



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI`I S. LOPEZ
DIRECTOR

JO ANN UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

WEDNESDAY, MARCH 12, 2014
2:10 P.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE ANGUS L. K. MCKELVEY, CHAIR,
AND MEMBERS OF THE COMMITTEE

SENATE BILL NO. 451, S.D. 1 –
RELATING TO THE PUBLIC UTILITIES COMMISSION

DESCRIPTION:

This measure proposes to specify that the Public Utilities Commission (Commission) is an autonomous agency of the state to be assigned, for administrative purposes only, to the Department of Commerce and Consumer Affairs (DCCA); clarify the Commission's authority concerned standard administrative practices, including operational expenditures and the hiring of personnel; enables the Commission Chair to appoint and employ an executive officer to assist with managing the operations of the Commission; specifies that the executive director of the Division of Consumer Advocacy

Senate Bill No. 451, S.D. 1
House Committee on Consumer Protection and Commerce
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shall be the consumer advocate in hearings before the Commission; and appropriates funds for the hiring of the executive officer within the Commission.

POSITION:

The Division of Consumer Advocacy supports this measure.

COMMENTS:

The mission of DCCA is aligned with the mission of the Commission's goal "to ensure that regulated companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while providing regulated companies with a fair opportunity to earn a reasonable rate of return." DCCA's goal is "to promote a strong and healthy business environment while protecting the community from unfair and deceptive business practices."

Placing the Commission under DCCA for administrative purposes will assist the Commission in obtaining sufficient resources to fulfill the Commission's ever expanding role in utility policy-making and regulation.

This bill further proposes to make the Executive Director of the Division of Consumer Advocacy the Consumer Advocate, rather than the Director of the DCCA. This change is necessary to avoid any potential conflict of interest between the Consumer Advocate and the Commission.

Thank you for this opportunity to testify.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON CONSUMER
PROTECTION AND COMMERCE
ON
SENATE BILL NO. 451, S.D. 1

March 12, 2014

RELATING TO THE PUBLIC UTILITIES COMMISSION

Senate Bill No. 451, S.D. 1, specifies that the public utilities commission is an autonomous agency of the state to be assigned, for administrative purposes only, to the department of commerce and consumer affairs. The bill also increases the compensation of the chair and commissioners of the public utilities commission. Clarifies the public utilities commission's authority concerned standard administrative practices, including operational expenditures and the hiring of personnel. Enables the chair of the public utilities commission to appoint and employ an executive officer to assist with managing the operations of the commission. Specifies that the executive director of the division of consumer advocacy shall be the consumer advocate in hearings before the public utilities commission. Appropriates funds for the hiring of an executive officer within the public utilities commission.

The Department of Budget and Finance (B&F) supports this measure. Attaching agencies to departments for administrative purposes is more than a matter of assigning paper-pushing duties. Where an agency is attached – even if for administrative purposes - reflects upon the strategic nature and purpose of that agency within the entire organization. Also, it must be recognized that administering departments have varying capabilities and functional philosophies that are, first and foremost, driven by that department's primary function within the state organization. Having the Public Utilities Commission (PUC) situated in B&F although statutorily stated for administrative

purposes – means that the PUC is subject to some level of administrative direction largely driven by matters and issues that are foremost related to financial management of the state, departments, or operations of B&F.

The PUC regulates all franchised or certificated public service companies operating in the State and prescribes rates, tariffs, charges and fees; determines the allowable rate of earnings in establishing rates; issues guidelines concerning the general management of franchised or certificated utility businesses; and acts on requests for the acquisition, sale, disposition or other exchange of utility properties, including mergers and consolidations. As such, the PUC's statutory responsibility requires a unique organizational structure and specialized staff. In order for PUC to effectuate these various duties, B&F supports having the PUC be administratively attached to a department whose own operational functions are more closely align with the operational mission and strategic focus of the PUC. The department supports reassignment of the PUC in the interest of supporting the PUC's own strategic direction. Departments such as the Department of Commerce and Consumer Affairs or the Department of Business, Economic Development & Tourism do present strong attributes that could be better suited for the strategic evolution of the PUC. Either of these departments, could result in a more synergistic approach towards utility regulation and the development of energy policy in particular. Thank you for the opportunity to testify.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

Before House Committee on Consumer Protection & Commerce

Wednesday, March 12, 2014

SB 451 SD 1: RELATING TO THE PUBLIC UTILITIES COMMISSION

Aloha Chair McKelvey and Chair Kawakami and members of the Committee,

On behalf of the Hawaii Solar Energy Association (HSEA), I would like to testify in support for SB 451 SD 1, which specifies that the public utilities commission is an autonomous agency of the state, increases the compensation of the chair and PUC commissioners, and enables the chair to appoint an executive officer to assist with managing the operations of the commission. HSEA is a non-profit trade organization that has been advocating for solar energy since 1977, with an emphasis on residential distributed generation and commercial for both solar hot water (SHW) and photovoltaics (PV). We currently represent 81 companies, which employ thousands of local workers in the solar industry. With 37 years of advocacy behind us, HSEA's goal is to work for a sustainable energy future for all of Hawaii.

The PUC is currently contending with a number of complicated dockets that require significant time and expertise. These dockets include, but are not limited to, the reexamination of the Decoupling Docket, the reexamination of the Feed-in Tariff, the Integrated Resource Plan, the Reliability Standards Working Group, On-bill Financing and On-bill Repayment, and the soon to be added GEMS program which passed through the legislature last year. Each of these dockets examine a key aspect of energy policy and direction for the state of Hawaii, and many parties from the utility, the energy industry, ratepayers, and environmental groups see these dockets as key frameworks that must be complete in order for the state to move forward with its energy goals.

However, the PUC has been plagued by administrative hurdles which has left the PUC chronically understaffed, with inadequate work space and infrastructure, and which has prevented the chair from using the funds currently allocated to hire additional staff with the level of expertise that the PUC needs. The work of the PUC is vital to the economic and energy future of the state, and PUC employees should receive compensation that is commensurate with the hard work and expertise that they bring to the table.

SB 451 SD 1 would remove administrative barriers and promote a more efficient and effective PUC.

Thank you for the opportunity to testify
Leslie Cole-Brooks
Executive Director
Hawaii Solar Energy Association



HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Wednesday, March 12, 2014 – 2:10 p.m. – Room 325

Ulupono Initiative Supports the Intent of SB 451 SD 1, Relating to the Public Utilities Commission

Dear Chair McKelvey, Vice Chair Kawakami and Members of the Committee:

My name is Kyle Datta and I am general partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono supports the intent SB 451 SD 1, which specifies that the Public Utilities Commission (PUC) is an autonomous agency and provides additional funding for operations. The PUC is the gatekeeper for many industries, including the energy sector in Hawai'i. Yet, it does not have the resources to handle all of the work it is required to do. This has directly hurt Hawai'i's renewable energy industry, created delays in projects that will reduce imports of fossil fuel products, and will hurt the long-term prosperity of the overall economy.

As an investment firm, one of the largest reasons to avoid making investments is uncertainty. We, as well as many in the renewable energy industry, struggle with delays from regulatory bodies and often results in projects being less financeable or scrapped completely.

The PUC needs to have a continuous and reliable stream of funding to attract high quality talent and prevent staff turnover. No PUC can make intelligent and timely decisions without enough trained staff to support the commissioners. Salaries will need to be increased to attract and retain the caliber of talent needed to address these complex issues. Furthermore, we recommend this bill add language to allow the PUC to keep a minimum of 75% of its special fund every year. On this note, we feel SB 451 SD 1 should be integrated with SB 2924, which allows for the PUC to keep a greater share of its funds.

If the goal of the Legislature is to have the PUC as an effective autonomous agency, then we recommend the PUC be transferred to the Judiciary, which has greater independence in its own decision making. We concur with this bill's intent to clarify the ability of the PUC commissioners and its staff to be able to make the decisions with their expertise. We note that defining specific organizational positions is inconsistent with that intent.

Thank you for this opportunity to testify.

Respectfully,

Kyle Datta
General Partner

Pacific Guardian Center, Mauka Tower
737 Bishop Street, Suite 2350, Honolulu, HI 96813

808 544 8960 o | 808 544 8961 f
www.ulupono.com



Email: communications@ulupono.com

kawakami3-Benigno

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 11, 2014 9:07 AM
To: CPCtestimony
Cc: skaye@runbox.com
Subject: Submitted testimony for SB451 on Mar 12, 2014 14:10PM

SB451

Submitted on: 3/11/2014

Testimony for CPC on Mar 12, 2014 14:10PM in Conference Room 325

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

Comments: This is way overdue.

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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LATE

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

MARCH 12, 2014
2:10 p.m.

MEASURE: S.B. No. 451, S.D. 1

TITLE: Relating to the Public Utilities Commission

Chair McKelvey and Members of the Committee:

DESCRIPTION:

S.B. No. 451, S.D. 1 would amend a number of statutory provisions relating to the administrative and functional aspects of the Public Utilities Commission (“Commission”) and the Consumer Advocate. These statutory amendments include:

1. Moving the Commission as an attached agency under the Department of Budget and Finance (“DBF”) to the Department of Commerce and Consumer Affairs (“DCCA”) for administrative purposes;
2. Adjusting the current salary levels for each of the Commissioners to a currently unspecified percentage of the salary of the Director of the Department of Human Resources Development;
3. Clarifying the autonomous nature of the Commission, as well as the authority of the Chairperson of the Commission concerning the hiring of personnel and operational expenditures;
4. Creating the position of executive officer for the Commission (“Executive Officer”) within Section 269-3, Hawaii Revised Statutes (“HRS”); and
5. Removing the role of Consumer Advocate from the DCCA Director’s list of responsibilities, and re-designating the Executive Director of the Division of

Consumer Advocacy within DCCA (“CA Executive Director”) as the Consumer Advocate.

In addition, this measure includes a number of provisions to allow for an orderly and timely administrative transfer of the Commission from DBF to DCCA beginning July 1, 2014 and becoming fully effective by July 1, 2015. These provisions relating to the administrative transfer of the Commission to DCCA include an unspecified appropriation to support the transition process.

This measure also contains an effective date of July 1, 2050.

POSITION:

The Commission strongly supports this measure, and would like to propose clarifying amendments as shown in the attached proposed House Draft 1 (“Proposed HD1”). The Commission would also like to offer the following comments for the Committee’s consideration.

COMMENTS:

The Commission supports the transfer of the Commission from DBF to DCCA, as well as the intent of the Legislature to recognize the Commission as a semi-autonomous agency receiving administrative support from DCCA. Further, the provisions designating the CA Executive Director as the Consumer Advocate in place of the DCCA Director should help ensure the proper level of separation between the Consumer Advocate and the Commission within DCCA so as to avoid potential conflicts related to the Consumer Advocate being a party to all Commission proceedings.

In order to ensure a smooth and timely transition, the various affected agencies – including the Office of the Governor, the Department of the Attorney General, the Department of Budget and Finance, the Department of Commerce and Consumer Affairs, the Consumer Advocate’s Office, and the Public Utilities Commission – have been working together to identify and resolve any issues (e.g., statutory, administrative, etc.) related to effectuating such a transition. The attached Proposed HD1 contains a number of suggested revisions intended to help clarify the language of the current S.B. No. 451, S.D. 1.

The suggested revisions included in the Proposed HD1 are summarized as follows and include:

1. Adding language delineating the respective roles and authority of DCCA and the Commission with respect to the Commission functioning as an attached agency assigned to DCCA for administrative purposes only;
2. Making clarifying and conforming amendments to the Section 1 purpose clause for accuracy and consistency with other amendments in the Proposed HD1;
3. Changing all references to the Commission as an autonomous agency to a semi-autonomous agency;
4. Enabling the Chairperson of the Commission to employ a personnel officer, retitling the existing position of chief administrator to be the Commission's fiscal officer, and clarifying the responsibilities of the Executive Officer with respect to contracting;
5. Ensuring proper reimbursement for costs incurred by DCCA in providing administrative support services to the Commission;
6. Revising and clarifying provisions relating to the Consumer Advocate;
7. Changing the source of appropriation for transition expenses and the employment of the Executive Officer and a personnel officer from the General Revenues of the State to the Public Utilities Commission Special Fund under HRS § 269-33, and ensuring that the appropriation may be used, in addition to covering transition expenses, to appoint and employ a personnel officer;
8. Reinserting an effective date of July 1, 2014; and
9. Making various technical amendments to conform the bill's provisions to the changes described above (e.g., renumbering of Sections 7 through 21 to read Sections 8 through 22).

The Commission is happy to work with the Committee on this measure moving forward.

Thank you for the opportunity to testify on this measure.

List of Proposed Amendments to S.B. No. 451, S.D. 1

Public Utilities Commission

March 12, 2014

Description of Proposed Amendments	Section/Page Reference [Refers to Proposed HD1 submitted by PUC]
1. Adding language delineating the respective roles and authority of DCCA and the Commission with respect to the Commission functioning as an attached agency assigned to DCCA for administrative purposes only.	- <u>Section 3</u> : page 6, line 17 to line 21 - <u>Section 4</u> : page 9, line 3 to page 10, line 2 - <u>Section 5</u> : page 10, line 16 to page 11, line 1 - <u>Section 12</u> : page 17, line 22
2. Making clarifying and conforming amendments to the Section 1 purpose clause for accuracy and consistency with other amendments in the Proposed HD1.	- <u>Section 1</u> : page 1, line 1 to page 5, line 2
3. Changing all references to the Public Utilities Commission as an autonomous agency to a semi-autonomous agency.	- <u>Section 1</u> : page 1, line 8; page 2, line 11; page 3, line 15 - <u>Section 3</u> : page 6, line 14 - <u>Section 4</u> : page 7, line 5; page 8, line 21 - <u>Section 17</u> : page 21, line 2 to line 4 - <u>Section 18</u> : page 21, line 11 to line 13 - Page 23, Description Section
4. Enabling the Chairperson of the Commission to employ a personnel officer, retitling the existing position of chief administrator to be the Commission's fiscal officer, and clarifying the responsibilities of the Executive Officer with respect to contracting.	- <u>Section 5</u> : page 11, line 2 to line 5; page 11, line 13
5. Ensuring proper reimbursement for costs incurred by DCCA in providing administrative support services to the Commission.	- <u>Section 7</u> : page 13, line 18 to line 21
6. Revising and clarifying provisions relating to the Consumer Advocate.	- <u>Sections 8 through 10</u> : page 14, line 10 through page 17, line 2
7. Changing the source of appropriation for transition expenses and the employment of the Executive Officer and the Personnel Officer from the General Revenues of the State to the Public Utilities Commission under HRS § 269-33, and ensuring that the appropriation may be used for appoint and employ a personnel officer.	- <u>Section 11</u> : page 17, line 3 to line 5; page 17, line 13 to line 15
8. Reinserting an effective date of July 1, 2014.	- <u>Section 22</u> : page 22, line 8
9. Consecutively renumbering previously numbered Sections 7 through 21 so as to read Sections 8 through 22.	- <u>Sections 8 through 22</u> : pages 14 through 22
10. Conforming amendments to the Report Title and Description sections at the end of the measure.	- Page 23
11. Other technical, non-substantive amendments to conform the bill's provisions to the changes described above.	- Various

S.B. NO. 451, S.D. 1
[Proposed H.D. 1]

A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the public utilities
2 commission is undergoing a major transition due to increased
3 work complexity and program responsibilities, particularly in
4 the area of energy regulation. To ensure that the mission of
5 the public utilities commission is adequately supported, the
6 commission should be transferred from being placed within the
7 department of budget and finance for administrative purposes
8 only, to a semi-autonomous agency that is administratively
9 attached to the department of commerce and consumer affairs,
10 which can provide the commission with the additional
11 administrative support and resources it needs.

12 The legislature further finds that the duties and workload
13 of the chair and commissioners have significantly increased in
14 recent years in a rapidly changing regulatory environment. The
15 legislature finds an increase in compensation will ensure that
16 the salaries of the chair and commissioners remain competitive
17 with other states' public utilities commissions.

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 The legislature additionally finds that the chair of the
2 commission is in need of an executive officer to assist with
3 managing the operations of the commission. Hiring of an
4 executive officer to oversee the management and recruitment of
5 personnel, budget planning and implementation, strategic
6 planning and implementation, procurement and contract
7 administration, and implementation of administrative programs
8 and projects will enable the chair of the commission to focus on
9 the growing number and increasingly technical complexity of
10 issues brought before the commission. Also, to further support
11 the commission in achieving its transition to a semi-autonomous
12 agency, this measure renames the commission's chief
13 administrator as the commission's fiscal officer and it further
14 enables the commission to establish a personnel officer
15 position.

16 The legislature also finds that the division of consumer
17 advocacy of the department of commerce and consumer affairs
18 protects and advances the interests of Hawaii's consumers of
19 regulated public utilities. The executive director and staff
20 members of the division of consumer advocacy attend public
21 hearings held by the public utilities commission to get input
22 from the public, which helps them to better understand the

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 consumer's perspective on utility services and rates. Because
2 this understanding is an integral part of the division's work,
3 the legislature concludes that the executive director of the
4 division of consumer advocacy, rather than the director of
5 commerce and consumer affairs, should be the consumer advocate
6 in hearings before the public utilities commission.

7 The purpose of this Act is to adequately support the
8 mission of the public utilities commission, ensure the efficient
9 operation of the public utilities commission, and ensure
10 important decisions relating to public utilities continue to be
11 made in the public interest by:

12 (1) Specifying that the public utilities commission is
13 transferred from being placed within the department of
14 budget and finance for administrative purposes only,
15 to a semi-autonomous agency that is administratively
16 attached to the department of commerce and consumer
17 affairs, which can provide the commission with the
18 additional administrative support resources it needs;

19 (2) Increasing the compensation of the chair and
20 commissioners of the public utilities commission;

21 (3) Clarifying that notwithstanding section 26-35, that
22 the public utilities commission has authority

S.B. NO. 451, S.D. 1
[Proposed H.D. 1]

- 1 concerning standard administrative practices,
2 including operational expenditures and the hiring of
3 personnel;
- 4 (4) Enabling the chair of the public utilities commission
5 to appoint, employ, and dismiss an executive officer
6 to assist with managing the operations of the
7 commission;
- 8 (5) Amending the position of commission chief
9 administrator under section 269-3 to be retitled as
10 the commission's fiscal officer to support the
11 administrative activities of the commission;
- 12 (6) Enabling the chair of the public utilities commission
13 to appoint, employ, and dismiss a personnel officer to
14 further support the administrative activities of the
15 commission;
- 16 (7) Specifying that the executive director of the division
17 of consumer advocacy, rather than the director of
18 commerce and consumer affairs, shall be the consumer
19 advocate; and
- 20 (8) Appropriating funds to assist with the transition of
21 the public utilities commission and for the hiring of

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 an executive officer and a personnel officer within
2 the public utilities commission.

3 SECTION 2. Section 26-8, Hawaii Revised Statutes, is
4 amended by amending subsection (d) to read as follows:

5 "(d) The ~~[employees]~~ employees' retirement system as
6 constituted by chapter 88 is placed within the department of
7 budget and finance for administrative purposes. The functions,
8 duties, and powers, subject to the administrative control of the
9 director of finance, and the composition of the board of
10 trustees of the employees retirement system shall be as
11 heretofore provided by law.

12 ~~[The public utilities commission is placed within the~~
13 ~~department of budget and finance for administrative purposes~~
14 ~~only.]"~~

15 SECTION 3. Section 26-9, Hawaii Revised Statutes, is
16 amended by amending subsection (c) to read as follows:

17 "(c) The board of acupuncture, board of public
18 accountancy, board of barbering and cosmetology, boxing
19 commission, board of chiropractic examiners, contractors license
20 board, board of dental examiners, board of electricians and
21 plumbers, elevator mechanics licensing board, board of
22 professional engineers, architects, surveyors, and landscape

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 architects, board of massage therapy, Hawaii medical board,
2 motor vehicle industry licensing board, motor vehicle repair
3 industry board, board of naturopathic medicine, board of
4 nursing, board of examiners in optometry, pest control board,
5 board of pharmacy, board of physical therapy, board of
6 psychology, board of private detectives and guards, real estate
7 commission, board of veterinary examiners, board of speech
8 pathology and audiology, and any board, commission, program, or
9 entity created pursuant to or specified by statute in
10 furtherance of the purpose of this section including but not
11 limited to section 26H-4, or chapters 484, 514A, 514B, and 514E
12 shall be placed within the department of commerce and consumer
13 affairs for administrative purposes.

14 The public utilities commission shall be a semi-autonomous
15 agency of the State that shall be assigned, for administrative
16 purposes only, to the department of commerce and consumer
17 affairs. Notwithstanding sections 26-9(e), 26-9(f), 26-9(g),
18 26-9(h), 26-9(j), 26-9(k), 26-9(l), 26-9(m), 26-9(n), 26-9(r),
19 and 26-9(s), the department of commerce and consumer affairs
20 shall not direct or exert authority over the day to day
21 operations or functions of the commission."

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 SECTION 4. Section 269-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§269-2 Public utilities commission; number, appointment**
4 **of commissioners, qualifications; compensation; persons having**
5 **interest in public utilities[-]; semi-autonomous agency;**

6 **authority.** (a) There shall be a public utilities commission of
7 three members, to be called commissioners, and who shall be
8 appointed in the manner prescribed in section 26-34, except as
9 otherwise provided in this section. All members shall be
10 appointed for terms of six years each, except that the terms of
11 the members first appointed shall be for two, four, and six
12 years, respectively, as designated by the governor at the time
13 of appointment. The governor shall designate a member to be
14 chairperson of the commission. Each member shall hold office
15 until the member's successor is appointed and qualified.

16 Section 26-34 shall not apply insofar as it relates to the
17 number of terms and consecutive number of years a member can
18 serve on the commission; provided that no member shall serve
19 more than twelve consecutive years.

20 In appointing commissioners, the governor shall select
21 persons who have had experience in accounting, business,
22 engineering, government, finance, law, or other similar fields.

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 The commissioners shall devote full time to their duties as
2 members of the commission and no commissioner shall hold any
3 other public office or other employment during the
4 commissioner's term of office. No person owning any stock or
5 bonds of any public utility corporation, or having any interest
6 in, or deriving any remuneration from, any public utility shall
7 be appointed a commissioner.

8 (b) Effective July 1, [~~2005,~~ 2014, the chairperson of the
9 commission shall be paid a salary set at [~~eighty-seven~~
10 _____ per cent of the salary of the director of human
11 resources development, and each of the other commissioners shall
12 be paid a salary equal to [~~ninety-five~~] _____ per cent of
13 the chairperson's salary. The commissioners shall be exempt
14 from chapters 76 and 89 but shall be members of the state
15 employees retirement system and shall be eligible to receive the
16 benefits of any state or federal employee benefit program
17 generally applicable to officers and employees of the State,
18 including those under chapter 87A.

19 (c) The commission [~~is placed within the department of~~
20 ~~budget and finance for administrative purposes.~~] shall be a
21 semi-autonomous agency of the State and shall be assigned, for
22 administrative purposes only, to the department of commerce and

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 consumer affairs. The department of commerce and consumer
2 affairs shall not direct or exert authority over the day to day
3 operations or functions of the commission, except as provided in
4 section 269-2(f) and section 269-3.

5 (d) Notwithstanding section 26-35(a) (5) to the contrary,
6 the commission's operational expenditures, such as the purchase
7 of supplies, equipment, furniture, dues and subscriptions,
8 travel, consultant services, and staff training shall be
9 determined by the chairperson and may be delegated to the
10 executive officer appointed and employed pursuant to section
11 269-3; provided that such expenditures shall be subject to all
12 applicable procurement laws and procedures.

