

SB 2924

Measure Title: RELATING TO PUBLIC UTILITIES.

Report Title: Public Utilities Commission Special Fund; General Fund Transfer

Description: Increases the balance that may be retained in the public utilities commission special fund at the end of a fiscal year.

Companion:

Package: None

Current Referral: CPN, WAM

Introducer(s): IGE



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
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TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014
THURSDAY, FEBRUARY 6, 2014
9:15 A.M.

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

SENATE BILL NO. 2924 - RELATING TO PUBLIC UTILITIES

DESCRIPTION:

This measure proposes to increase the balance that may be retained in the Public Utilities Commission's (Commission") special fund at the end of the year.

POSITION:

The Division of Consumer Advocacy (Consumer Advocate") supports this measure.

COMMENTS:

Hawaii is advancing its clean energy initiatives, but the Consumer Advocate, like other parties; believe that further and more expeditious progress should be enabled. Allowing the Commission and the Consumer Advocate to retain consultants and use greater levels of resources would facilitate the more expeditious analysis of existing constraints and the development of possible solutions as it relates to renewable energy

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Senate Committee on Commerce and Consumer Protection
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integration. Additional resources would also be instrumental in developing sound analyses to evaluate the feasibility and desirability of importing Liquefied Natural Gas to displace fuel oil and diesel fuel as well as other initiatives, such as ubiquitous high speed broadband.

Increasing the amount allowed to be retained in the Commission's Special Fund would be an instrumental step towards facilitating the State's ability to continue and, hopefully expedite, its progress in these new and/or important initiatives. This measure, in conjunction with other measures, such as the intent reflected in the proposed SB 2948, will clearly demonstrate this legislature's commitment to these initiatives.

Thank you for this opportunity to testify.

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

FEBRUARY 6, 2014
9:15 a.m.

MEASURE: S.B. No. 2924
TITLE: Relating to Public Utilities

Chair Baker and Members of the Committee:

DESCRIPTION:

This measure amends Section 269-33, Hawaii Revised Statutes ("HRS"), by increasing the minimum balance amount that shall be retained in the Public Utilities Commission ("Commission") Special Fund ("PUC Special Fund") at the end of each fiscal year from the current \$1,000,000 requirement to \$10,000,000 effective July 1, 2014.

POSITION:

The Commission supports this measure and would like to offer the following comments for the Committee's consideration.

COMMENTS:

The PUC Special Fund is the primary source of funding for the operations of both the Commission and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate"), in addition to limited supplemental funding sources such as grants. Since Fiscal Year ("FY") 2009, the amount of transfers from the PUC Special Fund to the State's General Fund pursuant to HRS § 269-33 (see table below) has ranged from approximately \$9.3 million (FY2009) to approximately \$14.7 million (FY2010), for an average transfer amount of approximately \$11.2 million since FY2009.

PUC Special Fund Transfer to State General Fund (5-Year) [Figures in \$]						
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
	(actual)	(actual)	(actual)	(actual)	(actual)	(estimate)
Appropriation Ceiling	10,628,380	9,569,891	9,249,331	11,049,409	11,269,551	11,351,174
Revenues	17,617,423	21,781,808	17,165,178	19,270,946	21,761,873	19,958,668
Expenditures	8,278,664	7,087,541	7,184,937	8,945,168	8,793,348	11,351,174
Transfer to General Fund	9,338,759	14,694,267	9,755,241	10,175,777	12,157,574	8,576,494

While the Commission recognizes the benefits that these transfers provide to the State, the funds collected under the Public Utility Fee in accordance with HRS § 269-30 are derived from public utility company revenues and are, thus, paid directly by utility ratepayers for the purpose of providing regulatory oversight.

Dedicating a higher or full portion of the PUC Special Fund to support the Commission's and the Consumer Advocate's operations would be advantageous for the State, particularly at the present time when so much is being required of the Commission and the Consumer Advocate through mandated programs. As the Commission has testified previously, the complexity and size of the Commission's workload has drastically increased over the last few years as advancements in state policy and utility technology has required, and is causing, a critical review for regulatory reforms. Increasing the annual carryover amount in the PUC Special Fund would support the PUC and the Consumer Advocate fulfill their respective statutory duties during these challenging times.

In addition, raising the PUC Special Fund carryover balance amount would immediately help with the encumbering of contracts for coming years, a practice both the Commission and the Consumer Advocate must increasingly rely on as each agency's work in the area of electricity regulation, in particular, becomes more technical and complex, given technological advancements and an evolving utility business model.

Thank you for the opportunity to provide comments on this measure.



