
A BILL FOR AN ACT

RELATING TO WATER CARRIERS.

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

1 SECTION 1. Chapter 271G, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§271G- Automatic adjustment mechanisms; water carrier
5 inflationary cost index automatic adjustment mechanism. (a)
6 The commission shall establish automatic adjustment mechanisms
7 for water carriers subject to this chapter to address inflation,
8 regulatory lag, and other economic factors. These mechanisms
9 may be initiated and established by the commission or upon
10 application by a water carrier. As provided in section
11 271G-17(f), these mechanisms shall be submitted as a
12 forty-five-day tariff transmittal filing or as part of a general
13 rate case application.
14 (b) By July 1, 2026, the commission shall establish a
15 water carrier inflationary cost index automatic adjustment
16 mechanism for each water carrier of property. The mechanism:

- 1 (1) Shall reflect the applicable annual percentage change
2 in the increase of wharfage rates set by the
3 department of transportation's harbors division,
4 pursuant to applicable administrative rules;
- 5 (2) Shall be applied on an annual basis through June 30,
6 2029, in accordance with subsection (c);
- 7 (3) May be applied on an annual basis beginning July 1,
8 2029, through June 30, 2033, in accordance with
9 subsection (d); and
- 10 (4) Shall be not more than five per cent per year.
- 11 (c) Beginning on July 1, 2026, through June 30, 2029, the
12 commission shall apply the mechanism as follows:
- 13 (1) In the first and second years, the water carrier
14 inflationary cost index automatic adjustment mechanism
15 shall be applied annually; and
- 16 (2) For the third year of the three-year cycle, regardless
17 of whether the water carrier is seeking any rate
18 changes for the transportation of property, the water
19 carrier shall submit an application with the rates,
20 fares, or charges for the transportation of property
21 that the water carrier proposes to be effective in the

1 third year of the three-year cycle. The application
2 shall be subject to the review and process
3 requirements for a standard rate increase application
4 under section 271G-17(d) and (e).

5 (d) Beginning July 1, 2029, through June 30, 2033, the
6 commission may apply the mechanism as follows:

7 (1) In the first, second, and fourth years, the water
8 carrier inflationary cost index automatic adjustment
9 mechanism may be applied annually; and

10 (2) For the third year, regardless of whether the water
11 carrier is seeking any rate changes for the
12 transportation of property, the water carrier shall
13 submit an application with the rates, fares, or
14 charges for the transportation of property that the
15 water carrier proposes to be effective in the third
16 year. The application shall be subject to the review
17 and process requirements for a standard rate increase
18 application under section 271G-17(d) and (e).

19 (e) Customers eligible for preferential agricultural water
20 rates under section 269-26.5 shall be exempt from any automatic
21 adjustment mechanism authorized by this section."



1 SECTION 2. Section 271G-5, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "Automatic adjustment mechanism" means any rate adjustment
5 mechanism that allows a water carrier to change rates between
6 rate cases."

7 SECTION 3. Section 271G-17, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§271G-17 Tariffs of water carriers.** (a) Every water
10 carrier shall file with the [~~public utilities~~] commission, and
11 print, and keep open to public inspection, tariffs showing all
12 the rates, fares, and charges for transportation, and all
13 services in connection therewith, of passengers or property.
14 The rates, fares, and charges shall be stated in terms of lawful
15 money of the United States. The tariffs required by this
16 section shall be published, filed, and posted in [~~such~~] the form
17 and manner, and shall contain [~~such~~] information [~~as the~~]
18 prescribed by the commission by [~~regulations shall prescribe;~~
19 and the] rules. The commission may reject any tariff filed with
20 it [~~which~~] that is not in consonance with this section and with



1 the [~~regulations.~~] rules. Any tariff so rejected by the
2 commission shall be void and its use shall be unlawful.

3 (b) No change shall be made in any rate, fare, charge, or
4 classification, or any rule, regulation, or practice affecting
5 the rate, fare, charge, or classification, or the value of the
6 service thereunder, specified in any effective tariff of a water
7 carrier, except after forty-five days' notice of the proposed
8 change filed and posted in accordance with subsection (a);
9 provided that changes to [~~a fuel~~] an automatic adjustment
10 mechanism surcharge approved by the commission may be made after
11 thirty days' notice of the proposed change filed and posted in
12 accordance with subsection (a). The notice shall plainly state
13 the change proposed to be made and the time when it will take
14 effect. The commission may in its discretion and for good cause
15 shown allow the change upon notice less than that [~~herein~~]
16 specified in this section or modify the requirements of this
17 section with respect to posting and filing of tariffs either in
18 particular instances or by general order applicable to special
19 or peculiar circumstances or conditions.

20 (c) No water carrier shall engage in the transportation of
21 passengers or property unless the rates, fares, and charges upon

1 which the same are transported by the water carrier have been
2 filed and published in accordance with this chapter.

3 (d) Whenever there is filed with the commission any
4 schedule stating a new rate, fare, or charge~~[,]~~ for the
5 transportation of passengers or property by a water carrier or
6 any rule, regulation, or practice affecting ~~[such]~~ the rate,
7 fare, or charge, or the value of the service thereunder, the
8 water carrier may on its own initiative, or shall by order of
9 the commission served ~~[prior to]~~ before the effective date of
10 the schedule, concurrently file a pro forma statement of account
11 ~~[which]~~ that shall be prepared under the same form and in the
12 same manner as prescribed by the commission's uniform system of
13 accounts.

14 The commission may, upon complaint of any interested person
15 or upon its own initiative at once and, if it so orders, without
16 answer or other formal pleading by the interested water carrier
17 or water carriers, but upon reasonable notice, enter upon a
18 hearing concerning the lawfulness of the rate, fare, or charge,
19 or the rule, regulation, or practice, and pending the hearing
20 and the decision ~~[thereon]~~ by the commission, by delivering to
21 the affected water carrier or water carriers ~~[affected thereby]~~

1 a statement in writing of its reasons therefor, may suspend the
2 operation of the schedule and defer the use of the rate, fare,
3 or charge[~~τ~~] or the rule, regulation, or practice. From the
4 date of ordering a hearing to investigate the lawfulness of the
5 rate, fare, or charge, the commission shall have up to six
6 months to complete its investigation. If the commission fails
7 to issue a final order within the six-month period then the
8 changes proposed by the water carrier shall go into effect. At
9 any hearing involving a change in a rate, fare, charge, or
10 classification[~~τ~~] or in a rule, regulation, or practice, the
11 burden of proof shall be upon the water carrier to show that the
12 proposed changed rate, fare, charge, classification, rule,
13 regulation, or practice[~~τ~~] is just and reasonable.

14 (e) When a rate increase application is filed, the
15 commission may in its discretion and after public notice, and
16 upon showing by a water carrier of probable entitlement and
17 financial need, authorize temporary increases in rates, fares,
18 and charges; provided that the commission shall by order require
19 the water carrier to keep accurate account in detail of all
20 amounts received by reason of [~~such~~] the increase, specifying by
21 whom and in whose behalf [~~such~~] the amounts are paid, and upon

1 completion of the hearing and decision by further order require
2 the interested carrier to refund, with interest, to the persons
3 in whose behalf [~~such~~] the amounts were paid, [~~such~~] the portion
4 of [~~such~~] the increased rates or charges by its decision shall
5 be found not justified. The interest to be paid shall be the
6 rate of return authorized in the last general rate case
7 proceedings.

8 (f) Notwithstanding subsections (a) through (e), any
9 request to establish an automatic adjustment mechanism made by a
10 water carrier shall be submitted as a forty-five-day tariff
11 transmittal filing or as part of a general rate case
12 application.

13 (g) Notwithstanding any provision of this chapter or any
14 law, decision, order, or rule to the contrary, the commission,
15 upon the application of a water carrier, may waive or exempt a
16 water carrier from any or all requirements of this chapter or
17 any applicable decision, order, rule, or other law upon a
18 determination or demonstration that any requirement or
19 requirements should not be applied to water carriers or are
20 otherwise unjust, unreasonable, or not in the public interest."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2026, and
4 shall be repealed on July 1, 2033; provided that sections 271G-5
5 and 271G-17, Hawaii Revised Statutes, shall be reenacted in the
6 form in which they read on the day before the effective date of
7 this Act.



Report Title:

PUC; Water Carriers; Tariffs; Water Carrier Inflationary Cost Index; Automatic Adjustment Mechanism; Rate Adjustments

Description:

Requires the Public Utilities Commission to establish automatic adjustment mechanisms to address economic factors sua sponte or on application by a water carrier. Requires the Public Utilities Commission to establish a water carrier inflationary cost index automatic adjustment mechanism. Beginning 7/1/2026, through 6/30/2029, requires the Public Utilities Commission to apply automatic adjustment mechanisms. Beginning 7/1/2029, through 6/30/2033, authorizes the Public Utilities Commission to apply automatic adjustment mechanisms. Authorizes the Public Utilities Commission to waive or exempt any water carrier from any requirement under the Hawaii Water Carrier Act. Sunsets 7/1/2033. (CD1)

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