

STAND. COM. REP. NO.

282

Honolulu, Hawaii

FEB 17 2011

RE: S.B. No. 99
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 99 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 update the functions of the Public Utilities Commission to respond more effectively to an increasingly complex regulatory environment.

Your Committee received testimony in support of this measure from the Governor of the State of Hawaii; the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs; Mauna Kea Banana Company; Maui Cattlemen's Association; Hawaii Cattlemen's Council; Kualapuu Market, Ltd.; Hawaii Food Industry Association; Kona-Kohala Chamber of Commerce; Maui Hotel & Lodging Association; Young Brothers, Limited; Suisan Company, Ltd.; Hawaii Foodservice Alliance LLC; Nalo Farms, Inc.; L&R Farm Ent LLC; Big Island Container Sales & Rentals, LLC; KOA Trading Company; Lanai Oil Company; Ocean Tourism Coalition; Life of the Land; Molokai Chamber of Commerce Foundation; and Hawaii Farm Bureau Federation. Your Committee received testimony supporting the intent of this measure from Blue Planet Foundation and Hawaii Renewable Energy Alliance. Your Committee received testimony in opposition to this measure from Haiku Design & Analysis. Your Committee received comments on this measure from the Public Utilities Commission of the Department of Budget and Finance.



Your Committee finds that the current composition and operational structure of the Public Utilities Commission is insufficient to provide adequate oversight of the State's rapidly changing and expanding regulated utility market. The Public Utilities Commission has long been hamstrung by inadequate funding, insufficient staffing, and nonexistent neighbor island representation. Your Committee finds that the growing importance of the neighbor islands to the State's alternative energy and sustainable agriculture economies merits guaranteed representation of neighbor island interests on the Public Utilities Commission.

Your Committee further finds that the growing complexity of issues related to the regulated marketplace, including energy provision, transportation, and telecommunications, demands more and more specialized knowledge and expertise on the part of regulators. Your Committee also finds that the purpose of the provisions of this measure creating subject-matter specific panels and requiring diverse background experience within the Public Utilities Commission is to foster the development of expertise among the Commissioners. Your Committee notes that this measure includes an expiration date and legislative reports for the panel structure created by this measure. Your Committee recognizes that the panel structure is a novel development with no antecedent to predict its chances of success. Therefore, your Committee has included a means for the Legislature to monitor the progress of the panels and to provide for their modification or repeal as necessary.

Your Committee has amended this measure by:

- (1) Clarifying notice requirements for hearings on the issuance of certificates of public convenience and necessity to water carriers;
- (2) Providing for diversity of professional background and expertise among Commissioners of the Public Utilities Commission;
- (3) Providing for neighbor island representation on the Commission by requiring that at least two Commissioners represent the counties of Hawaii, Kauai, and Maui and requesting that the Governor consider geographic and professional diversity in the composition of the Commission in making appointments to the Commission;



- (4) Clarifying that the subject-matter panels created by this measure shall take action on each matter within their jurisdiction and that action of the panels constitutes action of the Commission as a whole;
- (5) Clarifying the factual basis required for a finding that a proposed water carrier service will provide demonstrable and quantifiable benefits to the public;
- (6) Requiring that the Commission report annually to the Legislature on the implementation and operation of the subject-matter panels created by this measure and adding a six-year expiration date for the panels; and
- (7) 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 S.B. No. 99, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 99, 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,

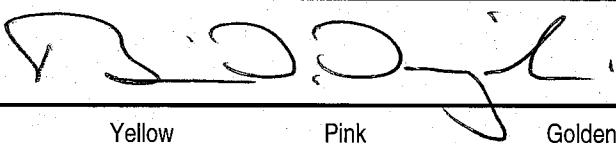


ROSALYN H. BAKER, Chair



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:		
SB 99	CPN, WARM	2/4/2011		
<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				✓
TOTAL	6	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes