

JAN 25 2010

A BILL FOR AN ACT

RELATING TO UTILITIES REGULATION.

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 are funded entirely by fees and
3 other revenues collected by the commission and deposited in the
4 public utilities commission special fund. This fund was
5 established by the legislature by Act 226, Session Laws of
6 Hawaii 1994, to ensure that the public utilities commission and
7 the division of consumer advocacy would have sufficient
8 resources to provide the essential services required to
9 effectively regulate Hawaii's public utilities. At that time,
10 the legislature recognized the need to provide adequate funding
11 for the regulatory agencies, and it found that, in addition to
12 the ordinary processing of regulatory cases, adequate funding
13 would allow agencies to cut regulatory delays and handle the
14 many challenges of the changing environment in public utilities.

15 The legislature finds that adequate staffing of the public
16 utilities commission and the division of consumer advocacy is
17 essential for these agencies to effectively perform their
18 missions. The legislature acknowledged this in Act 226, Session



1 Laws of Hawaii 1994, when it established the public utilities
2 special fund, in Act 143, Session Laws of Hawaii 2006, when it
3 required the public utilities commission and the division of
4 consumer advocacy to prepare reorganization plans, and again in
5 Act 177 and Act 183, Session Laws of Hawaii 2007, when it passed
6 legislation to reorganize the two agencies in order to
7 revitalize Hawaii's utility regulatory program. The
8 reorganizations approved for these agencies by Act 177 and Act
9 183 provided for:

- 10 (1) Increased staff levels;
- 11 (2) Agency re-structuring and re-description of several
12 positions to modernize the operation of the agencies;
13 and
- 14 (3) Necessary relocation of the commission offices.

15 In fiscal year 2009-2010, however, the budget for the
16 public utilities commission was reduced, taking away nine
17 positions, leaving two additional positions unfunded, and
18 leaving the previously-approved relocation of the public
19 utilities commission offices unfunded. The loss of all of these
20 positions negatively impacts the overall reorganization plan and
21 hobbles the commission's effectiveness.



1 Similarly, in fiscal year 2009-2010, the budget for the
2 division of consumer advocacy was reduced such that eight
3 positions that were in the process of being re-described as part
4 of the reorganization were taken away, and the new positions
5 provided for in the reorganization of the division could not be
6 filled. This reduction in staff and budget severely impairs the
7 division's ability to effectively meet its duties and
8 objectives. Coupled with the additional effects of furloughs
9 and other associated restrictions and reductions, there has been
10 an approximately 9.5 per cent reduction in employee work hours.
11 At its present level of staffing and approved budget, the
12 division faces difficulty, and it has delayed, as much as
13 possible, participating in all of the matters filed with the
14 commission. In addition, processing times for applications,
15 licenses, registrations, investigations and case-handling have
16 all increased, except where established by law. For example, to
17 date in fiscal year 2009-2010, the division has not had
18 sufficient staff or resources to participate in any applications
19 related to certification of new telecommunications services
20 providers, and it has had to request more deadline extensions in
21 matters of public utility regulation than in the past.



1 Currently, there are fifty-one funded permanent positions
2 in the public utilities commission. Thirty-seven of these
3 positions are filled, and fourteen positions are unfilled. Of
4 these unfilled positions, eleven are new positions created by
5 the reorganization approved by Act 177, Session Laws of Hawaii
6 2007. The commission is actively trying to obtain necessary
7 approvals and find qualified applicants for the unfilled
8 positions.

9 Currently, there are fifteen funded positions in the
10 division of consumer advocacy. Eleven of these positions are
11 filled and four positions are unfilled. The division is
12 actively trying to obtain the necessary approvals and find
13 qualified applicants for the remaining vacancies.

