

Honolulu, Hawaii

MAY 1 2026

RE: S.B. No. 2487
S.D. 1
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2487, S.D. 1, H.D. 1, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Require the Public Utilities Commission to establish performance-based incentives, including revenue adjustment mechanisms, cost control mechanisms, and reward and penalty mechanisms on or before January 1, 2027;
- (2) Clarify that the Public Utilities Commission is authorized to adopt alternative ratemaking procedures to establish electric utility rates and performance-based incentives; and

- (3) Require the Public Utilities Commission to apply a presumption in favor of considering historical cost trends and external indices that reflect incentives to control costs if the Commission resets an electric utility's allowed revenues based on consideration of the utility's costs.

Your Committee on Conference finds that Act 5, Session Laws of Hawaii 2018, known as the Hawaii Ratepayer Protection Act, established a performance-based model for utility regulation and ratemaking for a five-year period, transitioning utility regulation in the State away from a traditional cost-of-service model. Your Committee on Conference further finds that the Public Utilities Commission's February 2025 determination allowing electric utilities to re-base revenues using projected costs was a departure from the performance-based model and may lead to higher rates for consumers. This measure would clarify the Legislature's intent regarding utility ratemaking methods and provide additional guidance to ensure the performance-based model delivers efficiency and value for consumers.

Your Committee on Conference has amended this measure by:

- (1) Deleting language that would have required the Public Utilities Commission to apply a presumption in favor of considering historical cost trends and external indices if resetting an electric utility's allowed revenues;
- (2) Amending legislative findings and section 2 to reflect its amended purpose;
- (3) Making it effective upon its approval; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2487, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2487, S.D. 1, H.D. 1, C.D. 1.

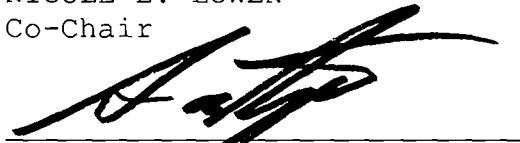


Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE



NICOLE E. LOWEN
Co-Chair



SCOT Z. MATUYOSHI
Co-Chair



AMY A. PERRUSO
Co-Chair

ON THE PART OF THE SENATE



TERRETT KEOHOKALOOLE
Chair



GLENN WAKAI
Co-Chair



LORRAINE R. INOUYE
Co-Chair



Hawai'i State Legislature

Record of Votes of a
Conference Committee

CLR 184-26

Bill / Concurrent Resolution No.: SB 2487, SD 1, HD 1	Date/Time: 5/1/26 2:32 pm
---	------------------------------

The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
---	---

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
KEOHOKALOLE, Jarrett, Chr.	✓	✓			LOWEN, Nicole E., Co-Chr.	✓	✓		
WAKAI, Glenn, Co-Chr.	✓	✓			MATAYOSHI, Scot Z., Co-Chr.	✓	✓		
INOUYE, Lorraine R., Co-Chr.	✓				PERRUSO, Amy A., Co-Chr.	✓	✓		
MCKELVEY, Angus L.K.				✓	MATSUMOTO, Lauren	✓	✓		
AWA, Brenton	✓								
TOTAL	4	-	-	1	TOTAL	4	-	-	-

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
---	--

Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
--	---

Distribution:

Original File with Conference Committee Report	Yellow House Clerk's Office	Pink Senate Clerk's Office	Goldenrod Drafting Agency
--	---------------------------------------	--------------------------------------	-------------------------------------