

Honolulu, Hawaii

FEB 18 , 2026

RE: H.B. No. 2244

H.D. 1

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

Madame:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2244 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify that performance-based incentives include revenue adjustment mechanisms, cost-control mechanisms, and rewards and penalties tied to utility performance;
- (2) Authorize the Public Utilities Commission to adopt alternative ratemaking procedures to establish electric utility rates and performance-based incentives; and
- (3) Require the Commission to apply a presumption in favor of using historical cost trends and external indices that encourage cost control when resetting an electric utility's allowed revenues based on costs.

Your Committee received testimony in support of this measure from Ulupono Initiative and Earthjustice. Your Committee received comments on this measure from the Department of Commerce and



Consumer Affairs; Public Utilities Commission; Life of the Land;
and Hawaiian Electric.

Your Committee finds that the Hawaii Ratepayer Protection Act was enacted in 2018 to transition electric utilities away from a traditional cost-of-service model that directly linked utility revenues to investment levels and toward a performance-based model that aligns utility incentives with customer interests. Your Committee further finds that recent Public Utilities Commission actions create uncertainty about continued adherence to performance-based regulation, raising concerns that the Commission would enable a utility's allowed revenues to be reset using projected increased costs to boost profits, rather than historical costs. This measure provides clarification to ensure the Commission maintains a performance-based framework that promotes cost control and protects ratepayers.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2244, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2244, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



NICOLE E. LOWEN, Chair



