
A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

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

1 SECTION 1. The public utilities commission (PUC) serves as
2 the regulatory agency for public utilities companies that
3 provide essential services that directly impact the quality of
4 life enjoyed by our residents, including electricity,
5 transportation, gasoline, and communication companies. Most
6 notably, the PUC is tasked with prescribing rates, tariffs,
7 charges, and fees and determining the allowable rate of earnings
8 of public service companies in establishing rates. The PUC also
9 issues guidelines concerning the general management of public
10 utility companies and acts on requests for the acquisition,
11 sale, disposition, or other exchange of utility properties,
12 including mergers and consolidations.

13 The legislature finds that the PUC serves as a quasi-
14 judicial body charged with oversight and enforcement activities
15 over certain regulated industries. It is critical that such a
16 body, like the judicial branch of the state government, be
17 permitted to act without regard to outside influences. As such,
18 members of the PUC should be selected through a selection



1 process, rather than through direct appointment by the governor,
2 to prevent any undue influence on the commission.

3 The purpose of this Act is to create a public utilities
4 selection commission to select individuals to serve on the PUC.

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

8 "§269- Public utilities selection commission. (a)
9 There is established a public utilities selection commission to
10 select commissioners of the public utilities commission that
11 shall consist of seven members. Of the seven members:

12 (1) Three shall be appointed by the governor in accordance
13 with section 26-34, except as otherwise provided by
14 law;

15 (2) Two shall be appointed by the governor from a list of
16 three names submitted by the president of the senate;
17 and

18 (3) Two shall be appointed by the governor from a list of
19 three names submitted by the speaker of the house of
20 representatives,

21 provided that if fewer than three names are submitted for each
22 appointment, the governor may disregard the list.



1 (b) The public utilities selection commission shall be
2 selected and shall operate in a wholly nonpartisan manner.
3 After the initial formation of the public utilities selection
4 commission, elections and appointments to the public utilities
5 selection commission shall be for staggered terms of six years
6 each. No member of the public utilities selection commission
7 shall serve for more than one full six-year term on the public
8 utilities selection commission.

9 (c) Each member of the public utilities selection
10 commission shall be a resident of the state and a citizen of the
11 United States.

12 (d) No member of the public utilities selection commission
13 shall:

14 (1) Run for elected office under the United States, the
15 State, or its political subdivisions;

16 (2) Take an active part in political management or in
17 political campaigns;

18 (3) Be a current member of the public utilities
19 commission; and

20 (4) Be eligible to serve as a commissioner of the public
21 utilities commission for a period of three years after
22 serving on the public utilities selection commission.



1 (e) No act of the public utilities selection commission
2 shall be valid except by concurrence of the majority of its
3 members.

4 (f) The public utilities selection commission shall select
5 one of its members to serve as chairperson. The public
6 utilities selection commission may promulgate rules to
7 effectuate the purposes of this section, in accordance with
8 chapter 91, which shall have the force and effect of law. The
9 deliberations of the public utilities selection commission shall
10 be confidential.

11 (g) The legislature shall provide for the staff and
12 operating expenses of the public utilities selection commission
13 in a separate budget. No member of the public utilities
14 selection commission shall receive any compensation for
15 commission services, but shall be allowed necessary expenses for
16 travel, board, and lodging incurred in the performance of the
17 public utilities selection commission duties.

18 (h) The public utilities selection commission shall be
19 attached to the department of budget and finance for
20 administrative purposes only.

21 SECTION 3. Section 269-2, Hawaii Revised Statutes, is
22 amended to read as follows:



1 "§269-2 Public utilities commission; number, [~~appointment~~
2 ~~of commissioners,~~] selection of commissioners, qualifications;
3 compensation; persons having interest in public utilities. (a)
4 There shall be a public utilities commission of three members,
5 to be called commissioners, and who shall be [~~appointed in the~~
6 ~~manner prescribed in section 26-34, except as otherwise provided~~
7 ~~in this section.~~] selected by the public utilities selection
8 commission established pursuant to section 269- . All members
9 shall be [~~appointed~~] selected for terms of six years each,
10 except that the terms of the members first [~~appointed~~] selected
11 shall be for two, four, and six years, respectively, as
12 designated by the [~~governor~~] public utilities selection
13 commission at the time of [~~appointment.~~] selection. The
14 [~~governor~~] public utilities selection commission shall designate
15 a member to be chairperson of the public utilities commission.
16 Each member shall hold office until the member's successor is
17 appointed and qualified. [~~Section 26-34 shall not apply insofar~~
18 ~~as it relates to the number of terms and consecutive number of~~
19 ~~years a member can serve on the commission; provided that no] No
20 member shall serve more than twelve consecutive years.~~

21 In [~~appointing~~] selecting public utilities commissioners,
22 the [~~governor~~] public utilities selection commission shall



1 select persons who have had experience in accounting, business,
2 engineering, government, finance, law, or other similar fields.
3 The public utilities commissioners shall devote full time to
4 their duties as members of the public utilities commission and
5 no public utilities commissioner shall hold any other public
6 office or other employment during the public utility
7 commissioner's term of office. No person owning any stock or
8 bonds of any public utility corporation, or having any interest
9 in, or deriving any remuneration from, any public utility shall
10 be [~~appointed~~] selected as a public utilities commissioner.

11 (b) Effective July 1, 2005, the chairperson of the public
12 utilities commission shall be paid a salary set at eighty-seven
13 per cent of the salary of the director of human resources
14 development, and each of the other public utilities
15 commissioners shall be paid a salary equal to ninety-five per
16 cent of the chairperson's salary. The public utilities
17 commissioners shall be exempt from chapters 76 and 89 but shall
18 be members of the state employees retirement system and shall be
19 eligible to receive the benefits of any state or federal
20 employee benefit program generally applicable to officers and
21 employees of the State, including those under chapter 87A.



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1 The public utilities commission is placed within the
2 department of budget and finance for administrative purposes."

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2006-2007 for the
6 purposes of establishing the public utilities selection
7 commission.

8 The sum appropriated shall be expended by the department of
9 budget and finance.

10 SECTION 5. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 6. This Act shall take effect on July 1, 2006.

13

INTRODUCED BY: Calvin K. King

JAN 24 2006

HB NO. 2717

Report Title:

Public Utilities Commission; Consumer protection

Description:

Creates a selection commission to pick members of the Public Utilities Commission. Establishes terms of service.

HB HMS 2006-1346

