

Honolulu, Hawaii
February 8, 2016

RE: H.B. No. 2649
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2649 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure is to protect ratepayers from potentially unnecessary additional costs by requiring that electric utility rates are considered just and reasonable only if the rates are derived from an earnings impact mechanism developed by the public utilities commission.

The Blue Planet Foundation, Distributed Energy Resources Council of Hawaii, The Alliance for Solar Choice, and several concerned individuals supported this measure. Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company opposed the measure. The Public Utilities Commission submitted comments.

Your Committee has amended this measure by:

- (1) Deleting language that would have amended statutory requirements for ratemaking procedures by requiring derivation of rates from an earnings impact mechanism; and



- (2) Adding a new statutory section requiring the Public Utilities Commission to establish on or before January 1, 2020, performance incentive mechanisms that directly tie electric utility revenues to the utility's achievement on performance metrics.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2649, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2649, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



CHRIS LEE, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSCR 76-16

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB 2649	Committee Referral: EEP, CPC, FIN	Date: 2/4/16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LEE, Chris (C)	/			
2. LOWEN, Nicole E. (VC)	/			
3. CULLEN, Ty J.K.	/			
4. EVANS, Cindy	/			
5. ING, Kaniela	/			
6. NISHIMOTO, Scott Y.	/			
7. SAY, Calvin K.Y.	/			
8. YAMANE, Ryan I.	/			
9. POUHA, Feki	/			
10. THIELEN, Cynthia	/			
TOTAL (10)	0	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u>Nicole E. Lowen</u>				
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