

Honolulu, Hawaii

MAR 23 2012

RE: H.B. No. 425
H.D. 3
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Energy and Environment, to which was referred H.B. No. 425, H.D. 3, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to lower and stabilize electricity costs by requiring the Public Utilities Commission, in exercising its authority and duties, to:

- (1) Consider the need for a diverse fuel portfolio; and
- (2) Maximize the efficiency of electric utility assets.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Public Utilities Commission; and Sierra Club.

Your Committee finds that mitigating the impact of the price volatility of fossil fuel will lower and stabilize electricity prices. Price volatility for fossil fuels, such as heavy low sulfur fuel oil and diesel, contributes to the high cost of energy in Hawaii. Your Committee also finds that this measure proposes a strategy aimed at stabilizing energy costs in Hawaii.

Your Committee has amended this measure by:

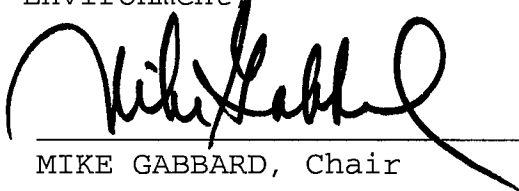
- (1) Deleting the purpose section of the measure;



- (2) Clarifying that the Public Utilities Commission is required to consider the costs and benefits of a diverse energy portfolio, rather than a diverse fuel portfolio; and
- (3) Changing the effective date to upon approval.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 425, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 425, H.D. 3, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment



MIKE GABBARD, Chair



