

STAND. COM. REP. NO. 811

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 476
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 S.B. No. 476 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 from 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. 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 the benefit of going through a PUC proceeding may not be worth the time and administrative resources required. This measure allows utilities 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 testimony of the Department of Commerce and Consumer Affairs and PUC, which raised concerns that although an asset is fully depreciated or has 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:

- (1) Clarifying that a public utility or water carrier does not need authorization from the PUC if the public utility or water carrier is disposing at a loss or donating a fully depreciated asset or property with a zero net book value that is no longer used or useful; and
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion.

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. 476, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 476, 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,



JARETT KEOHOKALOLE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 476	Committee Referral: CPN	Date: 2/21/23
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.				✓
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton	✓		✓	
TOTAL	3	0	1	1

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes