

SB 2420

Measure Title: RELATING TO THE PUBLIC UTILITIES COMMISSION.

Report Title: Public Utilities Commission; Travel; Per Diem

Description: Requires payment to public utilities commissioners who reside on an island other than Oahu of per diem allowance and weekly round trip airfare.

Companion:

Package: None

Current Referral: CPN, WAM

Introducer(s): BAKER, CHUN OAKLAND, ENGLISH, GREEN, TSUTSUI, Dela Cruz, Espero, Galuteria, Taniguchi

<u>Sort by</u> <u>Date</u>		Status Text
1/20/2012	S	Introduced.
1/23/2012	S	Passed First Reading.
1/23/2012	S	Referred to CPN, WAM.
1/25/2012	S	The committee(s) on CPN has scheduled a public hearing on 01-31-12 9:00AM in conference room 229.

TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION
JANUARY 31, 2012

MEASURE: S.B. No. 2420
TITLE: Relating to the Public Utilities Commission

Chair Baker and Members of the Committee:

DESCRIPTION:

This measure will provide Commission members residing on the neighbor islands with both a per diem amount equal to the amount received by state legislators and weekly air fare for travel to Oahu for hearings and meetings. The public utilities commission special fund ("Special Fund") will provide the funds required by this measure.

POSITION:

The Commission appreciates the Legislature's recognition of the real costs involved in serving on the Commission. In addition, the Commission would like to offer the following additional comments.

COMMENTS:

Sufficient funding to cover this measure's costs can be found each year in the Special Fund, though subject to legislative appropriation. The Special Fund is generated through fees charged by public utilities to ratepayers in order to support the regulation of public services in the State.

While it may be a challenge to attract the qualified applicants from Oahu to serve on the Commission, it is even more so of a challenge to attract and retain qualified candidates from the neighbor islands, given the fact that Commissioners whose principal residences are on the neighbor islands do not have an allowance to cover travel and lodging, and adequate salary amounts to defray such costs, or both. In addition, Commission members are precluded from holding any other employment while serving on the Commission under HRS § 269-2, which limits their ability to ease the related costs of service. Again, the Commission truly appreciates that this measure recognizes this fact in order to enhance the participation and representation of the neighbor islands in the regulatory process.

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The Commission also recommends the Committee consider changing the added phrase "...payment to a commissioner..." beginning on page 2, line 8, to read "...payment to each commissioner" in order to clarify the provision's intent.

Thank you for the opportunity to testify on this measure.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
ON
SENATE BILL NO. 2420

January 31, 2012

RELATING TO THE PUBLIC UTILITIES COMMISSION

Senate Bill No. 2420 proposes to require payment and compensation to commissioners of the Public Utilities Commission who reside on an island other than Oahu for amounts of per diem allowance and weekly round trip airfare.

The Department of Budget and Finance opposes this measure as it is not consistent with financial treatment of compensation for other employees, boards or commissioners and is also inconsistent with the Administration's policy on the matter. Hawaii Revised Statutes already allows departments and agencies to provide travel expenses for appointed members of boards and commissions to attend meetings and, in some instances, provides for the reimbursement of certain expenses. However, the vast majority of boards and commissions are served by citizen volunteers who contribute to government operations without salary compensation and are also not considered to be employees of the State of Hawaii. Board members of the Public Utilities Commission receive a salary and are therefore not volunteers. They are Executive Branch appointees who are compensated a regular salary and receive fringe benefits (pension, health insurance, etc.) like any other employee of the State.

This measure would add to the compensation offered to Public Utilities Commissioners since travel allowances and per diem are considered taxable W-2 wages by the Internal Revenue Service. Please be advised that these additional wages will require additional FICA and Medicare costs to the State.

While I recognize the enormous travel expense that neighbor island residents must bear in order to work for departments, agencies, boards or commissions that are primarily located on the island of Oahu, this bill would offer an inequitable measure of compensation to a select handful of government employees. There are a number of other Executive Branch appointees who serve as chairs of their agency's board or commission. These appointees are also employees, paid a salaried compensation, and receive fringe benefits - but, they are not compensated to travel to their place of work. A significant number of Executive Branch appointees serve in Governor Abercrombie's Administration while maintaining their home residence on an island other than Oahu. Each of us agreed to serve knowing the degree and amount of compensation offered for the position - just like Public Utilities Commissioners.

Requiring travel and per diem payments for salaried commissioners of the Public Utilities Commission who reside on an island other than Oahu is divisive and sets a bad precedent not only for a board member who resides on Oahu, but for other boards, commissions and appointees who are not afforded the same travel and per diem payments. This bill is an inconsistent financial treatment and policy application of what is considered compensation and reimbursable business expense. The department encourages the Senate Committee on Commerce and Consumer Protection to hold this measure.

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



KEALI'I S. LOPEZ
DIRECTOR

JEFFREY T. ONO
EXECUTIVE DIRECTOR

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TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012

TUESDAY, JANUARY 31, 2012
9:00 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND
CONSUMER AFFAIRS, TO THE HONORABLE ROSLYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE

SENATE BILL NO. 2420 - RELATING TO THE PUBLIC UTILITIES COMMISSION

DESCRIPTION:

This measure proposes to require payment to public utilities commissioners who reside on an island other than Oahu of per diem allowance and weekly round trip airfare.

POSITION:

The Division of Consumer Advocacy supports this bill.

COMMENTS:

It is in the best interest of consumers of regulated utility and water transportation services to have qualified individuals serve as commissioners on the Public Utilities

Senate Bill No. 2420

Senate Committee on Commerce and Consumer Protection

Tuesday, January 31, 2012, 9:00 a.m.

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Commission regardless of what island on which they reside. Current commissioners who reside on the neighbor islands should not be significantly economically disadvantaged by virtue of the island on which they have chosen to live. In order to continue to have qualified commissioners who represent the interests of all of the islands of this State, current and future neighbor island commissioners should be reimbursed for a per diem allowance equal to that paid to members of the legislature whose residence is on the neighbor islands and airfare for one weekly round trip to and from Honolulu.

Thank you for this opportunity to testify.