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TO THE SENATE COMMITTEE ON WAYS AND MEANS

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

WEDNESDAY, FEBRUARY 19, 2014

9:05 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE DAVID Y. IGE, 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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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 WAYS & MEANS

FEBRUARY 19, 2014
 9:05 a.m.

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

Chair Ige 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.

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).

PUC Special Fund Transfer to State General Fund (5-Year) [Figures in \$]						
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
	(actual)	(actual)	(actual)	(actual)	(actual)	<i>(estimate)</i>
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

The Public Utility Fee, collected in accordance with HRS § 269-30, is based on public utility company revenues and are, thus, paid by public utility ratepayers for the purpose of providing regulatory oversight.

As the Commission has previously testified before the Legislature, the complexity and size of the Commission's workload has drastically increased over the last few years as new statutory mandates, evolving technology, and new utility business models have necessitated critical review and a potential reform of the current regulatory model. As both the Commission and the Consumer Advocate must rely increasingly on contracting for specialized technical and regulatory services, raising the PUC Special Fund carryover balance amount would help with the encumbering of these types of contracts. Therefore, increasing the annual carryover amount in the PUC Special Fund would further support the Commission and the Consumer Advocate in fulfilling their respective statutory duties and ensuring that the Public Utility Fees, which are paid by public utility ratepayers, are used for the purposes for which they were intended.

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



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HAWAII ENERGY POLICY FORUM
UNIVERSITY OF HAWAI'I AT MĀNOA

Hawaii Energy Policy Forum

Jeanne Schultz Afuvai, Hawai'i Institute for Public Affairs
Joseph Boivin, Hawai'i Gas
Warren Bollmeier, Hawaii Renewable Energy Alliance
Albert Chee, Chevron
Elizabeth Cole, The Kohala Center
Leslie Cole-Brooks, Hawai'i Solar Energy Assn
Kyle Datta, Ulupono Initiative
Laura Dierenfield, Queen Lili'uokalani Trust
Mitch Ewan, UH Hawai'i Natural Energy Institute
Jay Fidell, ThinkTech Hawai'i, Inc.
Carl Freedman, Haiku Design & Analysis
Sen. Mike Gabbard, Hawai'i State Senate
Dan Giovanni, Hawaiian Electric Company
Mark Glick, State Energy Office, DBEDT
Justin Gruenstein, City & County of Honolulu
Dale Hahn, Ofc of US Sen Brian Schatz
Michael Hammett, Research Corporation of the UH
Robert Harris, Sierra Club
Rachel James, Ofc of US Congresswoman Tulsi Gabbard
Jim Kelly, Kaua'i Island Utility Cooperative
Darren Kimura, Energy Industries Holdings
Kelly King, Sustainable Biodiesel Alliance
Rep Chris Lee, Hawai'i House of Representatives
Gladys Marrone, Building Industry Assn of Hawai'i
Doug McLeod, Maui County
Stephen Meder, UH Ctr for Smart Building
& Community Design
Lauren Montez-Hernandez, Ofc of Sen Mazie Hirono
Hermina Morita, Public Utilities Commission
Sharon Moriwaki, UH Social Sciences Public Policy Ctr
Ron Nelson, U.S. Defense Energy Support Center
Tim O'Connell, U.S. Dept of Agriculture, Rural Devpt
Jeffrey Ono, Division of Consumer Advocacy, DCCA
Darren Pai, Hawaiian Electric Company
Winteh K. T. Park, Ofc of US Congresswoman
Colleen Hanabusa
Melissa Pavlicek, Hawaii Public Policy Advocates
Randy Perreira, Hawai'i Government Employees Assn
Rick Rocheleau, UH Hawai'i Natural Energy Institute
Will Rolston, Hawai'i County
Peter Rosegg, Hawaiian Electric Co.
Riley Saito, SunPower Systems Corp
Joelle Simonpietri, U.S. Pacific Command Energy Ofc
H. Ray Starling, Hawaii Energy
Ben Sullivan, Kaua'i County
Lance Tanaka, Tesoro Hawai'i Corp
Maria Tome, State Energy Office, DBEDT
Ah Linn Yamane, Hawaii Government Employees Assn

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

Senate Committee on Ways and Means

Senator David Y. Ige, Chair,
Senator Michelle N. Kidani, Vice Chair and Members

Wednesday, February 19, 2014 at 9:05 a.m., Conference Room 211

**In Support of SB 2924 , Relating to Public Utilities; and
SB 2948, Relating to the Public Utilities Commission**

The Hawai'i Energy Policy Forum ("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.

We urge your committee to consider favorably and pass the following two bills that are important to the proper and adequate funding of the Public Utilities Commission ("PUC"), an agency critical to the long-term future of energy self-sufficiency of the State and, ultimately, the well-being of the State. More specifically:

(1) 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)-- two important regulatory agencies essential to implementing progressive energy policies. In addition to regulating utility expenditures of approximately \$4 billion dollars annually, the PUC and DCA are tasked with developing and implementing many technically complex policy matters that affect every one of Hawaii'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 paid by utility customers to regulate the public utilities to ensure that customer rates are reasonable and in the public interest. Therefore revenues should be used to provide adequate funding for the PUC and DCA, which currently receive half the revenues generated with the remainder going to the State general fund. It makes sense to provide the needed funding for agencies overseeing expenditures of \$4 billion annually. This bill is consistent with the purposes of the PUC Special Fund.

(2) SB 2948, if passed, would provide the PUC Chair with more direct (but still limited) control over agency operational expenditures and retention of personnel.



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Robert Harris, Sierra Club
Rachel James, Ofc of US Congresswoman Tulsi Gabbard
Jim Kelly, Kaua'i Island Utility Cooperative
Darren Kimura, Energy Industries Holdings
Kelly King, Sustainable Biodiesel Alliance
Rep Chris Lee, Hawai'i House of Representatives
Gladys Marrone, Building Industry Assn of Hawai'i
Doug McLeod, Maui County
Stephen Meder, UH Ctr for Smart Building
& Community Design
Lauren Montez-Hernandez, Ofc of Sen Mazie Hirono
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Maria Tome, State Energy Office, DBEDT
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The PUC is tasked with developing and implementing many technically complex policy matters that affect every one of Hawaii's people on a day-to-day basis. As you are aware, legislation leaves many of the most difficult, sensitive, and technical determinations to the PUC for ultimate resolution and implementation. To successfully fulfill these challenging duties the PUC must have the needed resources, including sufficient and capable staff.

The PUC faces exceptional challenges in recruiting and maintaining the specialized staff needed to provide the unique nexus of technical, economic, policy, and legal expertise necessary for enlightened energy regulation. The Forum has formally recognized this as the single most important need to ensure effective implementation of progressive energy policy. For these reasons the PUC Chair must be given the authority to manage the administrative functions efficiently, promptly and effectively to meet the needs of the agency and the public it serves.

Based on the foregoing, the Hawaii Energy Policy Forum strongly supports SB 2924 and SB2948 and respectfully urges your passage of these bills.

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.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: skaye@runbox.com
Subject: *Submitted testimony for SB2924 on Feb 19, 2014 09:05AM*
Date: Monday, February 17, 2014 8:29:17 AM

SB2924

Submitted on: 2/17/2014

Testimony for WAM on Feb 19, 2014 09:05AM in Conference Room 211

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

Comments:

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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