



COLLEGE OF SOCIAL SCIENCES  
**HAWAII ENERGY POLICY FORUM**  
UNIVERSITY OF HAWAII AT MANOA

LATE

**Hawai'i Energy Policy Forum**

Ms. Stephanie Ackerman, The Gas Co.  
Mr. Robbie Alm, HECO  
Ms. Amy Asselbayer, Office of US Rep. Neil Abercrombie  
Ms. Madeleine Austin, World Business Academy  
Mr. Warren Bollmeier, Hawai'i Renewable Energy Alliance  
Mr. Carlito Caliboso, PUC (Observer)  
Mr. Albert Chee, Chevron  
Ms. Elizabeth Cole, The Kohala Center  
Mr. Kyle Datta, New Energy Partners  
Ms. Laura Dierenfield, People's Advocacy for Trails Hawai'i (PATH)  
Mr. Mark Duda, HI Solar Energy Asst.  
Sen. Kalani English, Hawai'i State Senate  
Mr. Mitch Ewan, UH HNEI  
Mr. Carl Freedman, Haiku Design & Analysis  
Sen. Mike Gabbard, Hawai'i State Senate  
Mr. Mark Glick, OHA  
Dr. Michael Hannett, RCUH  
Dr. Robert Harris, Sierra Club  
Mr. William Kaneko, Hawai'i Institute for Public Affairs  
Mr. Darren Kimura, Energy Industries Holdings  
Ms. Kelly King, Sustainable Biodiesel Alliance  
Mr. Mike Kitamura, Office of US Senator Daniel K. Akaka  
Mr. Kal Kobayashi & Victor Reyes, Maui County Energy Office  
Mr. Laurence Lau, State of Hawai'i DOH  
Mr. Allyn Lee, C&C of Honolulu Dept. of Design & Construction  
Dr. Stephen Meder, UH Center of Smart Building & Community Design  
Dr. Sharon Miyashiro, UH College of Social Sciences Public Policy Center  
Rep. Hermina Morita, Hawai'i State House of Representatives  
Mr. Dean Nishina, Div of Consumer Advocacy  
Mr. Tim O'Connell, USDA-Rural Development  
Ms. Melissa Pavlicek, Hawaii Public Policy Advocates  
Mr. Ted Peck, State of Hawai'i DBEDT Strategic Industries Division  
Mr. Randy Pereira, Hawai'i State AFL-CIO  
Dr. Rick Rocheleau, UH HNEI  
Mr. William Rolston, Hawai'i County Dept. of Research & Development  
Mr. Peter Rosegg, HECO  
Mr. Steven Rymsha, KIUC  
Mr. Riley Saito, PowerLight Corporation  
Mr. Glenn Sato, Kaua'i County Office of Economic Development  
Mr. Bill Short, BIA of Hawai'i  
Ms. Joelle Simonpietri, Simonpietri Enterprises LLC  
Mr. H. Ray Starling, Hawai'i Energy Group LLC  
Mr. Lance Tanaka, Tesoro Hawai'i Corp.  
Dr. Don Thomas, UH Center for the Study of Active Volcanoes  
Ms. Maria Tome, State of Hawai'i DBEDT Energy Office  
Mr. Murray Towill, Hawai'i Hotel Association  
Mr. Joshua Wisch, Office US Representative Mazie Hirono  
Mr. Alan Yamamoto, Office US Senator Daniel Inouye

Testimony of Carl Freedman, Chair  
Regulatory Reform Working Group  
Hawai'i Energy Policy Forum

Senate Committee on Commerce and Consumer Protection  
Senator Rosalyn H. Baker, Chair  
Senator David Y. Ige, Vice Chair

Tuesday, February 2, 2010  
9:00 a.m. Conference Room 229

**IN SUPPORT OF SB 2809 – Relating to Utilities Regulation**

I am Carl Freedman, Chair of the Regulatory Reform Working Group of the Hawaii Energy Policy Forum (“Forum”). The Forum is comprised of 47 representatives from Hawaii’s electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. We have been meeting since 2002 and have adopted a common vision and mission, and a comprehensive “10 Point Action Plan,” which serves as a framework and guide for meeting our preferred energy vision and goals.

SB 2809 would implement the reorganizations of the Public Utilities Commission (PUC) and the Division of Consumer Advocacy (DCA) that were approved by the Legislature in 2007 in Acts 177 and 183. The Forum wholeheartedly agrees with 2007 Legislature’s findings that the reorganizations of these agencies “are essential for providing sufficient regulation of Hawaii’s public utilities; controlling utility costs for Hawaii’s people, businesses, and governmental agencies; and successfully implementing meaningful energy policy reform in Hawaii.”

**SB2809 is a cost saving measure.** It would reduce the annual utility expenditures of State government by several times as much as the annual cost of fully funding the reorganization of the PUC and DCA. These agencies regulate over \$3 billion of annual telecommunications and electricity utility bills paid by Hawaii’s people, businesses and government agencies. The Forum estimates that fully funding the reorganizations would ultimately result in savings of at least \$100 million annually due to increased regulatory efficiency and consumer protection, bolstered utility industry financial health and prudent allocation of utility investments and expenditures. Funding for the PUC and DCA, including funding of the reorganizations reestablished by this bill, derives from revenues collected by the PUC from users of utility services, not from state general funds.

Sufficient utility regulation and consumer protection are especially essential in the next several years as Hawaii prepares to invest billions of dollars in new utility and private sector infrastructure associated with a transition from over-dependence on fossil fuels to increased reliance on efficiency and renewable energy resources.

Based on the foregoing, the Forum supports SB 2809 and respectfully urges passage of the bill.

Thank you for the opportunity to testify.

*This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies or organizations.*



DATE

LINDA LINGLE  
GOVERNOR  
JAMES R. AIONA, JR.  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
www.hawaii.gov/dcca

LAWRENCE M. REIFURTH  
DIRECTOR  
RONALD BOYER  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
THE TWENTY-FIFTH LEGISLATURE  
REGULAR SESSION OF 2010  
TUESDAY, FEBRUARY 2, 2010  
9:00 A.M.

TESTIMONY OF DEAN NISHINA, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS, TO THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR, AND  
MEMBERS OF THE COMMITTEE

**SENATE BILL NO. 2809 - RELATING TO UTILITIES REGULATION**

**DESCRIPTION:**

This measure proposes to authorize sufficient funding for the operation and staffing of the Public Utilities Commission ("Commission") and the Division of Consumer Advocacy ("Consumer Advocate") in order to facilitate the agencies' ability to meet their expected objectives and to fulfill the intent of the reorganizations that were begun with Act 177 and Act 183 from the 2007 legislative session. In addition, the measure proposes to require that applicable state and/or county agencies should assist in carrying out the proposed measure.

**POSITION:**

The Consumer Advocate supports this measure.

**COMMENTS:**

This measure proposes to facilitate the efforts to ensure that the Commission and the Consumer Advocate are sufficiently funded and staffed to handle the normal ongoing workload that is associated with regulating various public utility industries, such as the electric, natural gas, telecommunications, water, and wastewater industries, as

well as the regulation of transportation companies, such as those engaged in intra-island shipping. It should be noted that the normal, ongoing workload generally consists of rate change requests, capital improvement project applications, and other matters. This normal, ongoing workload has been increased recently due to the Clean Energy Initiatives that the State is actively pursuing. These initiatives are resulting in dockets that are novel, complex and resource consuming.

In order to manage the workload, the Consumer Advocate has been considering and implementing various measures to meet the ongoing workload and the associated procedural deadlines that are established. One of these measures is evaluating the dockets to determine the general type of or specific applications in which the Consumer Advocate will not participate, such as requests filed by companies seeking certification of authority to provide telecommunications services in Hawaii and certain types of applications related to financing. The Consumer Advocate has also implemented other measures, including reducing the scope of analysis in order to minimize the time that might be required by available staff or consultants to complete the review of the application within the procedural deadlines.

Historically, the Commission and the Consumer Advocate have had difficulties finding and retaining individuals to fill available vacancies. These difficulties are more pronounced for the Consumer Advocate because of the expectations of analysts to provide written and oral testimonies before the Commission under the applicable deadlines. The Consumer Advocate had already implemented various measures meant to be short-term in nature in order to address the staffing deficiencies experienced, but with the additional budget cuts and elimination of vacant positions, the already difficult situation was made even more difficult, which required even more extreme measures. Such measures will adversely affect the effectiveness of the Consumer Advocate on both short- and long-term bases, but are necessary to meet the ongoing workload and procedural deadlines that are associated with the various dockets. The reorganizations that were the subject of Act 177 and 183 were envisioned to remove some of those difficulties.

Thus, the Consumer Advocate supports the proposed measure as the Consumer Advocate contends that both the Consumer Advocate and the Commission should be able to access sufficient resources to ensure efficient operations to handle the normal ongoing workload. While the Consumer Advocate understands the current situation with the State's budget crisis, the Consumer Advocate contends that if the Commission and the Consumer Advocate are not able to adequately fulfill their existing duties, this will have a much more adverse impact on consumers and businesses than the incremental resources needed by the agencies. The need for adequately staffed and funded operations of the two agencies is also highlighted by the ongoing efforts to implement measures related to the Clean Energy Initiative, since if the agencies are not able to meaningfully participate or timely meet applicable responsibilities, this will

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adversely affect the State's ability to migrate towards weaning itself from its dependence on imported fossil fuels.

Thank you for this opportunity to testify.