

STAND. COM. REP. NO.

**2850**

Honolulu, Hawaii

**MAR 20 2012**

RE: H.B. No. 2644  
H.D. 2  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2644, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES COMMISSION,"

begs leave to report as follows:

The purpose and intent of this measure is to require the Public Utilities Commission to implement best practices in the areas of regulatory frameworks, rules and procedures, and information technology and public access and to appropriate funds to carry out these purposes.

Your Committee received testimony in support of this measure from the Public Utilities Commission, Hawaii Farm Bureau Federation, and Blue Planet Foundation.

Your Committee finds that the Public Utilities Commission has been working on updating and implementing internal processes and developing innovative regulatory frameworks. Implementation of best practices at the Public Utilities Commission will increase transparency and efficiency and will ensure that the Commission is in the best position to make informed decisions about the State's future infrastructure.

Your Committee notes that the companion to this measure, S.B. No. 2427, S.D. 2, which was previously passed by the Senate, contains an appropriation from the public utilities commission

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special fund. In testimony previously heard before your Committee, it was noted that the public utilities commission special fund has generated an average of \$18,000,000 each year over the last five fiscal years, and has lapsed to the general fund approximately \$10,000,000 each year during that same period. Your Committee concludes that the language in S.B. No. 2427, S.D. 2, is preferable because funding for implementing the purposes of this measure should come from the public utilities commission special fund.

Your Committee further finds that S.B. No. 2427, S.D. 1, contained an appropriation of \$100,000. Your Committee respectfully requests your Committee on Ways and Means to consider inserting a sufficient level of funding into this measure, to better assist the Public Utilities Commission in carrying out the broad requirements for best practices required by this measure. Your Committee notes that including an appropriation of \$100,000 will require an increase in the public utilities commission special fund ceiling and will result in a subsequent loss of \$100,000 from the general fund. Your Committee believes that this appropriation is an important expenditure and will have minimal impact on the general fund.

Your Committee additionally finds that H.B. No. 1945, H.D. 2, which was previously heard by the House Committee on Consumer Protection and Commerce, permitted the Public Utilities Commission to provide preferential water carrier service tariffs to ratepayers engaged in agricultural activities. Your Committee notes that in order for Hawaii's farmers and ranchers to remain competitive and self-sustaining, incentives and mechanisms must be implemented to reduce costs and ensure that the State's constitutional mandate to promote diversified agriculture and increase agricultural self-sufficiency is fulfilled. Your Committee also notes that the Public Utilities Commission regulates the tariffs set for public utilities that provide essential services to the agricultural industry, such as interisland shipping. Your Committee concludes that this measure should be amended to include language from H.B. No. 1945, H.D. 2.

Your Committee has amended this measure by:

- (1) Replacing its contents with the contents of S.B. No. 2427, S.D. 2, a substantively similar measure, which:

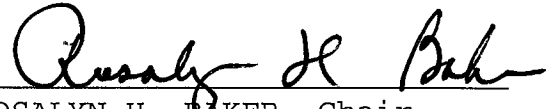


- (A) Requires the Public Utilities Commission to integrate and implement utility and regulatory best practices in the areas of regulatory frameworks, rules and procedures, and information technology and public access; and
  - (B) Appropriates funds out of the public utilities commission special fund to implement best practices;
- (2) Amending the reporting provision to require the Public Utilities Commission to include an update on its progress in implementing best practices in its 2012 and 2013 annual reports to the Legislature, rather than requiring a separate annual progress report;
  - (3) Inserting language from H.B. No. 1945, H.D. 2, which authorizes the Public Utilities Commission to:
    - (A) Provide preferential water carrier service tariffs for ratepayers that engage in agricultural activities; and
    - (B) Establish a process for applications for preferential water carrier service tariffs;
  - (4) Changing the effective date from July 1, 2030, to July 1, 2012; and
  - (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2644, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2644, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.



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




ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2644 HD2	CPN, WAM	3-16-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TANIGUCHI, Brian T. (VC)				/
GALUTERIA, Brickwood	/			
GREEN, M.D., Josh				/
NISHIHARA, Clarence K.	/			
SOLOMON, Malama	/			
SLOM, Sam		/		
<b>TOTAL</b>	<b>4</b>	<b>1</b>		<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes