

STAND. COM. REP. NO. **2258**

Honolulu, Hawaii

FEB 13 2026

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

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

Sir:

Your Committees on Commerce and Consumer Protection and Energy and Intergovernmental Affairs, to which was referred S.B. No. 2487 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify the meaning of "performance-based incentives" in relation to the regulation of electric utility rates;
- (2) Authorize the Public Utilities Commission to adopt alternative ratemaking procedures; and
- (3) Require the Public Utilities Commission to apply a presumption to favor historical costs rather than projected costs when considering requests to re-base rates.

Your Committees received testimony in support of this measure from Ulupono Initiative, Earthjustice, and Hawaii Clean Power Alliance.



Your Committees received comments on this measure from the Public Utilities Commission, Department of Commerce and Consumer Affairs Division of Consumer Advocacy, and Hawaiian Electric.

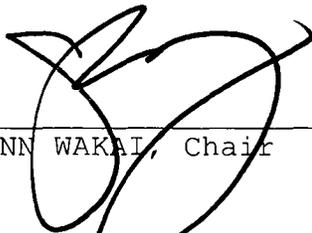
Your Committees find that Act 5, Session Laws of Hawaii 2018 (Act 5), established a performance-based model for utility regulation and ratemaking for a five-year period, transitioning utility regulation in the State away from a traditional cost-of-service model. Your Committees further find that the 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 reaffirm the basic principles of performance-based ratemaking and provide the Public Utilities Commission with the discretion to advance the original intent of Act 5 and ensure the performance-based model delivers efficiency and value for consumers.

Your Committees have amended this measure by:

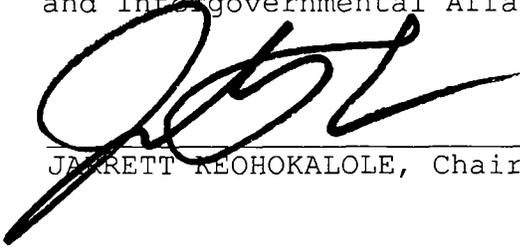
- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Energy and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2487, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2487, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Commerce and Consumer Protection and Energy and Intergovernmental Affairs,



GLENN WAKAI, Chair



JARRETT KEOHOKALOOLE, Chair

The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Energy and Intergovernmental Affairs
EIG

Bill / Resolution No.:* SB 2087	Committee Referral: CPN/EIG, WAM	Date: 2/4/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
FEVELLA, Kurt	✓			
TOTAL	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-size: 2em; margin-top: 10px;">  </div>				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes