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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 5:27 PM
To: AGRtestimony
Cc: acefarm@hawaii.rr.com
Subject: Submitted testimony for HB1148 on Jan 31, 2013 09:00AM



HB1148

Submitted on: 1/30/2013

Testimony for AGR on Jan 31, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Annette Lee	Individual	Support	No

Comments: I strongly support HB1148. Agriculture relies on low costs to offer our products at lower rates to customers and this would help us accomplish this.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Waimanalo Agricultural Association

January 31, 2013

LATE

Rep. Jessica Wooley
Chair, Committee on Agriculture
Hawaii State Capitol, Room 441
Honolulu, HI 96813

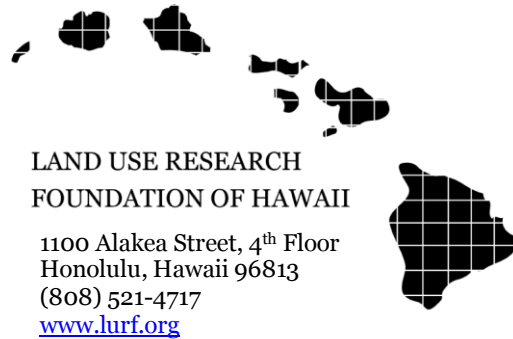
Dear Rep. Wooley,

RE: Support for HB1148

The Waimanalo Agricultural Association strongly supports HB1148. This bill would greatly help our farming community by giving a special electricity rate for ag related activities. We appreciate any assistance our state can give us to keep our expenses low so we can continue to offer the public the best possible prices on commodities.

Mahalo,

Clifford Migita
President WAA



January 31, 2012

Representative Jessica Wooley, Chair
Representative Richard H.K. Onishi, Vice Chair
House Committee on Agriculture

Comments and support of HB 1148 Relating to Public Utilities (Requires PUC to establish preferential rates for the purchase of energy that is used or consumed for agricultural activities.)

Thursday, January 31, 2012, 9:00 a.m., in CR 312

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to express its **comments and support of HB 1148**, and to offer encouragement to the various agricultural stakeholder groups who defend the goals of viable agricultural operations, and the conservation and protection of important agricultural lands (IAL) in Hawaii. Preferential energy rates for agricultural activities may also require the adjustment of energy rates for other ratepayers. The bill conveys the need for collaboration amongst diverse sectors of the community – the general public, business, government, and agricultural stakeholders - and the importance for them to work together cooperatively to implement agricultural incentives in order to attain results which may prove beneficial and significant to all parties.

In strong support of the use of agricultural lands for purposes allowed under state and county laws and ordinances, LURF has partnered with the Hawaii Farm Bureau Federation (HFBF) and other agricultural stakeholders to pass the IAL legislation, which provides for the voluntary and government designation of IAL, loans for qualified agricultural expenses and other incentives to support productive and sustainable farming operations on agricultural lands. LURF and HFBF have also supported legislation to provide irrigation water and other incentives to agricultural lands and farmers.

HB 1148. This bill requires the Public Utilities Commission ("PUC") to establish preferential rates for the purchase of energy that is used or consumed for agricultural activities. In reviewing the proposed preferential rates, the PUC, in consultation with the Department of Agriculture, may establish additional criteria for energy used for agricultural activities.

LURF's Position. The purpose of this bill is consistent with the underlying intent and objectives of the IAL laws (Hawaii Revised Statutes [HRS], Sections 205-41 to 52), which were enacted to fulfill the mandate in Article XI, Section 3 of the Hawaii State Constitution, "to conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands." The IAL laws established a new paradigm which avoids requirements and mandates, and instead focuses on promoting agricultural viability by providing incentives for farmers and landowners to designate lands as IAL, and to build necessary infrastructure. This bill is thus an effort to promote the long-term viability of agriculture by expanding the existing IAL program by establishing additional incentives for farmers, agricultural operators and landowners engaged in agricultural activities.

As noted in HRS Section 205-41, the intent of Act 183 (2005) was to develop agricultural incentive programs to promote agricultural viability, sustained growth of the agricultural industry, and the long-term use and protection of IAL for agricultural use concurrently with the process of identifying important agricultural lands as required under the Act. Such incentives and programs are identified in HRS 205-41, and specifically include amongst other things, incentives that promote investment in agricultural businesses or value-added agricultural development, which would most certainly include the provision of special rates for public utility services provided to those engaged in the agriculture industry.

LURF appreciates the underlying intent of HB 1148, which is to support agriculture and aid agriculture-related businesses, and believes that the bill is consistent with the purpose and intent of the IAL laws which focuses on promoting agricultural viability by providing incentives for farmers and landowners to designate lands as IAL, and to develop necessary infrastructure.

While LURF supports preferential electricity rates, it also recognizes that the energy companies and PUC may have concerns relating to costs and other issues relating to implementation of such an incentive. Preferential energy rates for agricultural activities will probably result in the need for rate adjustments for other rate payers. LURF respectfully urges the legislature to work with the energy companies and PUC to determine how this bill will affect the operational costs and revenues of the energy companies; and if warranted, to amend this bill to also allow energy companies to adjust their other rates as a result of the impact of this agricultural incentive on the energy companies.

Passage of the long-awaited IAL legislation would be meaningless without implementation of these incentives such as these, which require the cooperation and support of the business and economic community, including providers of essential public utilities. Cooperation and consideration by these providers, and the establishment of special and reasonable utility rates applicable to ratepayers engaged in agricultural activities, are critically needed to support viable agricultural activity in this state. It is therefore hoped and anticipated that efforts will be made and all appropriate legislative measures be taken to fully effectuate the intent and objectives of the IAL laws.

By recognizing the significance of, and need to address public utility rate issues within the local agriculture industry, HB 1148 removes a significant impediment to economically viable agriculture in Hawaii.

Thank you for the opportunity to present testimony regarding this matter, in support of this bill.



Hawaii Farm Bureau
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LATE

January 31, 2013

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 1148
RELATING TO PUBLIC UTILITIES

Room 312
9:00 AM

Chair Wooley, Vice Chair Onishi, and Members of the Committee:

I am Dean Okimoto, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,950 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community

HFBF respectfully requests your strong support of HB1148, authorizing the Public Utilities Commission to grant preferential rates for electricity to qualified agricultural producers.

Increased self sufficiency is a priority in the State, starting with the Governor's New Day initiative and by policymakers in various public statements. Containment of expenses is a basic requirement to enable our farmers and ranchers to be viable and provide food, fiber and energy that is a cornerstone to self-sufficiency.

During the economic downturn of 2008, one of the most significant expenditure causing hardship to agriculture was electrical expenses. The enormous fluctuations in cost that could not be directly passed on to customers caused many farms to falter, and in some cases go out of business. Pumping and refrigeration are among the major uses of power.

Preferential rates is not unprecedented. For example, Pacific Gas and Electricity provides agricultural rates to their ag customers in California and Oregon.

It should be noted that this measure does not dictate the terms of the preferential rate but rather authorizes the PUC to establish by rule or decision and order such rates. Traditionally compensatory rates are common terms used in determining rates set by PUC. This measure sets into law a commitment by the State to support agriculture as in the public interest. By authorizing a preferential rate, the PUC implements the State's Constitutional Mandate that agriculture must be preserved and protected for the people of Hawaii.

HFBF is willing to work with the PUC and utility companies on this measure to identify language that will meet our mutual needs. We humbly request your support in passing this measure for further discussion.

Thank you for this opportunity to provide our opinion on this important matter.



Local Food Coalition

LATE

HOUSE COMMITTEE ON AGRICULTURE
Thursday January 31, 2013 9:00 a.m. Room 312

HB 1148 RELATING TO PUBLIC UTILITIES

Requires the PUC to establish preferential rates for the purchase of energy that is used or consumed for agricultural activities.

Chair Wooley, Vice Chair Onishi and Members of the Committees:

My name is Dean Okimoto, and I represent the Local Food Coalition on this matter.

The Local Food Coalition (LFC) brings together farmers, ranchers, livestock producers, investors and other leading organizations, who collectively manage more than 1 million acres of land, and produce the majority of food in our state. Solving our challenge of increasing the local food supply — putting more local food on local plates — can best be accomplished by bringing people and organizations together who can work on the entire food value chain in a systematic way.

The Local Food Coalition strongly supports HB 1148.

Increased self sufficiency is a priority in the State, starting with the Governor's New Day initiative and by policymakers in various public statements. Containment of expenses is a basic requirement to enable our farmers and ranchers to be viable and provide food, fiber and energy that is a cornerstone to self-sufficiency.

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HFBF is willing to work with the PUC and utility companies on this measure to identify language that will meet our mutual needs. We humbly request your support in passing this measure for further discussion.

We appreciate this opportunity to provide testimony on this matter.



HOUSE COMMITTEE ON AGRICULTURE
January 31, 2013, 9:00 A.M.
Room 312
(Testimony is 2 pages long)

LATE

TESTIMONY IN SUPPORT OF HB 1148

Chair Wooley and members of the Agriculture Committee:

The Blue Planet Foundation supports HB 1148, authorizing the Public Utilities Commission to establish preferential rates for energy used for agricultural activities. Blue **Planet requests one amendment.**

This bill allows the Public Utilities Commission (“PUC”) to retain its flexibility to determine optimal electricity rates for Hawai‘i, while simultaneously empowering the PUC to establish a rate structure that benefits agriculture – the industry that feeds us. Moreover, this bill allows the PUC to establish that rate structure in such a way that it both lowers the effective rate for agricultural users, and enables our energy system to operate more efficiently, thus benefitting all ratepayers.

Most simply, this would be in the form of a dynamic energy pricing, or “time-of-use” rate. Under such a regime, energy consumed during days or times when more energy is available (such as when the wind is blowing and powering wind farms, or at night when electrical demand is low) can be priced more favorably than when less energy is available (such as during our daily “peak demand” from 6-9 p.m.).

Time-of-use rates should be available for all energy users, because such rates incentivize energy use that is more optimally matched to supply. However, to date such rates have been offered only in limited contexts. Agricultural energy users are a prime candidate for time-of-use rates, because many agricultural energy demands, such as pumping water, can be timed to coincide with optimal times. Thus, by matching agricultural operations to the time-of-use structure, agricultural energy users could benefit from lower overall energy costs. At the same time, this more efficient use of energy can benefit the entire system, and if implemented properly, spur savings for all energy ratepayers.

Blue Planet believes that HB 1148 can prompt the PUC and our energy utilities to push dynamic pricing further up the state's energy agenda, and we respectfully request that the committee forward this bill, with one amendment.

Blue Planet Requests One Amendment:

Although Blue Planet supports a preferential rate structure for agricultural users, we believe that this can and should be implemented in a way that benefits *all* ratepayers. Simply lowering the standard rate for agricultural uses would be a lost opportunity. We also believe that requests for preferential rates should be made public, and that public comment should be considered on such a request. Thus, we suggest the following amendment to the proposed text to be added to Haw. Rev. Stat. Ch. 269:

(b) Upon receipt of a bona fide request for the purchase of energy to be used or consumed for agricultural activities and proof that the energy will be used or consumed for agricultural activities, a public utility shall present the request for preferential rates to the commission for approval. In reviewing the proposed preferential rates, the commission, in consultation with the department of agriculture, may establish additional criteria for energy used for agricultural activities. The commission shall notify the public of the request for preferential rates, shall consider public comment, and shall approve the request only if the commission determines that the requested preferential rate will provide a benefit to ratepayers via improved system operation or other impacts.

Thank you for the opportunity to testify.

NEIL ABERCROMBIE
Governor



RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

SCOTT ENRIGHT
Deputy to the Chairperson

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TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE
WEDNESDAY, JANUARY 31, 2013
9:00 A.M.
ROOM 312

HOUSE BILL NO. 1148
RELATING TO PUBLIC UTILITIES

Chairperson Wooley and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 1148 that establishes preferential rates for the purchase of energy that is used for agricultural activities. The Department supports the intent of this measure.

Farmers face a number of factors that make it difficult to be profitable. The rising costs of oil and energy have adversely affected their bottom line and can jeopardize their long-term feasibility. The Department is supportive of any efforts to increase the profitability of our local farmers and ranchers. Otherwise, we would defer to the Public Utilities Commission regarding the reasonableness and feasibility of this measure.

Thank you for the opportunity to submit testimony.