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# A BILL FOR AN ACT

RELATING TO PUBLIC UTILITIES.

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

1           SECTION 1. The public utilities commission and the  
2 division of consumer advocacy of the department of commerce and  
3 consumer affairs serve indispensable functions that are  
4 necessary to implement sound energy policies for the State of  
5 Hawaii.

6           However, both agencies face difficulties that diminish  
7 their ability to perform effectively. These include:

- 8           (1) Difficulty attracting and retaining qualified staff to  
9           perform the specialized duties entailed in utility  
10          regulation;
- 11          (2) Specialized job requirements that do not correspond  
12          with existing job descriptions and classifications and  
13          bureaucratic obstacles in changing job descriptions  
14          and classifications;
- 15          (3) Salaries that are substantially below mainland agency  
16          or private-sector equivalents; and



1 (4) Agency organizational structures that are archaic and  
2 do not support efficient work flow or the matching of  
3 human resources to the required tasks.

4 Further, although both agencies purportedly have an  
5 independent source of funding, that is, the public utilities  
6 commission special fund and the compliance resolution fund,  
7 because excess balances in the funds lapse into the general  
8 fund, the result is restrictive oversight of the funds by the  
9 department of budget and finance, the administration, and the  
10 legislature.

11 Additionally, public utility commission staff salaries, in  
12 addition to being limited by state job classification pay  
13 scales, are limited by the "glass ceiling" established by the  
14 commissioners' disproportionately low salaries.

15 The purpose of this Act is to adopt policies and reforms to  
16 support the public utilities commission and the division of  
17 consumer advocacy in their progressive and aggressive efforts to  
18 protect ratepayers and the public and implement the State's  
19 energy strategy. This Act also ensures that the public  
20 utilities commission and the division of consumer advocacy have  
21 the resources to timely and fairly address regulatory issues  
22 regarding technological advances and operational efficiencies



1 that encourage balanced growth and investment and ensure system  
2 reliability.

3 SECTION 2. Section 269-2, Hawaii Revised Statutes, is  
4 amended by amending subsection (b) to read as follows:

5 "(b) Effective July 1, [~~2005~~] 2006, the chairperson of  
6 the commission shall be paid a salary set at [~~eighty-seven~~] one  
7 hundred per cent of the salary of the director of [~~human~~  
8 ~~resources development~~] commerce and consumer affairs, and each  
9 of the other commissioners shall be paid a salary equal to  
10 ninety-five per cent of the chairperson's salary. The  
11 commissioners shall be exempt from chapters 76 and 89 but shall  
12 be members of the state employees retirement system and shall be  
13 eligible to receive the benefits of any state or federal  
14 employee benefit program generally applicable to officers and  
15 employees of the State, including those under chapter 87A.

16 The commission is placed within the department of budget  
17 and finance for administrative purposes."

18 SECTION 3. Section 269-3, Hawaii Revised Statutes, is  
19 amended by amending subsection (a) to read as follows:

20 "(a) The chairperson of the public utilities commission  
21 may appoint and employ [~~such~~] clerks, stenographers, agents,  
22 engineers, accountants, and other assistants for the public



1 utilities commission as the chairperson finds necessary for the  
2 performance of the commission's functions and define their  
3 powers and duties. The chairperson may appoint, and at  
4 pleasure, dismiss a chief administrator, research assistants,  
5 economists, legal secretaries, enforcement officers, utility  
6 analysts, legal assistants, and [~~such~~] hearings officers as may  
7 be necessary. Notwithstanding section 103D-209(b), the  
8 chairperson shall appoint one or more attorneys independent of  
9 the attorney general who shall act as attorneys for the  
10 commission and define their powers and duties and fix their  
11 compensation. The chief administrator, research assistants,  
12 economists, legal secretaries, enforcement officers, hearings  
13 officers, utility analysts, legal assistants, and attorneys  
14 shall be exempt from chapter 76. Other employees shall be  
15 appointed as may be needed by the chairperson in accordance with  
16 chapter 76."

17 SECTION 4. Section 269-33, Hawaii Revised Statutes, is  
18 amended as follows:

19 1. By amending its title to read:

20 "**§269-33 Public utilities commission special fund[-];**  
21 **suspension of public utility fees.**"

22 2. By amending subsection (d) to read:



1           "~~(d) [All moneys in excess of \$1,000,000 remaining on~~  
2 ~~balance in the public utilities commission special fund on~~  
3 ~~June 30 of each year shall lapse to the credit of the state~~  
4 ~~general fund.]~~ The public utilities commission may temporarily  
5 suspend the collection of public utilities fees to be paid by a  
6 public utility into the public utilities commission special fund  
7 pursuant to section 269-30, provided that the temporary  
8 suspension shall not apply to public utilities paying a flat fee  
9 of \$30 under section 269-30(b). Upon the suspension of the  
10 collection of public utility fees under this subsection and any  
11 removal and reinstatement thereof, the affected public utilities  
12 shall ensure that the same shall occur to the related or  
13 associated fees, charges, or surcharges being collected from  
14 their customers. Notwithstanding any other provision to the  
15 contrary, the suspension or removal, and reinstatement of the  
16 fees, charges, or subcharges associated or related with the  
17 collection of public utility fees pursuant to section 269-30,  
18 due to the implementation of this subsection, shall not be  
19 subject to the publication of public notice, public or contested  
20 case hearing, or approval requirements of this chapter; provided  
21 that any suspension or removal, and reinstatement thereof, may  
22 be imposed by the public utility only after thirty days' notice

1 to the commission, consistent with the applicable sections of  
2 269-12(b) and 269-16(a)."

3 SECTION 5. The public utilities commission shall conduct  
4 an in-depth review of its organization to develop a  
5 comprehensive plan to restructure and supplement the commission  
6 and its resources in order to function more effectively and  
7 efficiently in light of, among other matters, changing  
8 regulatory conditions, duties, and requirements and advances in  
9 technology; and submit a report to the legislature no later than  
10 twenty days before the convening of the Regular Session of 2007.  
11 In this report, the public utilities commission shall specify  
12 the specific type and number of positions, and the amounts  
13 necessary to restructure the commission and supplement its  
14 resources as may be necessary and appropriate; and propose any  
15 necessary legislation.

16 SECTION 6. There is appropriated out of the compliance  
17 resolution fund established under section 26-9(o), Hawaii  
18 Revised Statutes, the sum of \$ , or so much thereof as  
19 may be necessary for fiscal year 2006-2007 for the department of  
20 commerce and consumer affairs' division of consumer advocacy to  
21 reorganize, thus allowing it to respond timely and effectively  
22 to current regulatory issues, including technology advances and

1 operational efficiencies that encourage balanced growth and  
2 investment and ensure system reliability.

3 The sum appropriated shall be expended by the department of  
4 commerce and consumer affairs.

5 SECTION 7. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 8. This Act shall take effect on July 1, 2050;  
8 provided that the amendments made to section 269-33, Hawaii  
9 Revised Statutes, by section 4 of this Act shall not be repealed  
10 when section 269, Hawaii Revised Statutes, is repealed and  
11 reenacted on June 30, 2009, pursuant to section 7 of Act 141,  
12 Session Laws of Hawaii 2004, as amended by section 51 of Act 22,  
13 Session Laws of Hawaii 2005.



**Report Title:**

Public Utilities; Consumer Advocate; Salaries; Public Utilities  
Commission Special Fund

**Description:**

Increases PUC commissioners' salary. Authorizes PUC chairperson  
to appoint utility analysts and legal assistants exempt from  
chapter 76. Authorizes the PUC to suspend collection of public  
utility fees when balance of PUC special fund exceeds  
\$3,000,000. (SD1)

