

STAND. COM. REP. NO.

678

Honolulu, Hawaii

FEB 14 , 2025

RE: H.B. No. 914
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 914, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO WATER CARRIERS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the Public Utilities Commission to establish an automatic adjustment mechanism, including a water carrier inflation cost index automatic adjustment mechanism; and
- (2) Authorize the Public Utilities Commission to waive or exempt a water carrier from the Hawaii Water Carrier Act.

Your Committee received testimony in support of this measure from the Department of Transportation; Matson Navigation Company, Inc.; and Hawai'i Harbors Users Group. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs; Department of Agriculture; and Public Utilities Commission.

Your Committee finds that water carriers engage in the transportation of persons or property by water. These carriers

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play a crucial role in sustaining each island's economy and community by, among other things, moving essential goods between islands.

Your Committee further finds that water carriers are not immune from existing inflationary pressures. While cargo volumes for these carriers have stagnated, the costs of operation have increased, leading to an ongoing struggle to establish and maintain financial sustainability. This is further exacerbated by the regulatory lag to address increasing costs. This measure authorizes the Public Utilities Commission to develop a mechanism that will flexibly address the increasing costs of these much-needed carriers.

Your Committee notes that there currently is a docket regarding an automatic adjustment mechanism under consideration by the Public Utilities Commission and that this measure may not be necessary.

Your Committee has amended this measure by:

- (1) Authorizing, rather than requiring, the Public Utilities Commission to establish automatic adjustment mechanisms;
- (2) Removing the reference to the Gross Domestic Product Price Index and inserting an unspecified index; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider alternative indexes other than the national Gross Domestic Product Price Index to tie to the automatic adjustment mechanism provided for in this measure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 914, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 914, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



SCOT Z. MATSUMOTO, Chair



