



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 Consumer Protection & Commerce
Wednesday, March 19, 2025
2:00 p.m.
Conference Room 329**

**On the following measure:
S.B. 137, S.D. 2, H.D. 1, RELATING TO ELECTRIC UTILITIES**

Chair Matayoshi 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) prohibit the acquiring entity of an electric utility company from terminating or attempting to renegotiate any existing and valid power purchase agreements and requires the acquiring entity to assume and be bound by existing collective bargaining agreements and retain all covered employees; (3) establish a process to ensure that when an electric utility is subject to an application for a proposed acquisition, merger, or consolidation by a potential acquiring entity that is an investor-owned utility and seeks approval of the application from the Commission, the electric utility shall demonstrate that it solicited bids from potential acquiring entities that

operate under a non-investor-owned utility ownership model; and (4) require the electric utility to submit acceptable bids from a potential acquiring entity operating under a non-investor-owned utility ownership model concurrently with an application by a potential acquiring entity that is an investor-owned utility and the Commission to review those applications concurrently.

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 regarding previous drafts of the legislation, there was 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. The current draft of the legislation would require that an electric utility that was subject to an application for a change in control with an acquiring entity that is an investor-owned utility demonstrate that it also solicited bids from non-investor-owned utilities and specify the reasons why those bids were or were not accepted by the electric utility. The current draft would also require that acceptable bids from non-investor-owned utilities be presented by the electric utility to the Commission concurrently with bids from an investor-owned utility. The Department defers to the Commission, in this instance, as to whether the newly proposed language fully addresses the Commission's concerns.

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
Consumer Protection & Commerce

March 19, 2025
2:00 p.m.

Chair Matayoshi, Vice Chair Chun, and Members of the Committee:

Measure: S.B. 137, S.D. 2, H.D. 1
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.

The Commission is grateful for the work done by the Committee on Energy and Environmental Protection to advance this measure. Specifically, the Commission greatly appreciates the amendment to §269-B of this bill that would require that an electric utility subject to a proposed acquisition, merger, or consolidation demonstrate that it has solicited bids from entities that operate under non-investor-owned utility ownership models as part of any acquisition, merger, or consolidation application. This requirement will help foster more diverse utility ownership models in the State by providing entities that do not utilize an investor-owned utility ownership model an opportunity to submit competing bids to acquire an existing investor-owned electric utility when that investor-owned electric utility is the subject of a merger or acquisition by another investor-owned utility. While the bill requires the Commission to review applications for a proposed merger or application to determine

whether they “would or would not further the State’s renewable energy goals”, the Committee may also wish to clarify, in such situations where the Commission is required to review concurrent applications from an investor-owned utility and a non-investor-owned utility, whether the Commission has the authority to approve one application over another in the regulatory proceeding and upon what grounds that decision is to be made (e.g. based on the public interest).

Nevertheless, the Commission notes that preemptively prescribing certain conditions on a proposed acquisition, merger, or consolidation of an electric utility by an acquiring entity may have the unintended consequence of discouraging or disincentivizing a potential acquiring entity from presenting to the Commission an acquisition, merger, or consolidation application that might be in the public interest.

Thank you for the opportunity to testify on this measure.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025,
House Committee on Consumer Protection and Commerce
HEARING DATE: Wednesday, March 19, 2025
TIME: 2:00 p.m.
PLACE: Committee Room 329
RE: Senate Bill 137 SD2 HD1- **IN SUPPORT**

Aloha Honorable Chair Matayoshi, Vice-Chair Chun, 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 HD1.

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 HD1 Requires the Public Utilities Commission to consider whether approving a proposed merger or acquisition would or would not further the State's renewable energy goals. Prohibits the acquiring entity of an electric utility company from terminating or attempting to renegotiate any existing and valid power purchase agreements and requires the acquiring entity to assume and be bound by existing collective bargaining agreements and retain all 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 HD1 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.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE**

**SB 137, SD2, HD1
Relating to Electric Utilities**

Wednesday, March 19, 2025
2:00 pm
State Capitol, Conference Room 329

James Abraham
Associate General Counsel
Hawaiian Electric

Dear Chair Matayoshi, Vice Chair Chun, 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, HD1, Relating to Electric Utilities, and a proposed 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 and proposed amendment to SB 137, SD2, HD1. Thank you for this opportunity to testify.

**Senate Bill 137 SD2, HD1 – Relating to Electric Utilities
TESTIMONY**

Hawai'i State House of Representatives
House Committee on Consumer Protection & Commerce
Wednesday, March 19, 2025
2:00 PM

Aloha Chair Matayoshi, Vice Chair Chun and Members of the House Committee on Consumer Protection & Commerce:

Mahalo for the opportunity to provide testimony in **support of SB 137 SD2, HD1, relating to Electric Utilities**. AES Hawai'i is the State's largest renewable energy provider. AES Hawai'i shares the State's vision for a 100% renewable energy future to enhance energy resilience, decarbonization, and promote energy equity. 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, 37 MW of Stage 2 projects, and 126 MW of Stage 3 projects.

SB 137 SD2, HD1 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.

Eliza Talbot
Regulatory & Government Affairs Manager
AES Hawai'i



Email: communications@ulupono.com

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Wednesday, March 19, 2025 — 2:00 p.m.

Ulupono Initiative supports SB 137 SD 2 HD 1, Relating to Electric Utilities.

Dear Chair Matayoshi 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 supports SB 137 SD 2 HD 1, which seeks to strengthen certain aspects of regulatory oversight of electric utility acquisitions, mergers, or consolidations and/or bankruptcies in Hawai'i. This draft ensures that any proposed merger or acquisition aligns with Hawai'i's ambitious renewable energy goals. Specifically, it:

- **Protects Renewable Energy Progress:** By requiring the Public Utilities Commission (PUC) to explicitly consider whether a merger or acquisition supports or impedes our renewable energy goals, the bill reinforces Hawai'i's commitment to clean energy and climate resilience.
- **Preserves Existing Agreements:** The bill safeguards current renewable power purchase agreements, preventing acquiring entities from renegotiating or undermining contracts essential to the state's clean energy transition.
- **Supports Workforce Stability:** By mandating that acquiring entities honor existing collective bargaining agreements and retain current employees, the measure protects local jobs, ensuring workforce stability and continuity in service quality.
- **Encourages Transparency and Equity:** The bill also promotes transparency by requiring electric utilities to explore alternative ownership models, such as non-investor-owned utilities, thereby fostering greater competition and potentially offering more community-focused alternatives.

Through this bill, 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

SB-137-HD-1

Submitted on: 3/18/2025 9:09:13 AM

Testimony for CPC on 3/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Leo caires	Individual	Comments	Written Testimony Only

Comments:

Aloha Chair Matayoshi.

I am a principal for the newly forming King Kalakaua Electric Cooperative (KKEC) based in maui. KKEC was recently formed and aligned its intentions with the purpose outlined in SB 137 SD 2

KKEC intends to use KIUC (Kauai) as a model and has submitted a written inquiry of offer to acquire the Maui assets of Hawaiian Electric, including all of the existing generation, transmission, and distribution assets on Maui island. We do not intend to engage in any layoffs and we are firmly committed to honoring all of the existing collective bargaining agreements.

A not for profit cooperative entity will

have a greater advantage to operate the grid in our rural communities, modernize our grid , be governed by our community and deliver stability to our people with safe resilient services.

The current utility is free to engage with us whenever they are ready.

As we work towards our final borrowing status , the sources of funding will be from the federal government that provides such credit facilities for acquisitions .

Mahalo for your time is reading our comments .

Leo K Caires , MBA , D.Ed.