

STAND. COM. REP. NO. 2861

Honolulu, Hawaii

MAR 05 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 Committee on Ways and Means, to which was referred S.B. No. 2487, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to ensure that electric utility rates remain performance-based, rather than returning to cost-based ratemaking that could raise customer costs.

More specifically, this measure:

- (1) Clarifies that, for electric utilities, "performance-based incentives" include revenue adjustment mechanisms, cost control mechanisms, rewards for superior performance, and penalties for subpar performance;
- (2) Confirms that the Public Utilities Commission may adopt alternative ratemaking procedures to establish electric utility rates and performance-based incentives; and
- (3) Requires the 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 received written comments in support of this measure from Earthjustice and Ulupono Initiative.

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

Your Committee finds that Act 5, Session Laws of Hawaii 2018, known as the Hawaii Ratepayer Protection Act, established a performance-based framework to align electric utility incentives with the interests of customers by linking revenues to performance outcomes rather than capital expenditures. Your Committee also finds that recent actions by the Public Utilities Commission have raised concerns about a return to traditional cost-plus ratemaking, contrary to the intent of the Hawaii Ratepayer Protection Act. Your Committee further finds that this measure is intended to clarify the Legislature's intent regarding utility ratemaking methods and to provide additional guidance to support the consistent implementation of performance-based regulation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2487, S.D. 1, and recommends that it pass Third Reading.

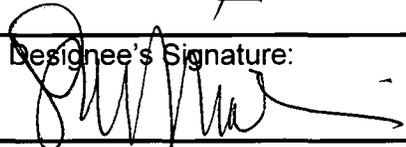
Respectfully submitted on behalf of the members of the Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2487, SDI	CPN/EIG, WAM	3/3/2026		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
RICHARDS, III, Herbert M. "Tim"	X			
WAKAI, Glenn	X			
FEVELLA, Kurt				X
TOTAL	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes