
HOUSE RESOLUTION

URGING THE PUBLIC UTILITIES COMMISSION TO OPEN A DOCKET TO
CONSIDER THE APPROPRIATENESS OF AMENDING THE REGULATORY
STRUCTURE APPLICABLE TO ELECTRIC UTILITIES IN LIGHT OF
ONGOING DEVELOPMENTS IN THE DEPLOYMENT OF RENEWABLE ENERGY.

1 WHEREAS, the regulatory compact, also known as cost-of-
2 service regulation, is the traditional regulatory theory that
3 has governed electric utilities since the beginning of the
4 modern energy industry in the early Twentieth Century; and
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6 WHEREAS, the regulatory compact model recognizes an
7 electric utility as a natural monopoly and allows it to function
8 as such in return for a commitment to providing service to all
9 consumers within the utility's authorized service area; and
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11 WHEREAS, the major advantage of the regulatory compact
12 model in its original context has been its basis in long-range,
13 fixed-cost planning, which allowed electric utilities to make
14 large capital investments in infrastructure and distribution
15 systems and to recoup those costs through rate charges over a
16 long enough period of time and from a large enough customer base
17 that the burden of recoupment on individual customers was
18 minimal; and
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20 WHEREAS, the current energy economy is rapidly evolving in
21 light of contemporary concerns about environmental protection,
22 climate change mitigation, looming resource shortages, the end
23 of the industrial era, and the emergence of a technology-based
24 economy; and
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26 WHEREAS, developments in technology and renewable energy
27 have created opportunities for innovative energy generation and
28 distribution strategies, including decentralized generation; and
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30 WHEREAS, while the use of renewable energy sources carries
31 many undeniable environmental and economic advantages, including



1 allowing some customers the potential for total energy
2 independence, it creates uncertainty in long-range planning and
3 in projecting supply and demand for large electric utilities;
4 and
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6 WHEREAS, although the use and availability of alternate
7 energy sources is growing exponentially, many electricity
8 customers remain wholly or partially dependent on large
9 utilities for electricity; and
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11 WHEREAS, the uncertainty created by the emerging renewable
12 energy market and a dwindling electric utility customer base, if
13 not balanced by appropriate regulatory policy, subjects the
14 State and its residents and businesses to risks, including
15 increasing electricity rates and decreasing service quality and
16 reliability; and
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18 WHEREAS, in light of the challenges and market
19 unpredictability currently faced by electric utilities, utility
20 regulators, and utility ratepayers, along with the growing
21 numbers and needs of independent energy producers, the time has
22 come to reassess the almost century-old regulatory compact model
23 to ensure safe and reliable energy access for the State and its
24 businesses and residents under a model that responds to changing
25 technology, accommodates a dynamic energy future, and reflects
26 prevailing public policy; now, therefore,
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28 BE IT RESOLVED by the House of Representatives of the
29 Twenty-eighth Legislature of the State of Hawaii, Regular
30 Session of 2016, that the Public Utilities Commission is urged
31 to open a docket to consider the appropriateness of amending the
32 regulatory structure applicable to electric utilities in light
33 of ongoing developments in energy, including the deployment of
34 renewable energy; and
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36 BE IT FURTHER RESOLVED that the Public Utilities Commission
37 is encouraged to work with the Division of Consumer Advocacy of
38 the Department of Commerce and Consumer Affairs, the electric
39 public utilities in the State, and representatives of the
40 renewable energy sector to consider whether amendments to or a
41 wholesale revisioning of the current regulatory structure are



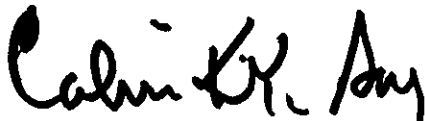
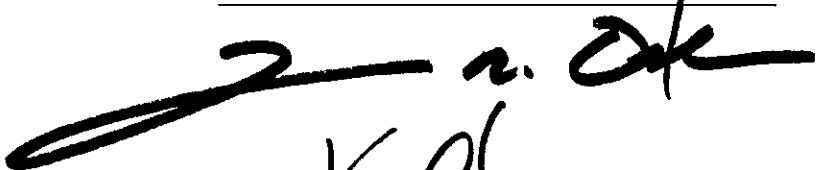
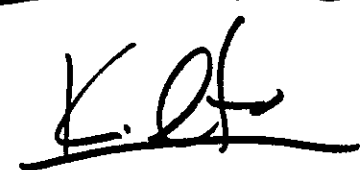
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1 necessary to respond to the State's current and future needs for
2 safe, reliable energy and environmental protection; and
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4 BE IT FURTHER RESOLVED that the Chairperson of the Public
5 Utilities Commission is requested to submit a report of the
6 Commission's findings and recommendations, including any
7 proposed legislation, to the Legislature no later than twenty
8 days before the convening of the Regular Session of 2017; and
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10 BE IT FURTHER RESOLVED that certified copies of this
11 Resolution be transmitted to the Chairperson of the Public
12 Utilities Commission, who in turn is requested to transmit
13 copies to the Executive Director of the Division of Consumer
14 Advocacy of the Department of Commerce and Consumer Affairs; the
15 chief executive officers of each electric utility in the State;
16 and representatives of renewable energy in the State, as
17 identified by the Chairperson.
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OFFERED BY:

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