COLLEGE OF SOCIAL SCIENCES
HAWAII ENERGY POLICY FORUM
UNIVERSITY OF HAWAII 'I AT MĀNOA

Hawaii Energy Policy Forum

Amy Asselbave, Office of US Congresswoman Tulsi Gabbard
Joe Bovrin, Hawai'i Gas
Warren Bollmeyer, Hawaii Renewable Energy Alliance
Albert Chee, Chevron
Rep. Benny Coffman, Hawai'i State House of Representatives
Elizabeth Cole, The Kohala Center
Leslie Cole-Brooks, Hawai'i Solar Energy Assn
Kyle Datta, Uluopono Initiative
Laura Dierenfeld, Queen Lili'uokalani Trust
Mitch Ewan, OH Hawai'i Natural Energy Institute
Jay Fiedell, ThinkTech Hawai'i, Inc.
Carl Freedman, Haiku Design & Analysis
Sen. Mike Gabbard, Hawai'i State Senate
Dan Giovannini, Hawaiian Electric Co.
Mark Glick, State Energy Office, DBEDT
Justin Gruenstein, City & County of Honolulu
Dale Hahn, Office of Senator Brian Schatz
Robert Harris, Sierra Club
Michael Hammett, Research Corporation of the OH
William Kaneko, Hawaii Institute for Public Affairs
Jim Kelly, Kaua'i Island Utility Cooperative
Darren Kimura, Energy Industries Holdings
Kelly King, Pacific Biodiesel Alliance
Kal Kobayashi, Maui County Energy Office
Rep. Chris Lee, Hawai'i State House of Representatives
Glady's Maunua, Building Industry Assn of Hawai'i
Doug McLeod, Maui County
Stephen Meder, OH Center for Smart Building and Community Design
Lauren Montez-Hernandez, Office of Senator Mazie Hirono
Sharon Moriwaki, OH Social Sciences Public Policy Center
Bermina Morita, Public Utilities Commission
Ron Nelson, U.S. Defense Energy Support Center
Tim O'Connell, U.S. Department of Agriculture, Rural Development
Jeffrey Ono, Division of Consumer Advocacy, DCCA
Darren Pai, Hawaiian Electric Co.
Melissa Pavlicek, Hawaii Public Policy Advocates, LLC
Wintelin K. T. Park, Office of Congresswoman Colleen Hanabusa
Rick Rocheleau, OH Hawai'i Natural Energy Institute
Will Rolston, Hawai'i County
Peter Rossegg, Hawaiian Electric Co.
Riley Saito, SunPower Systems Corp
Jeanne Schallz Aluvai, Hawai'i Institute for Public Affairs
Joelle Simonpietri, U.S. Pacific Command Energy Office
Jim Spaeth, US Department of Energy
H. Ray Starting, Hawai'i Energy
Ben Sullivan, Kaua'i County
Lance Tanaka, Tesoro Hawai'i Corp
Maria Tome, State Energy Office, DBEDT
Ah Linn Tamane, Hawaii Government Employees Assn

Testimony of Sharon Moriwaki
Co-chair, Hawaii Energy Policy Forum
Before the

Senate Committee on Commerce and Consumer Protection

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Thursday, February 6, 2014 at 9:15 a.m. - Conference Room 229

IN SUPPORT OF SB 2924 – RELATING TO PUBLIC UTILITIES

The Hawai'i Energy Policy Forum, an organization created in 2002, and comprised of 46 representatives from Hawaii's electric utilities, oil and natural gas suppliers, environment and community groups, renewable energy industry, and federal, state and local government, including the neighbor islands. Our vision, mission, and comprehensive "10 Point Action Plan" serves as our guide in advancing Hawai'i's preferred energy goals.

SB 2924 increases the annual carry-over balance in the Public Utilities Commission Special Fund from the existing limit of \$1,000,000 to \$10,000,000. The larger proposed limit is equal to approximately half of the total annual special fund revenues.

Since its inception, one unanimous concern of the Forum members is the need to revitalize the Public Utilities Commission (PUC) and the Division of Consumer Advocacy (DCA). Revitalization of these important regulatory agencies is essential in order to implement progressive energy policies. In addition to regulating utility expenditures of approximately \$4 billion annually, the PUC and DCA are tasked with developing and implementing many technically complex policy matters that affect every one of Hawai'i's people on a day-to-day basis.

The PUC and DCA are funded through the Public Utilities Commission Special Fund (PUC Special Fund) which derives its revenues from fees that are ultimately charged to Hawai'i's public utility customers. About half of the revenues from the PUC Special Fund are used to fund these agencies and about half of the revenues spill over to the State general fund each year.

The Forum notes that the PUC Special Fund is paid for by utility customers for adequate regulation of public utilities. The clear priority in managing and allocating revenues from this fund should be adequate and effective funding of the PUC and DCA, the two agencies with the responsibility to ensure that utility expenditures and the resulting rates charged to utility customers are reasonable and in the public interest.

The Forum also notes that adequate and efficient funding of the PUC and DCA is clearly cost effective for the State of Hawaii. It simply does not make sense to hobble the effectiveness of agencies tasked with oversight and gatekeeping responsibilities over expenditures of \$4 billion annually. The adage "penny-wise and pound-foolish" applies here, except with a lot more zeroes and several commas.

SB 2924 would remove a hindrance in the effective funding of the PUC and DCA. This bill is consistent with the purposes of the PUC Special Fund.

The Forum therefore SUPPORTS SB 2924.

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.



Directors

Jody Allione
Silver Ridge

Joe Boivin
Hawaii Gas

Kelly King
Pacific Biodiesel

Warren S. Bollmeier II
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE
SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION
SB 2924, RELATING TO RENEWABLE ENERGY

February 6, 2014

Chair Baker, Vice-Chair Taniguchi, and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance ("HREA"). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically- sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of SB 2924 is to increase the balance that may be retained in the public utilities commission special fund at the end of a fiscal year.

HREA **strongly supports** this measure as historically the PUC Special Fund has been raided to support other purposes.

This measure would help increase the badly need funds for the PUC to do their job.

Mahalo for this opportunity to testify.

SB2924

Submitted on: 2/4/2014

Testimony for CPN on Feb 6, 2014 09:15AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
sally kaye	Individual	Support	No

Comments: The Public Utilities Commission has been understaffed and underfunded for years. Please pass this bill.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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