

FEB 20 2013

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# SENATE CONCURRENT RESOLUTION

REQUESTING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH A  
STRANDED COST RECOVERY MECHANISM TO ENCOURAGE THE  
ACCELERATED RETIREMENT OF ELECTRIC UTILITY FOSSIL FUEL  
ELECTRIC GENERATION PLANTS.

1           WHEREAS, fossil fuel electric generation plants use non-  
2 renewable resources that will ultimately be exhausted; and  
3

4           WHEREAS, oil is probably the most used fossil fuel for  
5 electric power generation, but oil prices are constantly rising;  
6 and  
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8           WHEREAS, it has been reported that the overall efficiency  
9 of a modern fossil fuel electric generation plant is about forty  
10 percent, meaning that sixty percent of the energy input to the  
11 system is wasted; and  
12

13           WHEREAS, efficiencies may be as low as thirty percent in  
14 some older plants; and  
15

16           WHEREAS, the fossil fuel plant combustion process is  
17 notorious for its potential to release unpleasant gases and  
18 solids into the atmosphere; and  
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20           WHEREAS, fossil fuels may contain uncontrolled amounts of  
21 other elements and compounds, which may be left as residues when  
22 the fuel is burned. The combustion process itself can create  
23 noxious gases from the fuel or from impurities; and  
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25           WHEREAS, another unavoidable consequence of burning fossil  
26 fuel is that the process generates greenhouse gases, including  
27 carbon dioxide, sulphur dioxide, and methane, all of which  
28 contribute to global warming; and  
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30           WHEREAS, the State must find alternative ways of generating  
31 electricity to eliminate threats to the environment; however,



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1 electric utilities may have financial difficulties in retiring  
 2 these fossil fuel plants due to the fact that shutting down the  
 3 plant without a plan for cost recovery of investments in that  
 4 plant means that those costs usually cannot be made up; and

5  
 6 WHEREAS, these utility stranded costs can also occur when  
 7 customers reduce their purchases of electricity in order to save  
 8 costs or when a utility is left with plant operating costs that  
 9 are higher than the charge for utility service but the utility  
 10 is still obligated as a monopoly to continue to produce  
 11 electricity and cannot raise its rates without prior approval in  
 12 a regulated monopoly system, which leaves that utility with a  
 13 stranded cost; and

14  
 15 WHEREAS, in exchange for monopoly status and assured  
 16 profits, utilities have historically had an obligation to serve  
 17 a customer even though such investments would take long periods  
 18 to amortize; and

19  
 20 WHEREAS, utilities need a means of recovering stranded  
 21 costs due to early retirement of power plants for the purpose of  
 22 switching power source from fossil to renewable fuels; now,  
 23 therefore,

24  
 25 BE IT RESOLVED by the Senate of the Twenty-seventh  
 26 Legislature of the State of Hawaii, Regular Session of 2013, the  
 27 House of Representatives concurring, that this body requests the  
 28 Public Utilities Commission to establish a stranded cost  
 29 recovery mechanism to encourage the accelerated retirement of  
 30 electric utility fossil fuel electric generation plants; and

31  
 32 BE IT FURTHER RESOLVED that a certified copy of this  
 33 Concurrent Resolution be transmitted to the Public Utilities  
 34 Commission.

35  
 36  
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OFFERED BY: Malena [Signature]

