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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consume Protection & Commerce
Wednesday, March 19, 2025
2:00 p.m.
Conference Room 329**

**On the following measure:
S.B. 1500, 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 supports this bill.

The purpose of this bill is to: (1) authorize the Public Utilities Commission (Commission) to appoint a receiver to take temporary action necessary to assure continued adequate electric services from failing regulated investor-owned electric utilities; and (2) require an appointed receiver to recognize and maintain the terms and conditions of any existing collective bargaining agreement and prohibits the receiver from inducing or causing a reduction in force, or terminating a covered employee, other than for a cause consistent with any collective bargaining agreement.

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.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



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Testimony of the Public Utilities Commission

To the
House Committee on
Consumer Protection & Commerce

Wednesday, March 19, 2025
2:00 p.m.

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

Measure: S.B. No. 1500, 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 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 utilities.

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 utilities.

The Commission believes the electric utility will need the flexibility to review contracts that may drive costs, including collective bargaining agreements in place at the time of and throughout receivership. For example, provided that this measure becomes law, the Commission is empowered to appoint a receiver for the utility, Hawaiian Electric, the State of Hawaii's only regulated investor-owned electric utility, because the company is in that instance failing financially, or there is an imminent threat of the utility failing. The Commission's priority will be maintaining service to customers and direct the receiver to put the company on a path towards long-term financial stability. However, to do this, the Commission respectfully offers the following amendment:

Page 4 (Line 19)

The appointed receiver ~~shall~~ may 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 a cause consistent with any collective bargaining agreement.

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,
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 1500 SD2 HD1- IN SUPPORT

Aloha Honorable Chair Matayoshi, Vice-Chair Chun, 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 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.

SB1500 SD2 HD1 authorizes the Public Utilities Commission to appoint a receiver to take temporary action necessary to assure continued adequate electric services from failing regulated investor-owned electric utilities, and requires an appointed receiver to recognize and maintain the terms and conditions of any existing collective bargaining agreement and prohibits the receiver from inducing or causing a reduction in force, or terminating a covered employee, other than for a cause consistent with any collective bargaining agreement.

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 a receiver is appointed.

Similar to SB 137, SD2 HD1, SB1500 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 1500 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 1500 SD2, HD1, Relating to Electric Utilities, and a proposed amendment.

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 Committees 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 Committees amend the preamble to remove targeted language, including the text at 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 Committees’ consideration of its comments and proposed amendment to SB 1500 SD2, HD1. Thank you for this opportunity to testify.