



GOV. MSG. NO. **1201**

EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

May 10, 2012

The Honorable Shan Tsutsui, President  
and Members of the Senate  
Twenty-Sixth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

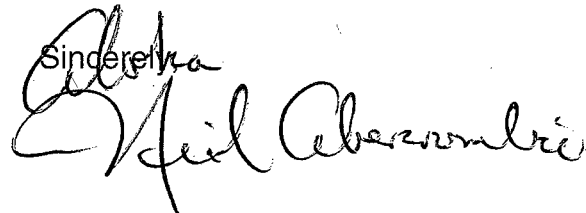
The Honorable Calvin Say, Speaker  
and Members of the House  
Twenty-Sixth State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on May 10, 2012, the following bill was signed into law:

HB425 HD3 SD2

RELATING TO PUBLIC UTILITIES.  
**Act 099 (12)**

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

Approved by the Governor

ORIGINAL

MAY 10 2012

on \_\_\_\_\_

HOUSE OF REPRESENTATIVES  
TWENTY-SIXTH LEGISLATURE, 2011  
STATE OF HAWAII

ACT 05  
H.B. NO. 425  
H.D. 3  
S.D. 2

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## 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 in trying to  
2 transition to a clean energy economy by 2030, much focus is  
3 being placed on meeting the renewable portfolio standards  
4 mandate. However, unless there are major technological  
5 breakthroughs, it is anticipated that in 2030, sixty per cent of  
6 electricity generation will come from fossil fuels. During the  
7 past year, the high cost of oil has severely impacted  
8 electricity ratepayers. Achieving a clean energy economy  
9 requires a multi-pronged approach, being aggressive in the  
10 development of renewable energy resources, promoting energy  
11 efficiency, and minimizing the use and cost of energy generated  
12 from fossil fuels.

13           The purpose of this Act is to direct the public utilities  
14 commission, in performing its general powers and duties, to  
15 consider the need for a diverse portfolio of fossil fuel  
16 resources and to maximize the efficiency of utility generation  
17 assets to mitigate supply disruptions and cost impacts on  
18 electricity ratepayers.

2012-1921 HB425 SD2 SMA.doc



1 SECTION 2. Section 269-6, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "§269-6 General powers and duties. (a) The public  
4 utilities commission shall have the general supervision  
5 hereinafter set forth over all public utilities, and shall  
6 perform the duties and exercise the powers imposed or conferred  
7 upon it by this chapter. Included among the general powers of  
8 the commission is the authority to adopt rules pursuant to  
9 chapter 91 necessary for the purposes of this chapter.

10 (b) The public utilities commission shall consider the  
11 need to reduce the State's reliance on fossil fuels through  
12 energy efficiency and increased renewable energy generation in  
13 exercising its authority and duties under this chapter. In  
14 making determinations of the reasonableness of the costs of  
15 utility system capital improvements and operations, the  
16 commission shall explicitly consider, quantitatively or  
17 qualitatively, the effect of the State's reliance on fossil  
18 fuels on price volatility, export of funds for fuel imports,  
19 fuel supply reliability risk, and greenhouse gas emissions. The  
20 commission may determine that short-term costs or direct costs  
21 that are higher than alternatives relying more heavily on fossil



1 fuels are reasonable, considering the impacts resulting from the  
2 use of fossil fuels.

3 (c) In exercising its authority and duties under this  
4 chapter, the public utilities commission shall consider the  
5 costs and benefits of a diverse fossil fuel portfolio and of  
6 maximizing the efficiency of all electric utility assets to  
7 lower and stabilize the cost of electricity. Nothing in this  
8 section shall subvert the obligation of electric utilities to  
9 meet the renewable portfolio standards set forth in section  
10 269-92.

11 [~~e~~] (d) The chairperson of the commission may appoint a  
12 hearings officer, who shall not be subject to chapter 76, to  
13 hear and recommend decisions in any proceeding before it other  
14 than a proceeding involving the rates or any other matters  
15 covered in the tariffs filed by the public utilities. The  
16 hearings officer shall have the power to take testimony, make  
17 findings of fact and conclusions of law, and recommend a  
18 decision; provided that the findings of [~~act,~~] fact, the  
19 conclusions of law, and the recommended decision shall be  
20 reviewed and may be approved by the commission after notice to  
21 the parties and an opportunity to be heard. The hearings

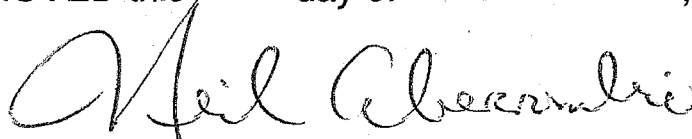


1 officer shall have all of the above powers conferred upon the  
2 public utilities commission under section 269-10."

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

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

APPROVED this 10 day of MAY, 2012



GOVERNOR OF THE STATE OF HAWAII

