

Honolulu, Hawaii  
**March 20**, 2008

RE: S.B. No. 2630  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 2630, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PETROLEUM INDUSTRY REPORTING,"

begs leave to report as follows:

The purpose of this bill is to promote transparency of the pricing methods used by Hawaii petroleum industries by expanding the amount of information collected by the Public Utilities Commission (PUC), and requiring the publishing of the collected industry information and gas prices. Specifically, this measure:

- (1) Requires distributors to report to the PUC their average crude oil costs and their average wholesale gasoline prices charged for each class of trade;
- (2) Requires the PUC to publish, on a weekly basis, the information furnished by the distributors categorized by island and distributor; and
- (3) Requires the PUC to publish, on a weekly basis, the average retail gasoline prices for each island.

The Western States Petroleum Association, Aloha Petroleum, Ltd., Mid Pac Petroleum, LLC, Island Petroleum, Inc., and Senter Petroleum, Inc. testified in opposition to this bill. The PUC provided comments.



Your Committee finds that to encourage disclosure by the Hawaii petroleum industry to the full intent and spirit of the Petroleum Industry Information Reporting Act (Act), the protection of confidential industry information must be maintained by the PUC. This bill increases the scope and frequency of information required to be filed by refiners and distributors with the PUC and requires the PUC to publish collected information on a more frequent basis. The petroleum industry views this approach as one that jeopardizes the confidentiality of their respective, competitively sensitive information, since the number of refiners and distributors in Hawaii's small market is not sufficient to mask the identity of a particular refiner or distributor through aggregated data to ensure confidentiality.

Your Committee encourages and supports the development of in-house expertise of the petroleum industry within the PUC, where PUC staff is able to analyze petroleum industry information that is statutorily required to be reported, discern the adequacy of the reported information, and determine the scope and content of consumer publications that provide relevant and meaningful information for informed consumer decisions. With PUC in-house expertise, the use and distribution of confidential information will be more containable and secure, and should allay the concerns of the refiners and distributors in the disclosure of their confidential information. Accordingly, your Committee has amended this bill by deleting its contents and replacing it with provisions that give the PUC more discretionary authority. Specifically, this bill, as amended:

- (1) With respect to the weekly reporting requirements of distributors and major fuel users, authorizes the PUC to revise the reporting period to other appropriate time period and reporting dates;
- (2) With respect to the requirement that the PUC publicly report information filed with it within 14 days, requires the PUC to publicly report within 30 days, or as soon as practically and technically feasible after receipt of the information; and
- (3) To effectively facilitate the efficient reporting and analysis of collected information and to provide flexibility, authorizes the PUC to determine specific information that must be reported by any person required to submit information under the Act.



Other technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2630, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2630, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,



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HERMINA MORITA, Chair



