
A BILL FOR AN ACT

RELATING TO PUBLIC UTILITIES.

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

1 SECTION 1. The legislature finds that the health and
2 welfare of the State's citizens depend in large part on their
3 ability to access essential water and sewer services. The state
4 public utilities commission regulates water and sewer services
5 provided by private companies, but not those same services as
6 provided by the counties. To better ensure that the commission
7 has all the necessary authority to take proactive measures on
8 behalf of customers when a regulated water or sewer utility
9 either fails to provide adequate and reasonable service to its
10 customers, or fails in such a way that there is serious and
11 imminent threat to the health and welfare of its customers, the
12 legislature believes that the commission should have the power
13 to appoint a receiver to ensure that utility services are
14 continued or brought back up to appropriate standards.

15 The purpose of this Act is to provide the public utilities
16 commission with authority to appoint a receiver to take such



1 temporary action as is necessary to assure continued adequate
2 water or sewer service.

3 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§269- Appointment of receiver for public utilities.

7 (a) Whenever the commission finds that a regulated private
8 water utility or regulated private sewer utility is failing, or
9 that there is an imminent threat of the utility failing, to
10 provide adequate and reasonable service to its customers, and
11 that such failure is a serious and imminent threat to the
12 health, safety, and welfare of those customers of the utility,
13 the commission may appoint a receiver to take such temporary
14 action as is necessary to assure continued service, or to bring
15 the service up to appropriate regulatory standards. The
16 commission may also appoint a receiver to take such temporary
17 action as is necessary to assure continued service if, after
18 notice and hearing, the commission finds that any private water
19 or any private sewer utility regulated under this chapter is
20 consistently failing to provide adequate and reasonable service.
21 In carrying out its responsibilities, the receiver, and any
22 additional outside legal counsel, consultants, or staff the



1 commission or receiver may deem necessary under the
2 circumstances, shall have the authority to gain access to all of
3 the company utility assets and records, and to manage those
4 assets in a manner that will restore or maintain an acceptable
5 level of service to customers. The receiver shall be authorized
6 to expend existing company utility revenues for labor and
7 materials and to commit additional expenditures as are essential
8 to providing an acceptable level of service, such expenditures
9 to be funded in accordance with generally accepted ratemaking
10 practices. Any costs incurred by the commission, its staff, or
11 the appointed receiver under this section shall be the
12 responsibility of the utility in receivership or its ratepayers.
13 Control of and responsibility for the utility shall remain in
14 the receiver until the utility can, in the best interests of its
15 customers, be returned to the original owners, transferred to
16 new owners, or liquidated, whichever the commission may
17 determine to be in the public interest.

18 (b) If the commission determines that the utility's
19 action, or inaction, that caused it to be placed under the
20 control and responsibility of a receiver under this section, was
21 due to intentional misappropriation or wrongful diversion of the
22 assets or income of such utility or to other wilful misconduct



1 by any director, officer, or manager of the utility, it may
2 require such director, officer, or manager to make restitution
3 to the utility."

4 SECTION 3. New statutory material is underscored.

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



Report Title:

Utilities; Receivership

Description:

Guarantees the operation of water and sewer services to Hawaii residents by allowing the Public Utility Commission to take necessary action and appoint receivers whenever regulated public utilities fail to provide adequate and reasonable service.

(HB1061 HD1)

