

ACT 277

S.B. NO. 1500

A Bill for an Act Relating to Electric Utilities.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the health and welfare of the residents of the State depend largely on residents' abilities to access reliable and reasonably priced electric utility services. The public utilities commission is tasked with regulating public utilities in the State, including the provision of electric services.

The legislature notes that the financial condition of an electric utility is essential to its ability to render services to its customers. It is widely recognized that public utilities must be fit, willing, and able to properly perform the services offered and conform to the terms, conditions, and rules set forth by the public utilities commission.

The legislature further finds that recent events have threatened the financial well-being of a certain investor-owned electric utility in the State, thereby potentially threatening the well-being of the public, specifically their health, safety, welfare, and economic viability.

The legislature also finds that the State's largest investor-owned electric utility has undercapitalized its wildfire mitigation investments, upgrades, and modernization of its distribution and transmission grid infrastructure and generation facilities.

Although existing law provides the public utilities commission with the authority to appoint a receiver to operate a failed or failing regulated water or sewer utility if it ceases to operate or operates on a substandard or unacceptable level, existing law does not contain express authority for the commission to act on behalf of an electric utility's customers if the utility experiences an urgent, serious, and imminent threat to its ability to provide adequate services.

To ensure that the public utilities commission has the necessary authority to take proactive measures on behalf of customers when an investor-owned electric utility fails to provide adequate and reasonable service to its customers or creates a serious and imminent threat to the health and welfare of its customers, the legislature believes that the commission should have the power to appoint a receiver to ensure that electric services are continued or brought back up to appropriate standards.

The legislature further notes that the goal of a receivership is to protect a troubled company and to help the company return to profitability, thereby allowing it to thrive when the receivership period ends. An appointed receiver can also ensure that employees are compensated during the protected period and that operations continue to comply with government regulations and standards.

Accordingly, the purpose of this Act is to authorize the public utilities commission to appoint a receiver to take temporary action, should the commission find it necessary, to assure continued adequate electric services from a failing investor-owned electric utility.

SECTION 2. Section 269-14.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Whenever the commission finds that a regulated water utility, regulated investor-owned electric utility, or regulated sewer utility is failing, or that there is an imminent threat of the utility failing, to provide adequate and reasonable service to its customers, and that the failure is a serious and imminent threat to health, safety, and welfare, the commission may appoint a receiver to take any temporary action necessary to assure continued service or to bring the service up to appropriate regulatory standards. The commission may also appoint a receiver to take any temporary action necessary to assure continued service if, after notice and hearing, the commission finds that any water, electric, or sewer utility regulated under this chapter consistently fails to provide adequate and reasonable service. In carrying out its responsibilities, the receiver and any additional outside legal counsel, consultants, or staff the commission or receiver may deem necessary under the circumstances, shall have the authority to gain access to all of the utility company assets and records and to manage those assets in a manner that will restore or maintain an acceptable level of service to customers. The receiver shall be authorized to expend existing utility company revenues for labor and materials and to commit additional resources as are essential to providing an acceptable level of

service. ~~[These]~~ The appointed receiver shall recognize and maintain the terms and conditions of any existing collective bargaining agreement at the time of and throughout receivership and shall not induce or cause a reduction in force, or terminate a covered employee, other than for a cause consistent with any collective bargaining agreement. Any expenditures shall be funded in accordance with generally accepted ratemaking practices. Any costs incurred by the commission, its staff, or the appointed receiver under this section shall be the responsibility of the utility in receivership or its ratepayers. Control of and responsibility for the utility shall remain with the receiver until the utility can be returned to the original owners, transferred to new owners, or liquidated as the commission determines to be in the public interest.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved July 2, 2025.)