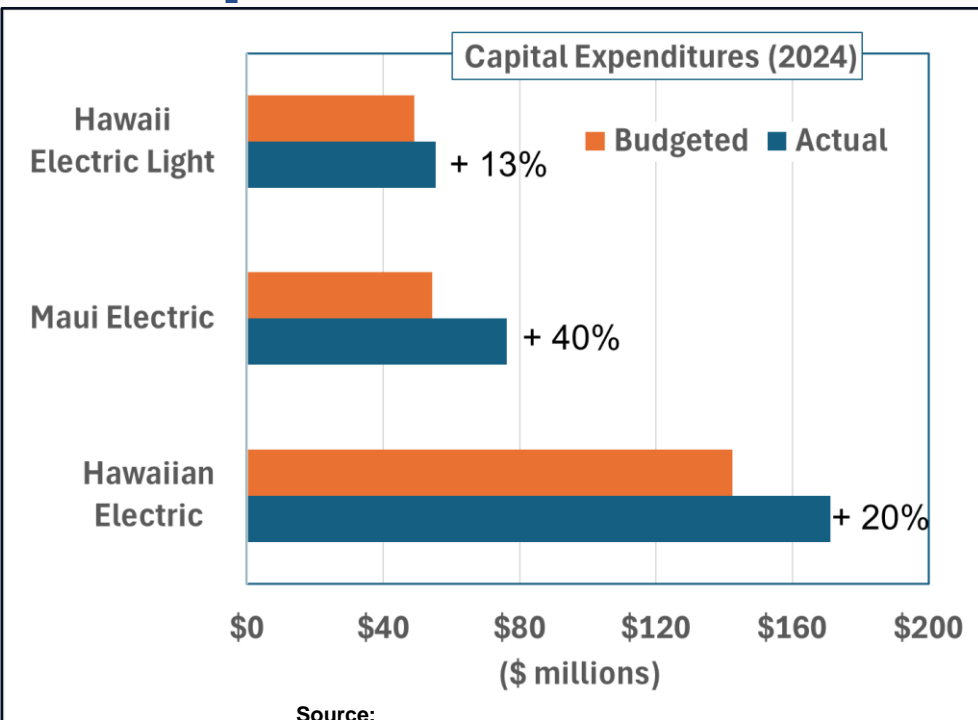
Key Expense Cost-Driver: Combustion Generation

Hawaiian Electric Company Consolidated
Percentage of Total Annual Expenses
Year 2023



- ~56% Total Expenses (2023)
- PBR attempts to address this somewhat through performance incentive mechanisms (PIMs) and other mechanisms
- Existing PIMs *intend* to target increased renewable deployment and other mechanism *intends* to encourage efficient thermal power plant operation and obtaining better fuel pricing
- “Target Revenues” exclude costs for fuel and purchased power
- Will continue to have a reliability need for modernized firm generation that uses energy sources that are cost-effective compared to fossil fuel and align with our clean energy and environmental goals

What is Happening with Capital Expenditures?

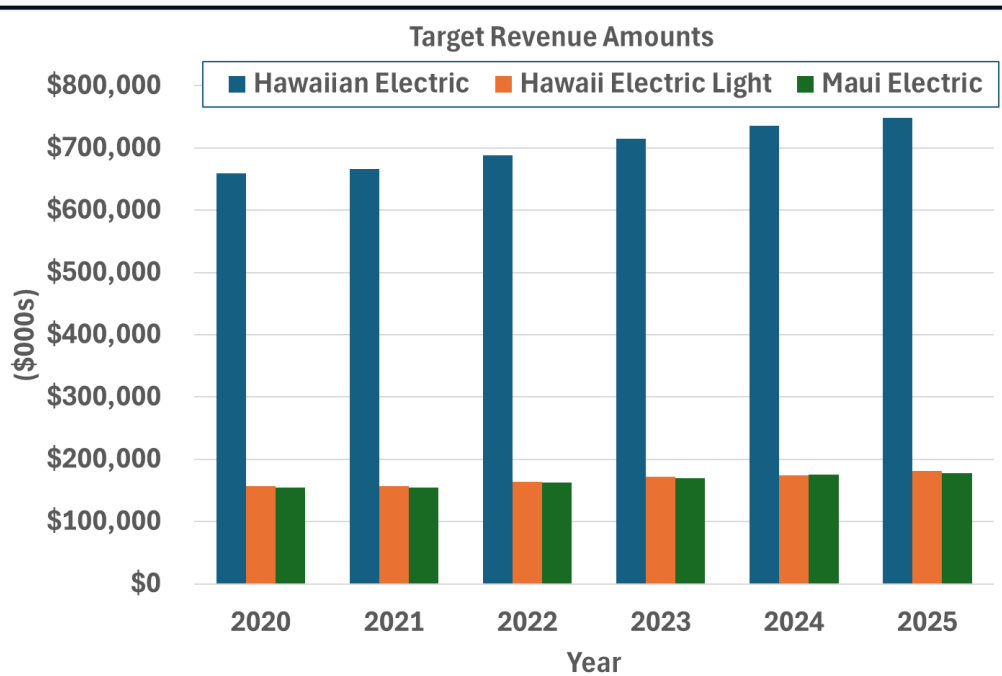


Source:

Docket No. 2024-0054 – Modification of G.O.7, Rule 2.3.g.2
Threshold Capital Projects Completed in 2024, filed on March 31,
2025.

- PBR Framework does not specifically review capital expenditures
- Large capital projects receive a degree of regulatory review under G.O.7
- Utility represents expenditures are for safety, grid modernization, wildfire mitigation and resiliency, clean energy portfolio, customer experience and innovative energy solutions
- Greater scrutiny needed into how expenditure and their timing align with supporting key customer priorities

What is Happening with Target Revenues and Rates?



- Target Revenues – Revenue Requirement adjusted to exclude revenues for fuel and purchased power expenses and other separately tracked revenue
- Various PBR mechanisms enable Target Revenues and rates to change within the period of the Multi-year Rate Plan (5-years)
- **Target Revenues and rates other than the Energy Cost Recovery Clause (ECRC), respectively, increased approximately:**
 - **Hawaiian Electric +14% and 22%**
 - **Hawaii Electric Light +15% and 11%**
 - **Maui Electric: +15% and 21%**

Whether to Allow a Rebasing Proceeding?

Need to Evaluate more than Metrics

Since the start of PBR:

Underground fires and prolonged outages in
Downtown Honolulu



Rolling blackouts on
Oahu and Hawaii Island



Energized
electrical
equipment
igniting fire

12



- Need to scrutinize whether utility is sufficiently prioritizing and making cost-effective investments to improve performance in key customer areas (safety, reliability, affordability, equity, and progress on our clean energy and climate goals)?
- Rates should not be assumed to definitely increase *if* Target Revenue increases enabled by PBR are also on-the-table to be reevaluated
- Utility needs to better control costs and deliver better service quality
- Important performance indicators: Customer bill amounts, safety incidents, performance on reliability standards, progress toward our Renewable Portfolio Standard

Thank you!

Questions?

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cca.hawaii.gov/dca/

TO: Senator Jarrett Keohokalole,
Chair of the Senate Committee on Commerce and Consumer Protection

FROM: Anonymous

RE: Complaint About the Public Utilities Commission

Dear Senator Keohokalole,

As you are aware, the Public Utilities Commission plays a critical role in safeguarding the reliability and safety of Hawaii's electric, gas, water, and sewer utilities, as well as Young Brothers; ensuring the affordability and fairness of utility rates; overseeing HECO's securitization and liability cap; and advancing Hawaii's renewable energy goals.

However, the Commission's ability to carry out this mission is currently being undermined by a toxic and ineffective work environment caused by the new Chief of Policy and Research, Randy Baldemor. We ask that the internal operations of the PUC be promptly and thoroughly investigated, and corrective action taken to address serious ethical and human resources concerns.

