

JAN 25 2006

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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. This includes:

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

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

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



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

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

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

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

18 "(a) The chairperson of the public utilities commission  
19 may appoint and employ [~~such~~] clerks, stenographers, agents,  
20 engineers, accountants, and other assistants for the public  
21 utilities commission as the chairperson finds necessary for the  
22 performance of the commission's functions and define their

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

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

17 1. By amending its title to read:

18 "**§269-33 Public utilities commission special fund[-];**  
 19 **refund of public utility fees paid.**"

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

21 "(d) All moneys in excess of [~~\$1,000,000~~] \$3,000,000  
 22 remaining on balance in the public utilities commission special



1 fund on June 30 of each year shall [~~lapse to the credit of the~~  
 2 ~~state general fund.~~] be refunded to the credit of the public  
 3 utilities paying into the fund under section 269-30 for the same  
 4 year. For any given year, the refund amount for each public  
 5 utility shall be:

- 6       (1) Calculated based on the utility's proportionate share  
 7       of public utilities fees paid to the special fund for  
 8       the same year; and
- 9       (2) Not greater than one-eighth of one per cent of the  
 10       gross income of the utility;

11 provided that utilities paying a flat fee of \$30 under section  
 12 269-30(b) shall not receive a refund. The public utilities  
 13 commission may reduce the public utility fee owed by a public  
 14 utility in any given year by the amount of refund owed to the  
 15 utility, if any, for the preceding year."

16       SECTION 5. There is appropriated out of the public  
 17 utilities commission special fund established under section 269-  
 18 33, Hawaii Revised Statutes, the sum of \$                   , or so much  
 19 thereof as may be necessary for fiscal year 2006-2007, to enable  
 20 the public utilities commission to reorganize, thus allowing it  
 21 to respond timely and effectively to current regulatory issues  
 22 including but not limited to technology advances and operational



**Report Title:**

Public Utilities; Consumer Advocate; Salaries; PUC Special Fund

**Description:**

Increases public utilities commission commissioners' salary.  
Authorizes public utilities commission chairperson to appoint utility analysts and legal assistants exempt from chapter 76.  
Requires the public utilities commission to refund to the public utilities all moneys in excess of \$3,000,000 remaining on balance in the public utilities commission special fund on June 30 of each year.

