
A BILL FOR AN ACT

RELATING TO ENERGY RATES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii residents pay
2 the highest electricity rates in the United States, which
3 greatly increases the cost of living and disproportionately
4 impacts vulnerable customers who need affordable access to basic
5 electricity usage. The legislature further finds that the
6 energy market is rapidly evolving, with innovative renewable
7 technologies displacing older fossil fuel generation. While
8 Hawaii has made progress in lowering overall costs, saving over
9 a quarter-billion dollars for consumers by becoming more
10 efficient and shifting to renewable energy that is cleaner,
11 cheaper, and less price volatile, more action is necessary to
12 ensure all Hawaii residents can benefit through this energy
13 market transformation, and to ensure lower income residents will
14 not be left behind.

15 The legislature finds that by offering ratepayers tiered
16 rates that encourage energy savings and energy efficiency,
17 ratepayers can be given an incentive to reduce the overall load



1 on the electric grid, lowering costs for all ratepayers by
2 avoiding the need to burn additional fuel or build additional
3 grid upgrades that the utility will pass on to ratepayers.
4 However, while tiered rate schedules currently exist, they are
5 not structured to meaningfully assist ratepayers and are not
6 apparent on ratepayer utility bills and must be restructured to
7 achieve these goals.

8 The legislature further finds that low-income households,
9 some multi-family households, as well as others who may require
10 powered medical equipment, may endure special hardship that
11 warrants lower rates. Those customers must be able to obtain
12 electricity at an affordable cost while still encouraging energy
13 conservation.

14 The legislature further finds that the current public
15 benefits fee of up to 2.5 per cent on all electric bills has
16 been used to fund energy efficiency programs in households and
17 businesses around the State. The investments made since the
18 program's inception are projected to save over \$1,000,000,000
19 for consumers in Hawaii over the lifetime of the investments.
20 However, the public benefits fee is a regressive mechanism, as
21 the assessment of the fee on low-income households can be a



1 significantly greater share of overall income for these
2 households compared to high-income households consuming the same
3 amount of power.

4 The legislature further finds that ratepayers and taxpayers
5 are currently exposed to additional unanticipated costs as swift
6 changes in the energy market can mean equally swift changes and
7 disruption for thousands of workers in the energy industry
8 around the State. Hundreds of workers could be displaced by the
9 replacement of a single power plant, creating economic chaos and
10 uncertainty that utilities have not appropriately planned for.
11 The legislature finds that preparing for and assisting workers
12 through this transition can avoid the need for millions of
13 dollars in future emergency appropriations born by ratepayers
14 and taxpayers to address sudden layoffs.

15 The purpose of this Act is to:

- 16 (1) Establish a tiered rate structure to meaningfully
17 encourage overall energy savings;
- 18 (2) Lift the burden on low-income households and others
19 who need the most help;
- 20 (3) Reform the public benefits fee to lift the burden on
21 those who can least afford it;



1 (4) Direct the public benefits fund to prioritize the
2 needs of disadvantaged and vulnerable customers in its
3 programs; and

4 (5) Prepare to assist utility workers when a disruptive
5 transition in energy technology occurs.

6 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
7 amended by adding a new section to part I to be appropriately
8 designated and to read as follows:

9 "§269- Tiered energy savings rates for electric
10 utilities. (a) Notwithstanding section 269-16 or any other law
11 to the contrary, the public utilities commission shall
12 incorporate into electricity rate schedules tiered rates based
13 upon consumption that meaningfully encourages energy savings and
14 energy efficiency with a goal of reducing overall costs for
15 middle- and low-income ratepayers.

16 (b) The public utilities commission shall allow a
17 discounted rate for electric utilities that shall apply to low-
18 income ratepayers or for any other hardship as determined by the
19 commission.

20 (c) The public utilities commission shall ensure that
21 utility bills contain the appropriate information and clearly



1 inform ratepayers of their consumption relative to the tiered
2 rate schedule pursuant to the goals of subsection (a).

3 (d) Nothing in this section shall prevent the utility from
4 earning a fair return as determined by the public utilities
5 commission.

6 (e) The public utilities commission may adopt rules
7 pursuant to chapter 91 to effectuate the purposes of this
8 section; provided that such rules shall contain the procedures
9 by which the department of taxation verifies income pursuant to
10 subsection(b) ."

11 SECTION 3. Section 231-18, Hawaii Revised Statutes, is
12 amended to read as follows:

13 **"§231-18 Tax and other officials permitted to inspect**
14 **returns; reciprocal provisions.** Notwithstanding the provisions
15 of any law making it unlawful for any person, officer, or
16 employee of the State to make known information imparted by any
17 tax return or permit any tax return to be seen or examined by
18 any person, it shall be lawful to:

19 (1) Permit a duly accredited tax official of the United
20 States, any state or territory, any county of this



1 State, or the Multistate Tax Commission to inspect any
2 tax return of any taxpayer;

3 (2) Furnish to an official, commission, or the authorized
4 representative thereof an abstract of the return or
5 supply the official, commission, or the authorized
6 representative thereof with information concerning any
7 item contained in the return or disclosed by the
8 report of any investigation of the return or of the
9 subject matter of the return for tax purposes only;

10 [~~e~~]

11 (3) Provide tax return information to the auditor pursuant
12 to section 23-5(a) [~~-~~]; or

13 (4) Provide tax return information to the public utilities
14 commission pursuant to section 269- .

15 The Multistate Tax Commission may make the information available
16 to a duly accredited tax official of the United States, any
17 state or territory, or the authorized representative thereof,
18 for tax purposes only."

19 SECTION 4. Section 235-116, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§235-116 Disclosure of returns unlawful; penalty. All
 2 tax returns and return information required to be filed under
 3 this chapter shall be confidential, including any copy of any
 4 portion of a federal return that may be attached to a state tax
 5 return, or any information reflected in the copy of the federal
 6 return. It shall be unlawful for any person, or any officer or
 7 employee of the State, including:

8 (1) ~~[the]~~ The auditor or the auditor's agent with regard
 9 to tax return information obtained pursuant to section
 10 23-5(a) [~~7~~]; and

11 (2) The public utilities commission or the public
 12 utilities commission's agent with regard to tax return
 13 information obtained pursuant to section 269- ,

14 to make known intentionally information imparted by any income
 15 tax return or estimate made under sections 235-92, 235-94, 235-
 16 95, and 235-97 or wilfully to permit any income tax return or
 17 estimate so made or copy thereof to be seen or examined by any
 18 person other than the taxpayer or the taxpayer's authorized
 19 agent, persons duly authorized by the State in connection with
 20 their official duties, the Multistate Tax Commission or the
 21 authorized representative thereof, except as otherwise provided



1 by law. Any offense against the foregoing provisions shall be
2 punishable as a class C felony."

3 SECTION 5. Section 269-121, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§269-121 Public benefits fee authorization.** (a) The
6 public utilities commission, by order or rule, may require that
7 all or a portion of the moneys collected by Hawaii's electric
8 utilities from its ratepayers through a demand-side management
9 surcharge be transferred to a third-party administrator
10 contracted by the public utilities commission. The moneys
11 transferred shall be known as the public benefits fee.

12 (b) The public benefits fee shall be assessed in a manner
13 that reflects the intent of section 269- .

14 [~~(b)~~] (c) The public benefits fee shall be used [~~to~~
15 ~~support clean energy technology, demand response technology, and~~
16 ~~energy use reduction, and demand side management infrastructure,~~
17 ~~programs, and services, subject to the review and approval of~~
18 ~~the public utilities commission.~~] for the following purposes,
19 subject to review and approval by the public utilities
20 commission:



- 1 (1) For energy efficiency advancement, with a priority
2 given to middle- and low-income ratepayers;
- 3 (2) For the advancement and adoption of clean energy
4 technologies such as distributed energy resources and
5 energy storage contributing to demand response and
6 other programs that can help lower overall costs on
7 the electric grid, with a priority given to middle-
8 and low-income ratepayers; and
- 9 (3) For emergency energy workforce retraining and
10 transition programs; provided that the public
11 utilities commission may require any utility to
12 contribute to those programs; provided further that
13 this shall not interfere with or count toward
14 negotiated benefits or programs between any employee
15 or union subject to this section and their employer.

16 These moneys shall not be available to meet any current or past
17 general obligations of the State; provided that the State may
18 participate in any clean energy technology, demand response
19 technology, or energy use reduction, and demand-side management
20 infrastructure, programs, and services on the same basis as any
21 other electric consumer.



1 For the purpose of this subsection, "clean energy
2 technology" means any commercially available technology that
3 enables the State to meet the renewable portfolio standards,
4 established pursuant to section 269-92, or the energy-efficiency
5 portfolio standards, established pursuant to section 269-96, and
6 approved by the public utilities commission by rule or order.

7 [~~e~~] (d) Nothing in this section shall create or be
8 construed to cause the public benefits fee to be considered
9 state or public moneys subject to appropriation by the
10 legislature or be required to be deposited into the state
11 treasury."

12 SECTION 6. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 7. This Act shall take effect on July 1, 2017.



Report Title:

Energy Rates; Public Utilities; Public Benefits Fee

Description:

Requires the Public Utilities Commission to establish a tiered energy savings rate structure for customers of electric utilities. Allows the Commission to establish discounted rates for low-income customers of electric utilities. Reforms the public benefits fee. Allows the fee to be used to benefit energy efficiency advancement for low- and middle-income ratepayers and for emergency energy workforce retraining and transition programs. Authorizes the department of taxation to disclose tax return information to the public utilities commission in accordance with the purposes of this Act and applies penalties for intentional disclosure of the tax return information. (HB1574 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