If no action is taken, the Commission risks a mass departure of critical staff enduring continuous verbal and emotional abuse by Randy Baldemor. Randy now oversees the Policy Branch, a team of experienced economists and analysts responsible for key regulatory functions, including but not limited to the design and implementation of Performance Based Regulation (PBR), development of distributed energy resource (DER) programs like rooftop solar, analysis of rate cases, oversight of HECO financial transactions, and execution of Integrated Grid Planning. The Policy Branch is often referred to as the heart and soul of the Commission.

The PUC Chair, Leo Asuncion, has created an environment where staff feel unable to share feedback, as he has been unreceptive to previous concerns and remains closed off to input. This has led to a tense atmosphere, where employees have no safe internal channels for raising concerns without retaliation.

"He barbeques with me and HECO Execs"

At the PUC's annual holiday party in December 2024, Chair Leo Asuncion announced that his friend, Randy Baldemor, would be the new Chief of Policy and Research—the top technical and policy advisor for the three Commissioners. Leo told everyone that Randy also lives in Hawaii Kai and they barbeque together with HECO executives. Now, with Randy on board, the Commission is more likely to rubber-stamp HECO applications without sufficient review.

Randy Baldemor is not qualified

Here is a link to the job post that Randy applied for:

<https://www.governmentjobs.com/careers/hawaii/jobs/newprint/4537453>.

"Duties Summary: The Chief of Policy and Research ("Chief") has the primary responsibilities of advising the Commission on all regulated industry policy matters."

The minimum qualification requirements include:

"Specialized Experience: Five (5) years progressively responsible experience involving the development, implementation, and administration of program policies, electricity, telecommunications, gas, private water and wastewater, motor and water carrier transportation regulation, research, analysis, and investigation activities, and program administration."

Randy had zero experience in public utility regulation.¹ He has zero experience working in electric, gas, water, wastewater, and/or telecommunications industries. He has zero experience with Young Brothers. He has also clearly demonstrated he has zero knowledge of utility regulation and no understanding of utility systems and technologies. Accordingly, he is incapable of leading his team and appropriately advising the Commission on all regulated industry policy matters.

He does have a long list of executive experience, hopping from job to job. It is already publicly known why his tenure in some of these positions was short due to things like State Ethics violations (see:

<https://files.hawaii.gov/ethics/advice/ROC2017-4.pdf>)

At least four candidates working for the PUC and/or DCCA who were qualified applied for this job. Additional external candidates were highly qualified. They were all passed up. Some qualified applicants may have even been completely ignored or 'ghosted' by the PUC. The Chief position was vacant for more than 6 months, despite many highly qualified people applying. It was a running joke at the PUC – new minimum qualification requirements for Chief – “likes to barbecue with Leo and HECO execs” and “lives by Chair Asuncion in Hawaii Kai”.

¹ While Randy worked at Roberts Hawaii, a PUC-regulated motor carrier, the Policy Branch does not oversee any motor carrier regulation. This is handled by a different branch at the PUC. Randy has been observed trying to use his new role to push for the development of programs that would benefit Roberts Hawaii.

PUC Violates New Pay Transparency Act

The PUC's job posting(s) violates the new Hawaii Pay Transparency Act as it does not provide a salary range. <https://labor.hawaii.gov/hcrc/files/2023/11/Act-203-Pay-Transparency-FAQs.pdf>

Past Abuse, High Staff Turnover, Possible Gender Discrimination

It is widely known that the former Chief and several members of her staff were driven out of the PUC in early 2024 due to Chair Asuncion's offensive conduct and violations of HR policies.

The Legislature should examine whether there are disparities in compensation at the PUC that may reflect sex-based discrimination, particularly in light of concerns that Randy Baldemor may be receiving higher pay than the former female Chief, who was highly qualified, while he is completely unqualified for the position.

Wasting Public Resources, Staff Time, and Ratepayer Money

To many PUC staff, it is not clear what Randy's role is or what he does on a day-to-day basis. He is not capable of performing the duties of the Chief of Policy and Research due to his complete lack of regulatory and industry experience and apparent disinterest in learning about utilities.

He wastes a lot of his staff's time by scheduling meetings with no objectives or agendas. Staff complain that team meetings he convenes end up having nothing to do with the PUC's work, nothing to do with professional development, and often go hours over the scheduled time. He degrades and bullies his staff during meetings. These meetings are a waste of state resources and ratepayer money. He is also a distraction in larger teams and public meetings. He is obsessed with micromanaging minutia, yet unable to provide effective leadership when it comes to substantive technical and policy matters.

Randy is tearing apart existing morale by creating a toxic work environment. He tries to make up for his inabilities and hide his insecurities by projecting his problems onto staff. He wants it to look like he is not the problem... but rather, it is his staff and the legal branch that are the problem. Staff openly talk about how he has weaponized the State's Law of Aloha Spirit, by telling his entire team of selfless and highly devoted staff that they "only care about themselves" and need to start practicing ha'aha'a, or humility, which he could not spell or pronounce. This is maddening to staff not only because it is cultural misappropriation, but also because he does not walk his talk when it comes to practicing aloha, kindness and humility.

Staff complain about how he constantly gives vague feedback on how they need to improve without explicit examples for improvement, and his feedback is in the form of put-downs and endless amounts of time boasting about himself. The combination of Randy's inexperience and insulting behavior is overwhelming his team.

To verify the concerns raised in this letter, the legislature could conduct anonymous interviews with those who work most closely with Randy. This includes his 10 staff in the Policy Branch and many of the 10 staff attorneys, who can all confirm his unprofessional conduct and lack of qualifications. People in certain leadership roles, such as the Commissioners, may be unaware of his mistreatment of his staff as Randy tends to manage impressions selectively – showing deference to those he considers important, while demeaning people he finds inferior behind closed doors. Nonetheless, certain leaders at the Commission have indicated they heard him shouting at staff through office walls and closed doors.

Not Much Has Changed

The 2018 audit of Hawaii Tourism Authority (HTA) demonstrated Randy's failures as a leader and failure to manage state contracts.

Randy served as HTA's Chief Operating Officer (COO), a position reportedly created specifically for him by his friend, George Szigeti. The audit highlighted significant shortcomings in Randy's performance, particularly in procurement, contract management, and oversight of state funds. Rather than fulfilling his responsibilities, Randy frequently deferred them to his staff. (See at <https://files.hawaii.gov/auditor/Reports/2018/18-04.pdf>)

Despite these findings, Randy now oversees numerous PUC contracts and procurement efforts in his role as Chief of the Policy Branch. Concerns remain regarding his competence in these areas, especially because he has no expertise in highly technical topics related to the utility industry covered by PUC contracts. In addition to witnessing his lack of qualifications and inappropriate behavior, PUC staff are aware of his documented shortcomings at HTA and therefore lack confidence in his leadership.

This article has additional context: <https://www.staradvertiser.com/2018/02/22/business/business-breaking/state-auditor-blasts-hta-for-lax-oversight-and-accountability/>

The following comments in a related Facebook post from someone who may know him, describes how he fails everywhere he goes in government:

"This guy is not from Hawaii and doesn't know anything about our culture. He get one track record of setting fires in government and running away. Try

look at the failed tax modernization plan he left in ruins after being deputy director at Tax. There was the thousand page technology master plan he created as deputy director at the tech department which resulted in nothing. This guy probably running away from another problem he created a HTA.” (See <https://www.facebook.com/staradvertiser/posts/randy-baldemor-chief-operating-officer-of-the-hawaii-tourism-authority-has-notif/1785384031472809/>)

Randy's Ethics Investigation

As COO of HTA, Randy was investigated by the Hawaii State Ethics Commission for accepting multiple courtesy upgrades to business class flights and hotel accommodations while traveling on official state business. **He directed staff to solicit these upgrades.** (See: Resolution of Charge 2017-4 at <https://files.hawaii.gov/ethics/advice/ROC2017-4.pdf>)

The Star Advertiser provides additional context about the Ethics investigation: <https://www.staradvertiser.com/2018/03/04/business/4-hta-executives-fined-for-upgrades/>

Of the four people fined, Randy received the biggest fine, because he directed staff to seek upgrades for him. The Ethics Commission apparently specifically chose not to fine HTA staff directed by Randy to seek upgrades. An HTA staff person stated:

“Anyone who questioned Randy or George got fired or was asked to resign.

[HTA Staff were] told to seek upgrades for Szigeti and Baldemor when they decided to make a stop in Japan during a trip to China in October 2015.

*HTA asked [this HTA staff person] to resign in July 2016... At that time, HTA offered her an \$85,000 contracting job but she turned it down because it required her to sign a **nondisclosure agreement** prohibiting her from sharing what she saw and heard during her employment there.”*

Randy was warm and approachable in his first weeks at the PUC, but it was not long before he showed similar intimidating behavior with staff. No one wants to question Randy because of his temper.

There could be perceived ethical issues with Randy’s conduct in his new role. As Chief, Randy has been pushing the development of new programs that could benefit

Roberts Hawaii, the company he formerly led. It is unclear what Randy's current involvement is in Roberts Hawaii Foundation. Such behavior raises concerns about ethical propriety. PUC staff are aware of his documented ethical shortcomings and are suspicious of this. Randy's powerful role does not require him to file a financial disclosure.

The stakes are too high to tolerate this

Now more than ever, the PUC needs commissioners, managers, and staff who are qualified, competent, and conduct themselves with integrity and aloha. Too much is at stake – utility safety, people's lives and livelihoods, especially when it comes to wildfire prevention, and our climate.

Chair Leo Asuncion practiced poor judgment and violated certain HR policies when hiring an unqualified candidate to lead the Policy Branch and be his top policy advisor. Chair Asuncion fails to supervise, properly train Randy, and turns a blind eye to the disfunction and toxic work environment that Randy has created.

The legislature should critically consider whether Chair Asuncion is capable of effectively leading this important regulatory body. Staff and community members question whether Leo is running for another term in 2026 primarily to meet the minimum years required for retirement, rather than out of genuine commitment to serving the public interest.

Replacing Randy Baldemor with a new qualified and compassionate Chief of Policy and Research will allow the Policy Branch to thrive again so that the Public Utilities Commission can effectively carry out its critical mission to serve and protect the public interest.

Thank you for your time and help with this important matter and always serving our state as our Senator.

Summary: The PUC is the lead agency in charge of overseeing Hawai'i's transition to a clean and affordable energy system. Under this administration, however, the PUC has suffered an unprecedented collapse in leadership, capacity, and morale. This failure has robbed Hawai'i's energy sector of positive momentum and unraveled the progress Hawai'i has made over two decades. The need for leadership change at the PUC is urgent and overdue.

History of consistent leadership and progress: Beginning with the Lingle administration, the PUC had continually led the way in establishing Hawai'i as a model for reforming our energy system and reducing fossil fuel reliance and costs. Across multiple administrations, the PUC successfully:

- Accelerated renewable energy and energy efficiency gains, thus reducing bills.
- Prioritized keeping utility costs and customer bill increases in check.
- Advanced Hawai'i as a leader in distributed solar (DER) policies and progress.
- Formulated the vision for the clean energy utility and grid of the future.
- Fostered innovation in clean energy programs and technologies.
- Protected local control of our utilities and energy destiny (denying NextEra takeover).
- Reformed utility performance incentives to align with Hawai'i's public interest goals.

This progress built a positive cycle at the agency and among commissioners, staff, and collaborating stakeholders, producing professional work and pathbreaking advances.

Collapse in capacity and momentum: Under this PUC, the cycle of progress has dramatically reversed direction. A lack of leadership and a historic mass exodus in staff has paralyzed the agency in the face of momentous challenges and needs. Morale has sunk to an all-time low, and few staff with institutional background remain. Worse, this collapse will likely require years to turn around before the agency can reestablish its capacity, direction, and reputation.

