

Honolulu, Hawaii

FEB 27 2025

RE: S.B. No. 21  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 21, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a Water Carrier Inflationary Cost Index Automatic Adjustment Mechanism;
- (2) Authorize the Public Utilities Commission to grant exemptions to any water carrier from any requirement under the Hawaii Water Carrier Act; and
- (3) Define "automatic adjustment mechanism".

Your Committee received testimony in support of this measure from the Department of Transportation; Mayor of the County of Kaua'i; Matson Navigation Company, Inc.; Young Brothers, LLC; Chamber of Commerce Hawaii; Hawai'i Harbors Users Group; and Hono Heke Corporation, dba Expeditions Ferry.

Your Committee received testimony in opposition to this measure from one individual.



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 carrier rate adjustments typically require a formal rate case be submitted to, and approved by, the Public Utilities Commission, which is often a lengthy process. Additionally, rates are not typically adjusted annually and result in large increases when there are lags between rate cases. This measure provides a mechanism to fill the gap between water carrier rate cases and to keep pace with inflation without the need to undergo a formal rate case approval process. Your Committee notes the concern raised by the Public Utilities Commission regarding the potential for a compounding effect on rates and impact on customers if annual inflationary adjustments of approved rates were required. Amendments to this measure are therefore necessary to address this concern.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language that allows, rather than requires, the Public Utilities Commission to establish a water carrier inflationary cost index automatic adjustment mechanism; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 21, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 21, S.D. 2.

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



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JARRETT KEOHOKALOLE, Chair



The Senate  
Thirty-Third Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <i>SB 21 SD1</i>	Committee Referral: <i>TCA, CPN</i>	Date: <i>2/20/25</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton	✓			
<b>TOTAL</b>	<i>4</i>			<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:             Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes