

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. 2948  
**TITLE:** Relating to the Public Utilities Commission

Chair Ige and Members of the Committee:

**DESCRIPTION:**

This measure proposes to clarify the authority of the Chairperson of the Public Utilities Commission ("Commission") concerning the hiring of personnel and operational expenditures.

**POSITION:**

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

**COMMENTS:**

The Commission appreciates the Legislature's recognition of the major transition that the Commission is currently undergoing due to increased workload complexity and added mandated programs, particularly in the area of energy regulation. To fulfill its increased responsibilities, legislative clarification regarding the authority of the Commission's Chairperson to make personnel and operational expenditures decisions is necessary.

The supervision of attached agencies within the State is generally governed by the provisions of Section 26-35, Hawaii Revised Statutes ("HRS"), which attempts to delineate the administrative responsibilities and the authority of the department head to which the agency is attached. The Commission's enabling statute, HRS Chapter 269, defines the agency head's authority and administrative autonomy. The Commission believes that this measure can help avoid ambiguity regarding the Commission's autonomy and ability to hire personnel and/or make the necessary expenditures to support it in carrying out its various regulatory responsibilities within a legislatively-approved budget.

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



NEIL ABERCROMBIE  
GOVERNOR

SHAN S. TSUTSUI  
LT. GOVERNOR

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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

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. 2948 - RELATING TO THE PUBLIC UTILITIES COMMISSION

DESCRIPTION:

This measure proposes to clarify the Public Utilities Commission's ("Commission") authority concerning standard administrative practices, including operational expenditures and the hiring of personnel.

POSITION:

The Division of Consumer Advocacy supports this measure.

COMMENTS:

Historically, the Commission has faced issues with respect to sufficient resources, both in terms of funds for operational requirements and the hiring and retention of personnel. This measure will facilitate the Commission's ability to efficiently address issues regarding operational expenditures and the hiring and retention of agency personnel. Given the requirements associated with various ongoing initiatives,

Senate Bill No. 2948  
Senate Committee on Ways and Means  
Wednesday, February 19, 2014, 9:05 a.m.  
Page 2

such as renewable energy, energy efficiency, and liquefied natural gas, having a Commission that is able to access the necessary resources and hire the necessary personnel to analyze and support these initiatives is important.

Thank you for this opportunity to testify.



COLLEGE OF SOCIAL SCIENCES  
**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 Hamnett, 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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Chair David Ige, Page 2

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Jeanne Schultz Afuvai, Hawai'i Institute for Public Affairs  
Joseph Boivin, Hawai'i Gas  
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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 Moriaki, 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  
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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

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.*

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**Subject:** \*Submitted testimony for SB2948 on Feb 19, 2014 09:05AM\*  
**Date:** Monday, February 17, 2014 8:28:11 AM

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**SB2948**

Submitted on: 2/17/2014

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
sally kaye	Individual	Support	No

Comments:

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