
A BILL FOR AN ACT

RELATING TO ELECTRIC UTILITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The legislature finds that the State's ongoing
3 energy transition from fossil fuels to renewable energy has been
4 driven and supported by certain key energy laws and regulatory
5 policies that were established after years, if not decades, of
6 continued advocacy efforts. These laws and regulatory policies
7 include, among others, the renewable portfolio standards
8 established in chapter 269, Hawaii Revised Statutes; the
9 performance-based regulation framework created by the public
10 utilities commission for electric utilities; and the
11 encouragement and oversight of renewable power purchase
12 agreements by the public utilities commission, which are
13 contractual agreements entered into by electric utilities and
14 independent power producers for, among other things, the
15 development and production of new utility-scale renewable energy
16 projects.



1 The legislature further finds that a bankruptcy or
2 reorganization proceeding involving an electric utility company
3 in the State could result in the acquisition, merger, or
4 consolidation of that electric utility company with an acquiring
5 entity that could ultimately lead to a change in management and
6 control. In a worst-case scenario, the acquiring entity may
7 seek to weaken, alter, or reverse those key state energy laws,
8 policies, frameworks, and agreements that have greatly
9 contributed to the State's progress towards meeting its
10 renewable energy goals, or reduce the electric utility's
11 capacity to maintain a qualified and knowledgeable workforce
12 with the ability to support and pursue Hawaii's renewable energy
13 goals, as well as to ensure the safe, efficient, reliable, and
14 continuous electric utility service to Hawaii consumers and
15 communities.

16 Accordingly, the purpose of this part is to:

17 (1) Require the public utilities commission to consider or
18 impose certain conditions of approval on any order
19 approving, in whole or in part, an application for the
20 proposed acquisition, merger, or consolidation of an
21 electric utility company by an acquiring entity;



1 (2) Establish a process to ensure that when an electric
2 utility is subject to an application for a proposed
3 acquisition, merger, or consolidation by a potential
4 acquiring entity that is an investor-owned utility and
5 seeks approval of the application from the public
6 utilities commission, the electric utility shall
7 demonstrate that it solicited bids from potential
8 acquiring entities that operate under non-investor-
9 owned utilities ownership models; and

10 (3) Require the electric utility to submit those
11 acceptable bids concurrently with an application by a
12 potential acquiring entity that is an investor-owned
13 utility.

14 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
15 amended by adding two new sections to be appropriately
16 designated and to read as follows:

17 **"§269-A Acquisition, merger, or consolidation of electric**
18 **utility companies; conditions of approval.** (a) Notwithstanding
19 sections 269-7.5, 269-18, and 269-19, in any public utilities
20 commission order approving, in whole or in part, an application
21 for the proposed acquisition, merger, or consolidation of an



1 electric utility company by an acquiring entity, the public
2 utilities commission shall consider or impose certain conditions
3 of approval established under this section, including any other
4 conditions it deems necessary.

5 (b) The acquiring entity shall not terminate any existing
6 and valid power purchase agreement between the electric utility
7 company and an independent power producer of energy services
8 based solely on the completion of the acquisition, merger, or
9 consolidation; provided that nothing in this subsection shall
10 prevent the termination of a contractual agreement as permitted
11 by its terms, subject to approval from the public utilities
12 commission. The acquiring entity shall not attempt to
13 renegotiate any material provisions of any existing and valid
14 power purchase agreement, including but not limited to the
15 established payment rates for energy or energy storage or other
16 commercial terms; provided that nothing in this subsection shall
17 prevent the amending of a contractual agreement as may be
18 permitted under its terms, subject to approval by the public
19 utilities commission. Before the completion of the acquisition,
20 merger, or consolidation of the electric utility company, the
21 acquiring entity shall not unduly influence the terms of any



1 power purchase agreement that is under negotiation between the
2 electric utility company and an independent power producer of
3 energy services.

4 (c) The acquiring entity shall assume and be bound by the
5 terms and conditions of any existing collective bargaining
6 agreement in place at the time of the acquisition, merger, or
7 consolidation, as it applies to covered employees.

8 (d) The acquiring entity shall retain all covered
9 employees and shall not induce or cause a reduction in force, or
10 terminate a covered employee, other than for cause consistent
11 with any applicable collective bargaining agreement.

12 (e) As used in this section:

13 "Acquiring entity" means the entity that acquires all or
14 some classes of an electric utility company's interests in an
15 interest exchange, including but not limited to interest in any
16 road, line, plant, system, or other real or personal property
17 necessary for the performance of the electric utility company's
18 duties to the public or any franchise or permit, or right
19 thereunder.

