From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 01, 2016 12:13 PM
To: EEPtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB2136 on Feb 2, 2016 08:30AM*

HB2136
Submitted on: 2/1/2016
Testimony for EEP on Feb 2, 2016 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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THE ALLIANCE FOR SOLAR CHOICE

LATE

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 2, 2016
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 2136

Chair Lee and Members of the Committee:

The Alliance for Solar Choice (TASC) appreciates the opportunity to comment on HB 2136, relating to electric utilities. TASC respectfully supports this measure.

TASC advocates for maintaining successful distributed solar energy policies and markets throughout the United States. Collectively, TASC members serve a majority of the solar customers in Hawaii.

As a founding member of KULOLO, Keep Our Utilities Locally Owned, Locally Operated, TASC supports a robust discussion about the future of Hawaii's electrical power generation and distribution. Hawaii is going through a period of tremendous change. Hawaii should consider public ownership over the electric utility as a means to take advantage of lower cost renewables and to ensure customer choice. At the very least, the public interest dictates that all options should be on the table.

That being said, TASC believes this measure is unnecessary inasmuch as Haw. Rev. Stat. § 46-1.5 already grants the counties the broad authority to exercise eminent domain in the public interest. However, this measure clarifies the issue and, perhaps, prevents litigation later should a county choose to exercise its power to condemn an electric utility. To that end, TASC supports the passage of this bill and urges this Committee to move it forward.

Mahalo for considering our comments.

SIERRA CLUB OF HAWAIʻI
OʻAHU GROUP

MALAMA I KA HONUA
Cherish the Earth

LATE

House Committee on Energy & Environmental Protection

February 2nd, 2016 8:30am

Testimony in support of HB 2136 by Anthony Aalto

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee,

I thank you for this opportunity to testify. My name is Anthony Aalto. I am the Chair of the Sierra Club of Oʻahu which has more th`` an 8,000 registered members and supporters on this island. I am testifying today on their behalf, in strong support of HB 2136.

As you know Hawaii is leading the nation in the shift to a non-carbon, clean, renewable energy future. We have the highest per capita penetration of rooftop solar in the country. We are at the cutting edge of wave energy, wind energy, hydrogen fuel cells, Ocean Thermal Energy Conversion, seawater air conditioning, algae biofuels, geothermal, residential battery storage, smart grid, micro-grid and distributed energy technologies.

These technologies hold out the hope of vast savings for the people of Hawaii, by ending the practice of sending billions of dollars overseas every year to pay for the importation of oil, coal and gas. These technologies also hold out the hope of creating a new pillar in Hawaii's economy – one which will create thousands of well paid blue and white collar jobs.

This bill simply makes it possible to keep all options on the table as we explore these potential technologies and innovations.

One of the concerns about the energy revolution we are leading is that while the economic and environmental benefits to the people of Hawaii are obvious, it is less clear that the stockholders of our statewide utility will be rewarded by the intrusion of these cutting edge technologies into the old vertically integrated, centralized, utility monopoly model.

It is clear that integration of some of these concepts will lead to lower electricity sales – not a welcome idea for a for-profit corporation whose profits are linked to the sale of electricity.

In order to ensure that corporate interests do not block our progress to achieving the state's energy goals, it may become necessary to allow not-for-profit cooperative or municipal ownership of the utility on each island.

Each island needs to have the flexibility to explore such cooperative and municipal ownership of the utility. Private stockholders who have been granted free use of the public franchise to operate the utility must not be allowed to block efforts to deliver more efficient, cheaper, cleaner energy.

Already a group of businessmen on Hawaii Island is exploring a co-operative model of ownership. Already the County Council on Maui has received a report that looks favorably at the idea of partial break-up and possible condemnation of parts of the MECO division of the utility. Already the Honolulu County Council has authorized an analysis and report on the idea of municipal or cooperative ownership of the utility.

This bill does not mandate any course of action. It merely clarifies that if the counties wish to condemn the public utility on their island, they may do so.

I urge you to pass the bill.

Mahalo and aloha

LATE

637 Ulumaika Street
Honolulu, Hawaii 96816

February 2, 2016

Representative Chris Lee, Chair
Committee on Energy and Environmental Protection
Hawaii House of Representatives
Hawaii State Capitol
Honolulu, Hawaii 96813

Dear Chair Lee and committee members,

Mahalo for this opportunity to testify in support of House Bill 2136, relating to electric utilities. HB 2136 clarifies that the counties' power of eminent domain, which already extends to buildings and lighting plants, includes "all buildings, lines, and other property required to operate an electric utility." In addition, it removes county-owned electric utilities from the definition of "public utility" and exempts county acquisition of electric public utility property from approval by the Public Utilities Commission. Together, these measures ensure a means by which counties may acquire and operate their own electric utilities.

