

STAND. COM. REP. NO.

1769

Honolulu, Hawaii

APR 06 2023

RE: H.B. No. 369
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 369, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES COMMISSION,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt a public utility and water carrier from obtaining the required Public Utilities Commission (PUC) authorization when disposing of a fully depreciated asset or property with a zero net book value.

Your Committee received testimony in support of this measure from Hawaiian Electric; Young Brothers, LLC.; Matson, Inc.; and Hawaii Harbor Users Group. Your Committee received testimony in opposition to this measure from Climate Protectors Hawai'i. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Public Utilities Commission.

Your Committee finds that existing law requires a utility company to obtain approval from the PUC for each asset or property it seeks to dispose of or donate. These assets often have minimal remaining value, and therefore, do not justify the expenditure of resources to go through the required PUC approval. This measure allows utility companies to efficiently dispose of these assets



and decreases the workload for the PUC and Division of Consumer Advocacy, which currently must review these routine transactions.

Your Committee acknowledges the concerns raised in testimony that although an asset may be fully depreciated or have a zero book value for accounting purposes, it may still have actual value. Therefore, amendments to this measure are necessary to ensure that consumers benefit from any potential windfall gained from the sale of a fully depreciated or zero net book value asset that has actual value.

Accordingly, your Committee has amended this measure by clarifying that a public utility or water carrier does not need authorization from the PUC when:

- (1) Disposing of a fully depreciated asset or property with a zero net book value that is no longer used or useful; provided that the disposal is made to an unaffiliated entity and results in a zero or net reduction to the public utility or water carrier's rate base; or
- (2) Donating a fully depreciated asset or property with zero net book value to a charitable or nonprofit organization.

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 H.B. No. 369, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 369, H.D. 1, 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,



GARRETT KEOHOKALOLE, Chair