20 "Covered employee" means an individual who is employed by
21 and party to a collective bargaining agreement with an electric



1 utility company immediately prior to an acquisition, merger, or
2 consolidation approved by the public utilities commission, of
3 such electric utility company by an acquiring entity.

4 "Electric utility company" means a public utility as
5 defined in section 269-1, for the production of, conveyance,
6 transmission, delivery, or furnishing of electric power.

7 **§269-B Acquisition, merger, and consolidation of electric**
8 **utility companies; investor-owned acquiring entities;**
9 **consideration of alternative applications.** (a) Notwithstanding
10 sections 269-7.5, 269-18, and 269-19, if an electric utility
11 company is subject to an application for a proposed acquisition,
12 merger, or consolidation by a potential acquiring entity that is
13 an investor-owned utility and seeks approval of the application
14 from the public utilities commission, the electric utility
15 company shall demonstrate that it solicited bids from potential
16 acquiring entities that operate under non-investor-owned utility
17 ownership models and specify whether any potential acquiring
18 entities that operate under such an ownership model submitted
19 bids and the reasons why such bids were or were not accepted.
20 Upon receiving an acceptable bid from a potential acquiring
21 entity that operates under a non-investor-owned utilities



1 ownership model, the electric utility company shall present the
2 bid to the public utilities commission concurrently with an
3 application by a potential acquiring entity that is an investor-
4 owned utility.

5 (b) The public utilities commission shall, upon receiving
6 an application for the acquisition, merger, or consolidation of
7 an electric utility company, commence a regulatory proceeding to
8 review the application; provided that any bids submitted
9 concurrently pursuant to subsection (a) shall be reviewed
10 concurrently.

11 (c) The electric utility company shall have no obligation
12 to affirmatively state its position in support of or in
13 opposition to any pending application.

14 (d) Notwithstanding any law or rule to the contrary, the
15 public utilities commission shall have the power to consolidate
16 its review of all submitted applications pursuant to this
17 section.

18 (e) This section shall not apply to the acquisition of a
19 not-for-profit enterprise that is not owned by shareholders.

20 (f) For the purposes of this section:



1 "Acquiring entity" has the same meaning as in section 269-

2 A.

3 "Electric utility company" means a public utility as
4 defined in section 269-1, for the production of, conveyance,
5 transmission, delivery, or furnishing of electric power.

6 "Non-investor-owned utility ownership model" means a
7 member-owned cooperative utility or any not-for-profit
8 enterprise that is not owned by shareholders."

9 PART II

10 SECTION 3. The legislature finds that the public ownership
11 model for electric utilities has consistently delivered lower
12 rates, greater reliability, and stronger community control over
13 energy policy. Across the United States, publicly owned
14 utilities have outperformed investor-owned utilities in
15 affordability, service quality, and reinvestment in
16 infrastructure. Hawaiian Electric Industries, the State's
17 dominant electricity provider, is an investor-owned utility.
18 This structure prioritizes shareholder profits over customer
19 affordability and infrastructure investment. In contrast, the
20 legislature believes that public utilities should focus on long-



1 term system improvements, reliability, lower rates, and local
2 accountability.

3 The legislature further finds that by transitioning
4 Hawaiian Electric to a public ownership model, the State would
5 be able to lower electricity costs by eliminating profit-driven
6 rate increases; reinvest revenues into grid modernization and
7 renewable energy projects; ensure local control over energy
8 policy to align with state climate goals, such as achieving one
9 hundred per cent renewable energy by 2045; and enhance
10 reliability by prioritizing infrastructure resilience rather
11 than shareholder returns. Public ownership of utilities is a
12 proven model that aligns with the State's long-term goals of
13 affordability, sustainability, and energy independence.

14 Therefore, the purpose of this part is to:

- 15 (1) Authorize the issuance of reimbursable general
16 obligation bonds for the acquisition of Hawaiian
17 Electric Industries to convert it to a publicly owned
18 utility;
- 19 (2) Authorize the establishment of a nonbypassable
20 electric utility conversion charge, collections of
21 which are to be deposited into a newly established



1 electric utility conversion special fund and used to
2 recover the debt service on the reimbursable general
3 obligation bonds; and

4 (3) Appropriate funds out of the electric utility
5 conversion special fund to acquire Hawaiian Electric
6 Industries and convert it to a publicly owned utility
7 and to reimburse the state general fund for payment of
8 debt service on the reimbursable general obligation
9 bonds.

