

**SB 2715**

**CPN/ENE**

**TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
SENATE COMMITTEES ON COMMERCE & CONSUMER PROTECTION AND  
ENERGY & ENVIRONMENT  
FEBRUARY 9, 2010**

**MEASURE: S.B. No. 2715**

**TITLE: Relating to Petroleum Industry Reporting**

Chairs Baker and Gabbard and Members of the Committees:

**DESCRIPTION:**

This bill suspends Sections 486J-3, 486J-4, 486J-4.5, 486J-5, and 486J-5.5, Hawaii Revised Statutes, ("HRS"), to temporarily relieve industry and government of significant costs borne from the Petroleum Industry Monitoring, Analysis and Reporting ("PIMAR") requirements by suspending the 1) weekly and monthly reporting of oil and gasoline prices by the oil industry to the Public Utilities Commission ("Commission"); and 2) the publication of the oil industry reports for each island by the Commission, for an indefinite period of time until further action by the Legislature.

**POSITION:**

The Commission appreciates the intent of this bill as suspension of certain PIMAR requirements will allow the Commission to focus on higher priority regulatory matters and would relieve the petroleum industry of intensive weekly reporting requirements. The Commission would defer to the Legislature's determination that the PIMAR program is no longer a high priority government function during these trying economic times.

**COMMENTS:**

- Since September 2007, the Commission has been implementing the PIMAR program as required under Chapter 486J, HRS, and involves highly intensive collection of data from the petroleum industry that include company-specific detailed information regarding petroleum product imports, exports, inventories, production, retail and wholesale transactions, and gross margins, on a weekly, monthly, semi-annual and annual basis. The program has proven to be a very time-consuming effort for both the Commission and the petroleum industry reporting entities.

- The PIMAR program has not revealed evidence of any economic misbehavior in the petroleum market. The Commission's petroleum industry expert and consultant, ICF International, has concluded that the petroleum market in Hawaii is reasonably competitive and that market prices of petroleum products in Hawaii are less volatile and consistently higher than average US prices, but these prices do tend to follow world markets.
- The Commission is appreciative of the Legislature's intent as shown in this bill to enable the Commission to place more focus on higher priority regulatory matters, such as feed-in tariff implementation, integrated resource planning revisions (referred to as clean energy scenario planning), decoupling and other matters arising from the Hawaii Clean Energy Initiative that will help the State to generate more renewable energy, reduce our energy needs, and reduce our dependence on imported fossil fuels.

Thank you for the opportunity to testify.