

Honolulu, Hawaii

FEB 29 2008

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

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred S.B. No. 2630, S.D. 1,
entitled:

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

begs leave to report as follows:

The purpose of this measure 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, pursuant to
section 486J-4.5, Hawaii Revised Statutes, categorized
by island and distributor; and
- (3) Requires the PUC to publish, on a weekly basis, the
average retail gasoline prices for each island.

Testimony in opposition to this measure was submitted by
Aloha Petroleum, Ltd.; and the Western States Petroleum



Association. The Public Utilities Commission submitted testimony expressing serious concerns and comments.

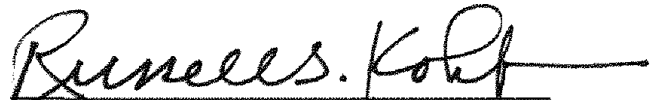
While increased transparency promotes greater public awareness and knowledge, your Committee recognizes the concerns raised in the submitted testimony regarding requiring Hawaii petroleum industries to submit to the PUC their pricing methods, and requiring the PUC to publish this information. The PUC indicated that this measure poses a conflict with section 486J-6, Hawaii Revised Statutes, which protects confidential commercial information from disclosure, and further indicated that the industry and individual distributors will likely disagree with the public disclosure of their confidential commercial information, and may refuse to cooperate with and seek to withhold information from the PUC, despite the enforcement measures that the PUC is authorized to use. Testimony from Aloha Petroleum, Ltd. indicated that the forced release and publication of confidential commercial and proprietary information to the public could cause competitive harm to stakeholders and presents the risk of causing market disruptions within the industry. Furthermore, withholding information by the industry would severely hamper the PUC's ability to efficiently collect the information necessary to implement the petroleum industry monitoring, analysis, and reporting program. Your Committee finds that this measure merits further discussion in order to address the various concerns regarding the release and publication of confidential commercial information and the possible reluctance from the petroleum industries to comply with this measure.

Accordingly, your Committee has amended this measure by changing the effective date from July 1, 2008 to July 1, 2050 to encourage further discussion on this matter.

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



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Affordable
Housing,


RUSSELL S. KOKUBUN, Chair