10 SECTION 4. The director of finance is authorized to issue
11 reimbursable general obligation bonds in the sum of
12 \$1,000,000,000 or so much thereof as may be necessary and the
13 same sum or so much thereof as may be necessary is appropriated
14 for fiscal year 2025-2026 for the purpose of acquiring ownership
15 in Hawaiian Electric Industries for the conversion of the
16 utility to a publicly owned utility and the same sum shall be
17 deposited into the electric utility conversion special fund.

18 SECTION 5. There is appropriated out of the electric
19 utility conversion special fund the sum of \$1,000,000,000 or so
20 much thereof as may be necessary for fiscal year 2025-2026 to



1 finance the acquisition of Hawaiian Electric Industries and
2 convert it to a publicly owned utility.

3 The sum appropriated shall be expended by the department of
4 budget and finance for the purposes of this part.

5 SECTION 6. There is appropriated out of the electric
6 utility conversion special fund the sum of \$ or so
7 much thereof as may be necessary for fiscal year 2025-2026 for
8 the reimbursement of the state general fund for the payment of
9 debt service on the reimbursable general obligation bonds.

10 The sum appropriated shall be expended by the department of
11 budget and finance for the purposes of this part.

12 SECTION 7. The Hawaii Revised Statutes is amended by
13 adding a new chapter to be appropriately designated and to read
14 as follows:

15 "CHAPTER

16 PUBLICLY OWNED ELECTRIC UTILITY

17 § -1 Electric utility conversion special fund. (a)

18 There is established the electric utility conversion special
19 fund to be administered by the department of budget and finance.

20 (b) All electric utility conversion charges collected
21 pursuant to section -2 shall be deposited into the special



1 fund. All interest earned on the moneys in the special fund
2 shall be credited to the special fund.

3 (c) Moneys in the electric utility conversion special fund
4 shall be expended to reimburse the state general fund for
5 payment of debt service on reimbursable general obligation bonds
6 issued to acquire Hawaiian Electric Industries and convert it to
7 a publicly owned utility.

8 (d) The electric utility conversion special fund shall be
9 exempt from the central service expenses of section 36-27 and
10 departmental administrative expenses of section 36-30.

11 (e) Upon reimbursement to the state general fund of all
12 debt service on reimbursable general obligation bonds issued to
13 acquire Hawaiian Electric Industries and convert Hawaiian
14 Electric Utilities to a publicly owned utility, any unencumbered
15 and unexpended moneys in the electric utility conversion special
16 fund shall be transferred to .

17 § -2 **Electric utility conversion charge.** The public
18 utilities commission may create, pursuant to an application from
19 an electric utility, a nonbypassable charge referred to as an
20 electric utility conversion charge, which shall be applied to
21 reimburse the state general fund for payment of debt service on



1 reimbursable general obligation bonds issued to acquire Hawaiian
2 Electric Industries and convert it to a publicly owned utility."

3 PART III

4 SECTION 8. In codifying the new sections added by section
5 2 of this Act, the revisor of statutes shall substitute
6 appropriate section numbers for the letters used in designating
7 the new sections in this Act.

8 SECTION 9. If any provision of this Act, or the
9 application thereof to any person or circumstance, is held
10 invalid, the invalidity does not affect other provisions or
11 applications of the Act that can be given effect without the
12 invalid provision or application, and to this end the provisions
13 of this Act are severable.

14 SECTION 10. New statutory material is underscored.

15 SECTION 11. This Act shall take effect on July 1, 3000.



Report Title:

Public Utilities Commission; Electric Utility Companies; Acquisitions; Mergers; Consolidations; Conditions of Approval; Application Review Process; Alternative Applications; Hawaiian Electric Industries; Non-Investor-Owned Utilities; GO Bonds; Appropriation

Description:

Part I: Requires the Public Utilities Commission to impose certain conditions of approval on any order approving, in whole or in part, an application for the proposed acquisition, merger, or consolidation of an electric utility company by an acquiring entity. Establishes a process to ensure that when an electric utility is subject to an application for a proposed acquisition, merger, or consolidation by a potential acquiring entity that is an investor-owned utility and seeks approval of the application from the Public Utilities Commission, it must demonstrate that it solicited bids from potential acquiring entities that operate under a non-investor-owned utility ownership model. Requires the electric utility to submit those acceptable bids concurrently with an application by a potential acquiring entity that is an investor-owned utility. Part II: Authorizes the issuance of reimbursable GO bonds for acquiring Hawaiian Electric Industries and converting it to a publicly owned utility. Authorizes the establishment of a non-bypassable electric utility conversion charge, to be deposited into the new Electric Utility Conversion Special Fund. Appropriates Funds. Effective 7/1/3000. (HD2)

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