
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 found that, in addition to the
12 ordinary processing of regulatory cases, adequate funding would
13 allow the agencies to cut regulatory delays and handle the many
14 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

1 missions. The legislature acknowledged this in Act 226, Session
2 Laws of Hawaii 1994, when it established the public utilities
3 commission special fund; in Act 143, Session Laws of Hawaii
4 2006, when it required the public utilities commission and the
5 division of consumer advocacy to prepare reorganization plans;
6 and again in Act 177 and Act 183, Session Laws of Hawaii 2007,
7 when it passed legislation to reorganize the two agencies to
8 revitalize Hawaii's utility regulatory program. The
9 reorganizations approved for these agencies by Act 177 and Act
10 183 provided for:

- 11 (1) Increased staff levels;
- 12 (2) Agency restructuring and amendments to the
13 descriptions of several positions to modernize the
14 operation of the agencies; and
- 15 (3) Necessary relocation of the commission offices.

16 In fiscal year 2009-2010, the budget for the public
17 utilities commission was reduced, taking away ten positions,
18 leaving two additional positions unfunded, and leaving the
19 previously-approved relocation of the public utilities
20 commission offices unfunded. The lost positions negatively
21 impact the overall reorganization plan and impedes the
22 commission's effectiveness.

1 Similarly, in fiscal year 2009-2010, the budget for the
2 division of consumer advocacy was reduced with the result that
3 eight positions were taken away and new positions provided for
4 in the reorganization of the division could not be filled. The
5 legislature finds that this reduction in staff and budget
6 severely impairs the division's ability to effectively meet its
7 duties and objectives. Coupled with the additional effects of
8 furloughs and other associated restrictions and reductions,
9 there has been an approximately 9.5 per cent reduction in
10 employee work hours. At its present level of staffing and
11 approved budget, the division faces difficulties which have
12 required it to delay, as much as possible, participating in all
13 of the matters filed with the commission. In addition,
14 processing times for applications, licenses, registrations,
15 investigations, and case-handling without a statutory time limit
16 have all increased. To date in fiscal year 2009-2010, the
17 division has not had sufficient staff or resources to
18 participate in any applications related to certification of new
19 telecommunications services providers and it has had to request
20 more deadline extensions in matters of public utility regulation
21 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 reorganization 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, is essential to sufficiently
18 regulate Hawaii's public utilities; control utility costs for
19 Hawaii's people, businesses, and government agencies; and
20 successfully implement meaningful energy policy reform in
21 Hawaii. It is especially important for these agencies to have
22 sufficient resources to effectively and efficiently oversee

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

7 The legislature acknowledges the budgetary difficulties
8 faced by the State and its agencies, but finds that failure to
9 adequately fund the staffing and reorganization of the public
10 utilities commission and the division of consumer advocacy will
11 have consequences extending much further than the current
12 economic recession. Accordingly, the legislature finds that a
13 vital and effective public utility regulatory program is
14 essential to Hawaii's economic recovery. The public utilities
15 commission and the division of consumer advocacy regulate
16 electric and telecommunications services worth between
17 \$3,000,000 and \$4,000,000 annually. Analyses performed by the
18 Hawaii Energy Policy Forum indicate that the increased
19 effectiveness of the public utilities commission and the
20 division of consumer advocacy which would result from the
21 reorganization approved in Act 177 and Act 183, Session Laws of
22 Hawaii 2007, would reduce the annual utility expenses in the

1 State's budget by more than the annual cost of fully funding the
2 reorganization. The savings that would result from effective
3 regulation and efficient allocation of public utility
4 investments over the next several years would save Hawaii's
5 economy over \$100,000,000 annually.

6 The legislature finds that the public utilities commission
7 special fund contains sufficient moneys to adequately fund the
8 public utilities commission and the division of consumer
9 advocacy including all aspects of the reorganization required by
10 Act 177 and Act 183, Session Laws of Hawaii 2007.

11 The purpose of this Act is to authorize sufficient funding
12 for the operation and staffing of the public utilities
13 commission and the division of consumer advocacy to accomplish
14 the objectives of those agencies and to complete the
15 reorganization that was begun by Act 177 and Act 183, Session
16 Laws of Hawaii 2007.

17 SECTION 2. There is appropriated out of the public
18 utilities commission special fund the sum of \$ or so
19 much thereof as may be necessary for fiscal year 2010-2011 for
20 the operations of the public utilities commission, including
21 funding all positions included in the reorganization approved by
22 Act 177, Session Laws of Hawaii 2007; including the reinstating

1 and funding of the ten positions removed by Act 162, Session
2 Laws of Hawaii 2009; and funding all expenses related to the
3 relocation of the commission's offices as approved in Act 177,
4 Session Laws of Hawaii 2007.

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

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

11 (b) The department of human resources development shall
12 work cooperatively with the public utilities commission in
13 establishing and amending job descriptions in a timely manner as
14 is deemed necessary by the public utilities commission.

15 SECTION 4. There is appropriated out of the public
16 utilities commission special fund the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2010-2011 for
18 the operations of the division of consumer advocacy, including
19 funding all positions included in the reorganization approved by
20 Act 183, Session Laws of Hawaii 2007; reinstating and funding
21 the positions removed in fiscal year 2009-2010; and necessary
22 training for new and existing division personnel.

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

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

4

Report Title:

Public Utilities Commission; Division of Consumer Advocacy;
Appropriation

Description:

Appropriates moneys for the reorganization of the PUC and the
division of consumer advocacy. (SD1)

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