Historic failures and misses: In the face of major crises and needs, any one of which should have prompted action, this PUC has continually remained unwilling or incapable to step up and respond. Meanwhile, priority initiatives and advancements that took years to build are stalled out or killed.

- Lahaina wildfire: Given the PUC's legal mandate and established practice to investigate accidents, its inaction after Hawai'i's deadliest disaster is inexcusable. In 2023, a decades-long PUC veteran called it [“totally out of character for the \[PUC's\] entire history”](#) and [“totally bizarre.”](#) Public criticism continued last year against the PUC's [“business-as-usual administrative plodding.”](#)
- Congressional hearings: The PUC's showing was an embarrassment for the state, in which the [“PUC came across as plodding and lax,”](#) and its vagueness was [“dismaying.”](#)
- Blackouts: The PUC has taken little or no action to address HECO's ongoing [challenges with blackouts](#) on O'ahu and Hawai'i Island, apart from just passively receiving reports.
- Lost opportunity for financial support: In Puerto Rico, the previous federal administration helped [shore up progress on clean energy with \\$861M in financial support](#). Similar offers were provided for Hawai'i, which were exactly the kind of

opportunities that proactive PUC leadership should have championed. But it did nothing, and Hawai'i received nothing.

- Abandonment of utility-scale renewable projects: [Three large solar and battery projects were canceled](#) in late 2024, totaling almost 200MW. Other projects have been canceled on Lāna'i and Maui. These snowballing failures will add years of delay to reducing fossil fuel costs.
- Harm to Hawai'i's solar industry: In one of its most momentous decisions in recent years, the PUC [fumbled the launch of new DER programs](#), causing major market disruption and job losses. Instead of decisively correcting course, the PUC waited a year to apply band-aid changes, while adding still more delays to establishing the long-term programs necessary to meet this administration's own declared [DER goals](#).
- Failure of the community solar program: The community solar program has dismally [failed in its purpose of expanding solar access for underserved customers](#), with only 5 projects to show since 2018. Yet the PUC has let the program languish and has all but left it for dead.
- Hawai'i Gas plan missing: The acquisition of the state's gas utility was conditioned on developing an integrated resource plan, which the [PUC has delayed for years](#).
- Energy equity stalled: The PUC opened an important docket on [energy equity](#), but the process is now in limbo after the handling staff left.
- EV charger program dead: Hawai'i is a national leader in EV percentage, but [second to last](#) in public charger availability. HECO planned to build charging infrastructure, but the PUC let the proposal go nowhere, until HECO pulled the plug on the program.
- Smart rates program killed: The PUC unilaterally and abruptly killed Hawai'i's [nationally pathbreaking program for modernizing rates](#) so customers can save on their bills and reduce grid costs. Instead, the PUC has stranded Hawai'i in the dark ages of regressive utility rates for the indefinite future.
- Historic rate hikes coming: The PUC is [backtracking on Hawai'i's landmark reforms](#) to improve utility performance and control its costs. Instead, in an alarming reversal of policy and abdication of duty, the PUC rubberstamped HECO's proposal to open a traditional rate case that will lead the way to imposing historic rate hikes on customers.

In short, the question “*what is this PUC doing*” echoes ever louder as Hawai‘i’s energy economy stalls and two decades of progress unravels under this PUC.

Need for leadership change: The governor has the legal mandate to designate the PUC chair (HRS § 269-2(a)), and *every administration before this one has installed its own chair* at the outset. This is the first administration to change nothing, now going into its third year.

- Past chairs and policy directors have all been subject matter experts and/or effective administrators—all of which is currently lacking.
- The PUC is not a patronage position; [critical work must get done, and too much is at stake](#).
- The lack of proactive and effective PUC leadership will deepen the downward spiral for Hawai‘i’s energy sector and increase costs for Hawai‘i’s people.
- All the more tragic is this administration’s overall lack of attention and urgency to this collapse.

Why is this administration enabling and prolonging this failure of leadership in this vital sector for Hawai‘i’s consumers and clean energy economy?