

Honolulu, Hawaii

FEB - 1 2022

RE: S.B. No. 2173
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 2173 entitled:

"A BILL FOR AN ACT RELATING TO BROADBAND SERVICE
INFRASTRUCTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to allow an electric utility to own, operate, lease, plan, construct, install, maintain, and replace broadband facilities, including middle mile infrastructure, to help facilitate the development of and investment in broadband facilities in rural, unserved, underserved, and urban communities throughout the State.

Your Committee received testimony in support of this measure from the University of Hawai'i System, Hawaiian Electric Company, Kaua'i Island Utility Cooperative, and League of Women Voters of Hawaii. Your Committee received testimony in opposition of this measure from Charter Communications. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs' Division of Consumer Advocacy, Public Utilities Commission, Hawaiian Telcom, and Common Cause Hawaii.

Your Committee finds that to ensure the timely provision of broadband facilities and services throughout the State, leveraging the existing infrastructure of electric public utilities through a limited grant of authorization and minimal regulation is



reasonable and necessary. Your Committee further finds that a streamlined application process will not only facilitate the development of and investment in broadband infrastructure, but also ensure that the costs of deployment are not solely borne by electric customers. Your Committee also finds that through this measure, deploying broadband infrastructure through a middle mile infrastructure network results in cost savings for broadband service providers.

Your Committee acknowledges testimony expressing concern on the lack of competition and abuse of monopoly power that may occur. However, your Committee believes that oversight from the Public Utilities Commission (PUC) is sufficient to maintain fair competition in broadband deployment throughout the State.

Accordingly, your Committee has amended this measure by:

- (1) Adding language that:
 - (A) Provides for a streamlined application process for the sale, lease, assign, mortgage, disposal, or encumbrance of any utility property used for broadband deployment; and
 - (B) Requires that the application for an electric utility to sell, lease, assign, mortgage, dispose of, or encumber any utility property to be used for broadband deployment be filed with minimal information, as determined by the PUC;
- (2) Clarifying that, with respect to the merger and consolidation of public utilities pursuant to section 269-19, Hawaii Revised Statutes, an electric utility may sell, lease, assign, mortgage, dispose, or encumber any utility property used for the purposes of this measure; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee acknowledges that with the enactment of this measure, not only may the PUC need to amend established rules that regulate transactions between utility affiliates, but that it and

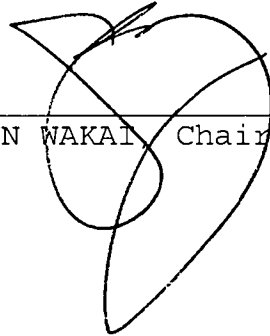


the Consumer Advocate may require additional resources to maintain oversight of the broadband activities of electric utilities and ensure that electric customers are protected from cross-subsidization and unreasonable electricity rates.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2173, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2173, S.D. 1, and be referred to your Committee on Commerce and Consumer Protection.

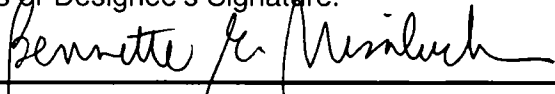
Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,

GLENN WAKAI, Chair

A handwritten signature in black ink, appearing to read 'GLENN WAKAI', is written over a horizontal line. The signature is stylized and somewhat abstract, with overlapping loops and a sharp point at the top.

The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:* <i>SB 2173</i>	Committee Referral: <i>EET, CPN</i>	Date: <i>1/28/22</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
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt	✓			
TOTAL	<i>5</i>	0	0	0
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