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# SENATE CONCURRENT RESOLUTION

REQUESTING THE PUBLIC UTILITIES COMMISSION TO CONSIDER WHETHER STRANDED COSTS ARE A SIGNIFICANT FACTOR IN THE ELECTRIC UTILITIES' FAILURE TO RETIRE OLD, OIL-FIRED GENERATION PLANTS AND ANY APPROPRIATE MEASURES THAT WOULD ENCOURAGE ELECTRIC UTILITIES TO RETIRE OLD, OIL-FIRED GENERATION PLANTS AND THE POTENTIAL IMPACT THIS WOULD HAVE ON RATEPAYERS.

1           WHEREAS, fossil fuel electric generation plants use non-  
2 renewable resources that will ultimately be exhausted; and  
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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  
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13           WHEREAS, efficiencies may be as low as thirty percent in  
14 some older plants; and  
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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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2 WHEREAS, the State must find alternative ways of generating  
3 electricity to eliminate threats to the environment; however,  
4 electric utilities may have financial difficulties in retiring  
5 these fossil fuel plants due to the fact that shutting down the  
6 plant without a plan for cost recovery of investments in that  
7 plant means that those costs usually cannot be made up; and  
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9 WHEREAS, these utility stranded costs can also occur when  
10 customers reduce their purchases of electricity in order to save  
11 costs or when a utility is left with plant operating costs that  
12 are higher than the charge for utility service but the utility  
13 is still obligated as a monopoly to continue to produce  
14 electricity and cannot raise its rates without prior approval in  
15 a regulated monopoly system, which leaves that utility with a  
16 stranded cost; and  
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18 WHEREAS, in exchange for monopoly status and assured  
19 profits, utilities have historically had an obligation to serve  
20 a customer even though such investments would take long periods  
21 to amortize; and  
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23 WHEREAS, utilities need a means of recovering stranded  
24 costs due to early retirement of power plants for the purpose of  
25 switching the power source from fossil fuels to renewable fuels;  
26 now, therefore,  
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28 BE IT RESOLVED by the Senate of the Twenty-seventh  
29 Legislature of the State of Hawaii, Regular Session of 2013, the  
30 House of Representatives concurring, that this body requests the  
31 Public Utilities Commission to take into consideration:  
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- 33 (1) Whether stranded costs are a significant factor in the  
34 electric utilities' failure to retire their old, oil-  
35 fired generation plants; and  
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- 37 (2) Any appropriate measures that would encourage the  
38 electric utilities to retire old, oil-fired generation  
39 plants and the potential impact this would have on  
40 ratepayers; and  
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42 BE IT FURTHER RESOLVED that a certified copy of this  
43 Concurrent Resolution be transmitted to the Public Utilities  
44 Commission.