HB 2136 responds to the growing public consensus about the importance of local control of our electric utility. With the proposed takeover of Hawaiian Electric by Florida-based NextEra, the people of Hawaii have taken an unprecedented interest in electric power. Each of the three affected county governments—Honolulu, Maui, and Hawaii—have now taken official action either to oppose the takeover in particular, to examine alternatives to private investor ownership of our energy utility in general, or both. Both Maui and Hawaii Counties are intervenors in the Public Utilities Commission proceedings, and Maui County recently released a report recommending that an Independent Systems Operator or Regional Transmission Operator oversee its electric grid and energy market. Most recently, on January 27, the Honolulu City Council passed a resolution urging the examination of alternatives to investor ownership.

HB 2136 allows the counties to take control of their own energy futures. It would directly advance home rule in the context of the unique energy needs of each county. The counties could exercise the powers of condemnation under this bill to achieve many other benefits, including ratepayer savings, transparency, local accountability and control of our electric utility, ratepayer savings, and more rapid achievement of Hawaii's 100 percent renewable energy goal.

Current PUC's regulation of Hawaiian Electric stems from the inherent power of a monopoly to make excessive profits. Because a county owned utility does not make a profit, it has no inherent conflict of interest with the public, and does not require PUC regulation. Indeed, most county-owned and cooperative-owned electric utilities in the United States are not regulated by their respective states, so this bill would align Hawaii with the best practices of a majority of jurisdictions in this country.

With the passage of this bill, the state legislature does not necessarily express a preference for one form of utility ownership or structure over another. It merely adds one more option to the vibrant public discussion on how best to manage our electric power.

Thank you again for the opportunity to testify in favor of this important measure.

Very truly yours,

Stanley Chang

LATE

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TESTIMONY BEFORE THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

H.B. No. 2136

Relating to Electric Utilities

LATE

Tuesday, February 2, 2016
8:30 am
State Capitol, Conference Room 325

Kevin M. Katsura
Assistant Deputy General Counsel (Regulatory), Legal Department
Hawaiian Electric Company, Inc.

Chair Lee, Vice Chair Lowen, and Members of the Committee:

My name is Kevin Katsura and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company opposing H.B. 2136 because it is not prudent and could have serious unintended consequences.

This bill among other things, adds to the county powers of condemnation by eminent domain by expressly adding the ability to acquire "any property necessary to operate an electric utility for the production, conveyance, transmission, delivery, or furnishing of electric power", and exempting "[a]ny electric utility owned and operated by a county" from the definition of a "Public Utility" under Hawaii Revised Statutes § 269-1 and the application of 269-19

This bill appears premature and could have unintended consequences. Maui County recently released the results of a study it commissioned, which examined alternative forms of ownership and alternative business models for Maui County's electric utility. The report acknowledges electric rates would likely increase for Maui customers after a change to a municipally owned or cooperative model. The report concludes significant investments in the electric grid are needed to achieve the state's clean energy goals, and yet notes that limited access to capital is a disadvantage of municipally owned or cooperative utility model.

Under a municipal ownership model specifically, state and county governments could lose hundreds of millions in revenue taxes and fees currently paid by the Hawaiian Electric Companies. For 2014, the Hawaiian Electric Companies paid over $300 million in revenue taxes. Any revenue loss could force tax increases to pay for critical public services.

As a government agency, a county-owned electric utility could not provide charitable contributions unless funds were specifically appropriated for that purpose. With limited governmental budgets, that may be difficult to justify, as charitable giving does not fall within the scope and purpose of government. Contributions provided by Hawaiian Electric Industries family of companies are estimated at $2.2 million annually and support a wide array of community needs.

A county owned utility would not be considered a "public utility" under Hawaii law. The Public Utilities Commission and the State Consumer Advocate would not be able to intercede on behalf of customers, as is the case of investor-owned utilities which are regulated. Operating an electric utility and ensuring safe and reliable service for customers, especially on a small island grid with increasing levels of renewable energy that surpass anywhere else in the country, is an extremely complex undertaking. The specialized utility focus and experience of the PUC and the Consumer Advocate provides critical oversight. This protection for customers would not exist if the utility is municipally-owned.

Further, because a county-owned utility would not be considered a "public utility," it would not be subject to the State's renewable portfolio standards law, which could significantly hinder achievement of our clean energy goals.

Moreover, this bill would allow a county to use its power of condemnation on selected assets of the utility which also may delay or interfere with the utility's ability to meet its 100% renewable portfolio goals by 2045 or may make it more costly for its customers.

Different utility ownership structures have advantages and disadvantages. The investor-owned model has been very effective in providing the significant amounts of the funding needed to ensure safe and reliable service in one of the most capital-intensive businesses. This access to capital is even more critical to make the investments needed to achieve our state's 100 percent renewable energy goal.

It is important to understand the complexities and potential unintended consequences involved with converting to an alternative structure. These ramifications need to be better understood.

Accordingly, the Hawaiian Electric Companies believe this bill is not prudent and thus, oppose H.B. 2136.

Thank you for this opportunity to testify.