

JAN 23 2025

A BILL FOR AN ACT

RELATING TO ELECTRIC UTILITIES.

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

1 SECTION 1. The legislature finds that the health and
2 welfare of the residents of the State depend largely on
3 residents' abilities to access reliable and reasonably priced
4 electric utility services. The public utilities commission is
5 tasked with regulating public utilities in the State, including
6 the provision of electric services.

7 The legislature notes that the financial condition of an
8 electric utility is essential to its ability to render services
9 to its customers. It is widely recognized that public utilities
10 must be fit, willing, and able to properly perform the services
11 offered and to conform to the terms, conditions, and rules set
12 forth by the public utilities commission.

13 The legislature further finds that recent events have
14 threatened the financial well-being of a certain investor-owned
15 electric utility in the State, thereby potentially threatening
16 the well-being of the public, specifically their health, safety,
17 welfare, and economic viability.



1 The legislature also finds that the State's largest
2 investor-owned electric utility has undercapitalized its
3 wildfire mitigation investments, upgrades, and modernization of
4 its distribution and transmission grid infrastructure, as well
5 as its generation facilities.

6 Although existing law provides the public utilities
7 commission with the authority to appoint a receiver to operate a
8 failed or failing regulated water or sewer utility if it ceases
9 to operate or operates on a substandard or unacceptable level,
10 existing law does not contain express authority for the
11 commission to act on behalf of an electric utility's customers
12 if the utility experiences an urgent, serious, and imminent
13 threat to its ability to provide adequate services.

14 To ensure that the public utilities commission has the
15 necessary authority to take proactive measures on behalf of
16 customers when an investor-owned electric utility either fails
17 to provide adequate and reasonable service to its customers or
18 creates a serious and imminent threat to the health and welfare
19 of its customers, the legislature believes that the commission
20 should have the power to appoint a receiver to ensure that



1 electric services are continued or brought back up to
2 appropriate standards.

3 The legislature further notes that the goal of a
4 receivership is to protect a troubled company and to help the
5 company return to profitability, thereby allowing it to thrive
6 when the receivership period ends. An appointed receiver can
7 also ensure that employees are compensated during the protected
8 period and that operations continue to comply with government
9 regulations and standards.

10 Accordingly, the purpose of this Act is to provide the
11 public utilities commission with the authority to appoint a
12 receiver to take temporary action, should the commission find it
13 necessary, to assure continued adequate electric services from
14 investor-owned electric utilities.

15 SECTION 2. Section 269-14.5, Hawaii Revised Statutes, is
16 amended by amending subsection (a) to read as follows:

17 "(a) Whenever the commission finds that a regulated water
18 utility, regulated investor-owned electric utility, or regulated
19 sewer utility is failing, or that there is an imminent threat of
20 the utility failing, to provide adequate and reasonable service
21 to its customers, and that the failure is a serious and imminent



1 threat to health, safety, and welfare, the commission may
2 appoint a receiver to take any temporary action necessary to
3 assure continued service or to bring the service up to
4 appropriate regulatory standards. The commission may also
5 appoint a receiver to take any temporary action necessary to
6 assure continued service if, after notice and hearing, the
7 commission finds that any water, electric, or sewer utility
8 regulated under this chapter consistently fails to provide
9 adequate and reasonable service. In carrying out its
10 responsibilities, the receiver and any additional outside legal
11 counsel, consultants, or staff the commission or receiver may
12 deem necessary under the circumstances, shall have the authority
13 to gain access to all of the utility company assets and records
14 and to manage those assets in a manner that will restore or
15 maintain an acceptable level of service to customers. The
16 receiver shall be authorized to expend existing utility company
17 revenues for labor and materials and to commit additional
18 resources as are essential to providing an acceptable level of
19 service. These expenditures shall be funded in accordance with
20 generally accepted ratemaking practices. Any costs incurred by
21 the commission, its staff, or the appointed receiver under this



1 section shall be the responsibility of the utility in
 2 receivership or its ratepayers. Control of and responsibility
 3 for the utility shall remain with the receiver until the utility
 4 can be returned to the original owners, transferred to new
 5 owners, or liquidated as the commission determines to be in the
 6 public interest."

7 SECTION 3. There is appropriated out of the public
 8 utilities commission special fund the sum of \$ or so
 9 much thereof as may be necessary for fiscal year 2025-2026 and
 10 the same sum or so much thereof as may be necessary for fiscal
 11 year 2026-2027 for any costs incurred by the public utilities
 12 commission in determining whether to appoint a receiver pursuant
 13 to section 269-14.5, Hawaii Revised Statutes.

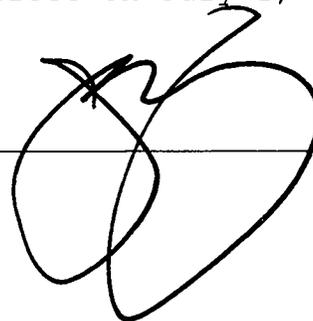
14 The sums appropriated shall be expended by the public
 15 utilities commission for the purposes of this Act.

16 SECTION 4. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2025.

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INTRODUCED BY: _____




S.B. NO. 1500

Report Title:

PUC; Regulated Investor-Owned Electric Utilities; Electric Services; Appointment of Receiver; Public Utilities Commission Special Fund; Appropriations

Description:

Provides the Public Utilities Commission with the authority to appoint a receiver to take temporary action necessary to assure continued adequate electric services from regulated investor-owned electric utilities. Appropriates funds out of the Public Utilities Commission Special Fund.

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