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# 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 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 and  
5 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 fails to  
17 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 authorize the  
11 public utilities commission to appoint a receiver to take  
12 temporary action, should the commission find it necessary, to  
13 assure continued adequate electric services from a failing  
14 investor-owned electric utility.

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]~~ The appointed receiver shall recognize and  
20 maintain the terms and conditions of any existing collective  
21 bargaining agreement at the time of and throughout receivership



1 and shall not induce or cause a reduction in force, or terminate  
2 a covered employee, other than for a cause consistent with any  
3 collective bargaining agreement. Any expenditures shall be  
4 funded in accordance with generally accepted ratemaking  
5 practices. Any costs incurred by the commission, its staff, or  
6 the appointed receiver under this section shall be the  
7 responsibility of the utility in receivership or its ratepayers.  
8 Control of and responsibility for the utility shall remain with  
9 the receiver until the utility can be returned to the original  
10 owners, transferred to new owners, or liquidated as the  
11 commission determines to be in the public interest."

12 SECTION 3. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on July 1, 3000.



**Report Title:**

PUC; Regulated Investor-Owned Electric Utilities; Electric Services; Appointment of Receiver

**Description:**

Authorizes the Public Utilities Commission to appoint a receiver to take temporary action necessary to assure continued adequate electric services from failing regulated investor-owned electric utilities. Requires an appointed receiver to recognize and maintain the terms and conditions of any existing collective bargaining agreement and prohibits the receiver from inducing or causing a reduction in force, or terminating a covered employee, other than for a cause consistent with any collective bargaining agreement. Effective 7/1/3000. (HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

