

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 1045
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which
was referred S.B. No. 1045 entitled:

"A BILL FOR AN ACT RELATING TO ELECTRIC COOPERATIVES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Direct the Public Utilities Commission and the Division of Consumer Advocacy to specifically consider the ownership structure and interests of an electric cooperative; and
- (2) Authorize the Public Utilities Commission to waive or exempt an electric cooperative operating in the State from compliance with chapter 269, Hawaii Revised Statutes, as well as any other applicable charters, franchises, rules, decisions, orders, or other laws.

Your Committee received testimony in support of this measure from the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, Public Utilities Commission, Kauai Island Utility Cooperative, and nine individuals. Your Committee received testimony in opposition to this measure from Blue Planet Foundation.

Your Committee finds that chapter 269, Hawaii Revised Statutes, is structured to provide regulatory oversight of investor-owned electric utilities. Although electric utility



cooperatives are member-owned and operate on a not-for-profit basis, existing law does not provide any exceptions for these cooperatives. This measure provides the necessary exemptions for electric utility cooperatives, while also providing adequate protection to the cooperative's members/owners by requiring a cooperative to apply for a waiver or exemption to the Public Utilities Commission.

Your Committee further finds that this measure is not intended to permit the Public Utilities Commission to utilize its discretionary authority to usurp statewide clean energy policy mandates. Rather, this measure is intended to permit the Commission to apply its discretionary authority judiciously in certain situations where existing laws, such as methodologies in the regulation of utility rates or ratemaking procedures, may not directly apply to the cooperative structure.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that this measure is not intended to exempt electric cooperatives from statutory statewide clean energy policy mandates, such as the State's Renewable Portfolio Standards and Energy Efficiency Portfolio Standards; 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. 1045, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1045, S.D. 1, and be placed on the calendar for Third Reading.

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


ROSALYN H. BAKER, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 1045</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">CPN</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/14/13</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.				✓
WAKAI, Glenn	✓			
SLOM, Sam	✓			
TOTAL	6			1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; margin-top: 10px;"> </div>				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div style="text-align: center;"> Distribution: Original File with Committee Report </div> <div style="text-align: center;"> Yellow Clerk's Office </div> <div style="text-align: center;"> Pink Drafting Agency </div> <div style="text-align: center;"> Goldenrod Committee File Copy </div> </div>				

*Only one measure per Record of Votes