14 The legislature continues to believe that the
15 reorganizations of the public utilities commission and the
16 division of consumer advocacy provided by Act 177 and Act 183,
17 Session Laws of Hawaii 2007, are essential for providing
18 sufficient regulation of Hawaii's public utilities; controlling
19 utility costs for Hawaii's people, businesses, and governmental
20 agencies; and successfully implementing meaningful energy policy
21 reform in Hawaii. It is especially important for these agencies
22 to have sufficient resources to effectively and efficiently



1 oversee Hawaii's transition from its over-reliance on the use of
2 imported fossil fuels to increased use of renewable energy and
3 energy efficiency. The public utilities commission and the
4 division of consumer advocacy will be responsible to oversee the
5 investment of several billion dollars in public utility-related
6 capital investments as part of this transition in the next
7 several years.

8 The legislature acknowledges the budgetary difficulties
9 faced by the State and its agencies, but it finds that the
10 failure to adequately fund the staffing and reorganization of
11 the public utilities commission and the division of consumer
12 advocacy will have consequences that will extend much further
13 than the current economic recession. Indeed, it is recognized
14 that a vital and effective public utility regulatory program is
15 essential to Hawaii's economic recovery. The public utilities
16 commission and the division of consumer advocacy regulate
17 between three to four billion dollars of electric and
18 telecommunications bills annually that are paid by Hawaii's
19 people, businesses, and government agencies. Analyses performed
20 by the Hawaii Energy Policy Forum indicate that the increased
21 effectiveness of the public utilities commission and the
22 division of consumer advocacy which would result from the



1 reorganizations approved in Act 177 and Act 183, Session Laws of
2 Hawaii 2007, would, in several years, reduce the annual utility
3 expenses in the State's budget by several times as much as the
4 annual cost of fully funding the reorganization of these
5 agencies. The savings that would result from effective
6 regulation and efficient allocation of public utility
7 investments over the next several years would save Hawaii's
8 economy over one hundred million dollars annually.

9 The legislature finds that the public utilities commission
10 special fund contains sufficient moneys to adequately fund the
11 public utilities commission and the division of consumer
12 advocacy including all provisions of the reorganization approved
13 in Act 177 and Act 183, Session Laws of Hawaii 2007.

14 The purpose of this Act is to authorize sufficient funding
15 for the operation and staffing of the public utilities
16 commission and the division of consumer advocacy in order to
17 accomplish the objectives of those agencies and fulfill the
18 intent of their reorganization that was begun by Act 177 and Act
19 183, Session Laws of Hawaii 2007.

20 SECTION 2. There is appropriated out of the public
21 utilities commission special fund the sum of or so
22 much thereof as may be necessary for fiscal year 2010-2011 for



1 the operations of the public utilities commission, including
2 funding all positions included in the reorganization approved by
3 Act 177, Session Laws of Hawaii 2007, including the reinstating
4 and funding of the nine positions removed by Act 162, Session
5 Laws of Hawaii 2009, and funding all expenses related to the
6 relocation of the commission's offices as approved in Act 177,
7 Session Laws of Hawaii 2007.

8 The sum appropriated shall be expended by the public
9 utilities commission for the purposes of this Act.

10 SECTION 3. (a) Upon request, other state and county
11 agencies shall assist the public utilities commission in
12 carrying out the provisions of this Act.

13 (b) The department of human resources development shall
14 work cooperatively with the public utilities commission in
15 establishing and re-describing job descriptions in a timely
16 manner as is deemed necessary by the public utilities
17 commission.

18 SECTION 4. There is appropriated out of the public
19 utilities commission special fund the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2010-2011 for
21 the operations of the division of consumer advocacy, including
22 the funding of all positions included in the reorganization



1 approved by Act 183, Session Laws of Hawaii 2007, including the
2 reinstatement and funding of the positions removed in fiscal
3 year 2009-2010 and the necessary training for new and existing
4 division personnel.

5 The sum appropriated shall be expended by the department of
6 commerce and consumer affairs for the purposes of this Act.

7 SECTION 5. This Act shall take effect on July 1, 2010.

8

INTRODUCED BY:

Rosely H Baker

Amil Y Lee
Noma Sakuma

Will Eyo



Report Title:

Appropriations; Public Utilities Commission; Division of
Consumer Advocacy

Description:

Appropriates moneys for the reorganization of the PUC and the
division of consumer advocacy.

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not legislation or evidence of legislative intent.*

