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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Ways and Means
Wednesday, February 26, 2025
10:04 a.m.
Conference Room 211

On the following measure:
S.B. 1500, S.D. 1, RELATING TO ELECTRIC UTILITIES

WRITTEN TESTIMONY ONLY

Chair Dela Cruz 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 supports this bill.

The purpose of this bill is to: (1) provide the Public Utilities Commission (Commission) with the authority to appoint a receiver to take temporary action necessary to assure continued adequate electric services from regulated investor-owned electric utilities, and (2) appropriate funds out of the Public Utilities Commission Special Fund.

The Department first notes that this bill would not amend the high standard for the Commission to appoint a receiver: "the failure [of the utility in question] is a serious and imminent threat to health, safety, and welfare". The Department sees utility receivership as a critical tool for protecting utility customers in the most extreme circumstances, but only in the most extreme circumstances. Therefore, the Department supports affording

the Commission this option for electric utilities. Electric service is critical for daily life for everyone in the State. And the permanent loss of electricity – in such an extreme scenario as, for example, a complete company collapse, however unlikely – could endanger everything from public safety infrastructure to personal health equipment. Finally, because receivership can only be invoked in circumstances extreme enough to meet this very high standard, it should be seen as just a final backstop or safety net, highly unlikely to affect the usual business and service fluctuations of electric utilities.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
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Testimony of the Public Utilities Commission

To the
Senate Committee on
Ways and Means

February 26, 2025
10:04 a.m.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Measure: S.B. No. 1500, S.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 ensure continuity in electric services in the event of imminent threats to utility operations.

At present, the Commission has express authority under HRS §269-14.5 to appoint a receiver to take temporary actions on behalf of a regulated water or sewer utility when the continuity or quality of operations are in jeopardy. This necessarily provides the Commission with an additional tool that may be utilized when the health, safety, and welfare of consumers of water and wastewater services are in jeopardy. However, no such authority is extended to the Commission for other types of regulated entities.

Pursuant to HRS §269-7.5, every public utility as defined in HRS §269-1 must apply for and obtain a certificate of public convenience and necessity ("CPCN") prior to commencing its operations. The application requires information such as the type of work being performed, the geographic scope of operations, and a statement proving financial ability to render such services. If the entity is later found to be unable, unwilling, or unfit to adequately perform said services, the Commission may suspend, amend, or revoke the CPCN. However, in these unusual cases, the Commission would not be able to ensure continued service in the interim via the appointment of a receiver for electric or gas utilities.

Given that electricity is an essential service intertwined with public health, safety, welfare, and economic viability, the Commission appreciates the bill's intent to safeguard against potential financial threat to the state's investor-owned electric utility.

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,
Joint Senate Committee on Ways and Means
HEARING DATE: Wednesday, February 26, 2025
TIME: 10:04 a.m.
PLACE: Senate Committee Room 211
RE: Senate Bill 1500 SD1- SUPPORT with Amendments

Aloha Honorable Chair Dela Cruz, Vice-Chair Moriwaki, and Committee Members;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) would like to offer the following testimony in SUPPORT of Senate Bill 1500 SD1 with proposed amendments.

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. It's our duty to serve and to protect the well-being of our members, but beyond that, it is incumbent upon all of us to serve and protect the well-being of our island home.

SB1500 SD1 provides the Public Utilities Commission with the authority to appoint a receiver to take a temporary action necessary to assure continued adequate electric services from regulated investor-owned electric utilities and appropriates funds accordingly.

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, make it imperative to protect Hawaii's electric utility workforce in the event of an acquisition, merger, or consolidation.

IBEW Local 1260 respectfully submits the attached proposed amendments to Senate Bill 1500 SD1, seeking to maintain and protect existing labor agreements and standards collectively bargained for in good faith, for members of IBEW1260 who are employed by electric utilities across the state who may be impacted by actions resulting from this measure, and to ensure Hawaii's highly-skilled electric utilities workforce continues to serve the public health, safety, and welfare needs of our community.

Mahalo for the opportunity to testify on this measure.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 1260
EMPOWERING THE PACIFIC

Proposed Amendments to SB1500 SD1 by IBEW1260

THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.B. NO.

1500
S.D. 1

A BILL FOR AN ACT

RELATING TO ELECTRIC UTILITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the health and welfare of the residents of the State depend largely on residents' abilities to access reliable and reasonably priced electric utility services. The public utilities commission is tasked with regulating public utilities in the State, including the provision of electric services.

The legislature notes that the financial condition of an electric utility is essential to its ability to render services to its customers. It is widely recognized that public utilities must be fit, willing, and able to properly perform the services offered and to conform to the terms, conditions, and rules set forth by the public utilities commission.

The legislature further finds that recent events have threatened the financial well-being of a certain investor-owned electric utility in the State, thereby potentially threatening the well-being of the public, specifically their health, safety, welfare, and economic viability.

The legislature also finds that the State's largest investor-owned electric utility has undercapitalized its wildfire mitigation investments, upgrades, and modernization of its distribution and transmission grid infrastructure, as well as its generation facilities.

Although existing law provides the public utilities commission with the authority to appoint a receiver to operate a failed or failing regulated water or sewer utility if it ceases to operate or operates on a substandard or unacceptable level, existing law does not contain express authority for the commission to act on behalf of an electric utility's customers if the utility experiences an urgent, serious, and imminent threat to its ability to provide adequate services.

To ensure that the public utilities commission has the necessary authority to take proactive measures on behalf of customers when an investor-owned electric utility fails to provide adequate and reasonable service to its customers or creates a serious and imminent threat to the health and welfare of its customers, the legislature believes that the commission should have the power to



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

appoint a receiver to ensure that electric services are continued or brought back up to appropriate standards.

The legislature further notes that the goal of a receivership is to protect a troubled company and to help the company return to profitability, thereby allowing it to thrive when the receivership period ends. An appointed receiver can also ensure that employees are compensated during the protected period and that operations continue to comply with government regulations and standards.

Accordingly, the purpose of this Act is to provide the public utilities commission with the authority to appoint a receiver to take temporary action, should the commission find it necessary, to assure continued adequate electric services from investor-owned electric utilities.

SECTION 2. Section 269-14.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Whenever the commission finds that a regulated water utility, regulated investor-owned electric utility, or regulated sewer utility is failing, or that there is an imminent threat of the utility failing, to provide adequate and reasonable service to its customers, and that the failure is a serious and imminent threat to health, safety, and welfare, the commission may appoint a receiver to take any temporary action necessary to assure continued service or to bring the service up to appropriate regulatory standards; provided that as it applies to covered employees, the appointed receiver shall recognize and maintain the terms and conditions of any existing collective bargaining agreement at the time of and throughout receivership, and shall not induce or cause a reduction in force, or terminate a covered employee, other than for cause consistent with any collective bargaining agreement. A covered employee for purposes set forth herein, shall mean an individual who is employed by and is a party to a collective bargaining agreement with an electric utility company immediately prior to receivership as provided in this section and approved by the public utilities commission.

_. The commission may also appoint a receiver to take any temporary action necessary to assure continued service if, after notice and hearing, the commission finds that any water, electric, or sewer utility regulated under this chapter consistently fails to provide adequate and reasonable service. In carrying out its responsibilities, the receiver and any additional outside legal counsel, consultants, or staff the commission or receiver may deem necessary under the circumstances, shall have the authority to gain access to all of the utility company assets and records and to manage those assets in a manner that will restore or maintain an acceptable level of service to customers. The receiver



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

shall be authorized to expend existing utility company revenues for labor and materials and to commit additional resources as are essential to providing an acceptable level of service. These expenditures shall be funded in accordance with generally accepted ratemaking practices. Any costs incurred by the commission, its staff, or the appointed receiver under this section shall be the responsibility of the utility in receivership or its ratepayers. Control of and responsibility for the utility shall remain with the receiver until the utility can be returned to the original owners, transferred to new owners, or liquidated as the commission determines to be in the public interest."

SECTION 3. There is appropriated out of the public utilities commission special fund the sum of \$ or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 for any costs incurred by the public utilities commission in determining whether to appoint a receiver pursuant to section 269-14.5, Hawaii Revised Statutes.

The sums appropriated shall be expended by the public utilities commission for the purposes of this Act.

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2050.

Report Title:

PUC; Regulated Investor-Owned Electric Utilities; Electric Services; Appointment of Receiver; Public Utilities Commission Special Fund; Appropriations

Description:

Provides the Public Utilities Commission with the authority to appoint a receiver to take temporary action necessary to assure continued adequate electric services from regulated investor-owned electric utilities. Appropriates funds out of the Public Utilities Commission Special Fund. Effective 7/1/2050. (SD1)



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS**

**SB 1500, SD1
Relating to Electric Utilities**

Wednesday, February 26, 2025
10:04 am
State Capitol, Conference Room 211

James Abraham
Associate General Counsel
Hawaiian Electric

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

My name is James Abraham and I am submitting testimony on behalf of Hawaiian Electric offering comments and proposed amendments to SB 1500, SD1, Relating to Electric Utilities.

Hawaiian Electric appreciates the intent of this bill to help protect electric utility customers in the event that the public utility has an imminent threat of being unable to service its customers. The Company respectfully requests that the bill language be broadened to include all public utilities as it is not clear why the protections afforded utility customers should not extend to all regulated utilities. The type of utility service provided and ownership model of a utility are not relevant to the risk that this bill seeks to address. Accordingly, Hawaiian Electric requests the Committee make the following amendments to Section 2, subsection (a):

(a) Whenever the commission finds that a regulated **public** ~~[water utility, regulated investor-owned electric utility, or regulated sewer]~~ utility is failing, or that there is an imminent threat of the utility failing, to provide adequate and reasonable service to its customers, and

that the failure is a serious and imminent threat to health, safety, and welfare, the commission may appoint a receiver to take any temporary action necessary to assure continued service or to bring the service up to appropriate regulatory standards. The commission may also appoint a receiver to take any temporary action necessary to assure continued service if, after notice and hearing, the commission finds that any [~~water, electric, or sewer~~] **public** utility regulated under this chapter consistently fails to provide adequate and reasonable service.

In addition, Hawaiian Electric respectfully requests that the Committee amend the preamble to remove targeted language, specifically the text on page 2, lines 1-5 regarding “undercapitalized ... wildfire mitigation investments, upgrades, and modernization of ... distribution and transmission grid infrastructure and generation facilities.” This language is unfounded and disregards the significant work undertaken by Hawaiian Electric. Hawaiian Electric began wildfire mitigation efforts in 2019, expanded its efforts in 2023 and 2024, and recently submitted its 2025-2027 Wildfire Safety Strategy to the Hawai‘i Public Utilities Commission, which details plans to deploy new technology, fortify infrastructure, minimize fire hazards and expand community partnerships to significantly reduce the risk of a wildfire started by its equipment.

Hawaiian Electric appreciates the Committee’s consideration of its comments and proposed amendments to SB 1500, SD1. Thank you for this opportunity to submit testimony.