13 (e) Notwithstanding section 26-35(a) (6) to the contrary,
14 the utilization, allocation, renovation, or other use of space
15 or spaces to be occupied by the commission shall be determined
16 by the chairperson and may be delegated to the executive officer
17 appointed and employed pursuant to section 269-3.

18 (f) With respect to determinations made under subsection
19 (d) or subsection (e) by the chairperson or the executive
20 officer as delegated by the chairperson, the director of
21 commerce and consumer affairs may review such decisions for
22 completeness and for compliance and conformance with applicable

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 administrative processes and procedures of the department of
2 commerce and consumer affairs."

3 SECTION 5. Section 269-3, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§269-3 Employment of assistants.** (a) The chairperson of
6 the public utilities commission may appoint and employ
7 professional staff and other assistants for the public utilities
8 commission as the chairperson finds necessary for the
9 performance of the commission's functions and define their
10 powers and duties. Notwithstanding section 26-35(a)(4) to the
11 contrary and subject to applicable personnel laws, the
12 employment, appointment, applicable salary schedules, promotion,
13 transfer, demotion, discharge, and job descriptions of all
14 officers and employees of or under the jurisdiction of the
15 commission shall be determined by the chairperson and may be
16 delegated to the executive officer appointed and employed
17 pursuant to this subsection; provided that determinations
18 concerning personnel matters made by the chairperson or the
19 executive officer, as delegated by the chairperson, may be
20 reviewed by the director of commerce and consumer affairs for
21 completeness and for compliance and conformance with applicable
22 administrative processes and procedures of the department of

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 commerce and consumer affairs. The chairperson may appoint and,
2 at pleasure, dismiss [~~a chief administrator and~~] attorneys as
3 may be necessary, and who shall be exempt from chapter 76. The
4 chairperson may also appoint other staff, including a fiscal
5 officer and a personnel officer, with or without regard to
6 chapter 76.

7 (b) The chairperson of the commission shall appoint,
8 employ, and dismiss, at pleasure, an executive officer who shall
9 be responsible for managing the operations of the commission.
10 The responsibilities of the executive officer shall include
11 management and recruitment of personnel, budget planning and
12 implementation, strategic planning and implementation,
13 procurement and contract administration, and implementation of
14 administrative programs and projects. The executive officer
15 shall be exempt from chapter 76.

16 [~~(b)~~] (c) Notwithstanding section 91-13, the commission
17 may consult with its assistants appointed under authority of
18 this section in any contested case or agency hearing concerning
19 any issue of facts. Neither the commission nor any of its
20 assistants shall in such proceeding consult with any other
21 person or party except upon notice and an opportunity for all

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 parties to participate, save to the extent required for the
2 disposition of ex parte matters authorized by law."

3 SECTION 6. Section 269-5, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§269-5 Annual report and register of orders.** The public
6 utilities commission shall prepare and present to the governor[~~7~~
7 ~~through the director of finance,~~] in the month of January in
8 each year a report respecting its actions during the preceding
9 fiscal year. This report shall include summary information and
10 analytical, comparative, and trend data concerning major
11 regulatory issues acted upon and pending before the commission;
12 cases processed by the commission, including their dispositions;
13 utility company operations, capital improvements, and rates;
14 utility company performance in terms of efficiency and quality
15 of services rendered; financing orders issued, adjustments made
16 to the public benefits fee, and repayments or credits provided
17 to electric utility customers pursuant to part X or chapter 196,
18 part IV; a summary of power purchase agreements, including
19 pricing, in effect during the fiscal year; environmental matters
20 having a significant impact upon public utilities; actions of
21 the federal government affecting the regulation of public
22 utilities in Hawaii; long and short-range plans and objectives

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[Proposed H.D. 1]

1 of the commission; together with the commission's
2 recommendations respecting legislation and other matters
3 requiring executive and legislative consideration. Copies of
4 the annual reports shall be furnished by the governor to the
5 legislature. In addition, the commission shall establish and
6 maintain a register of all its orders and decisions, which shall
7 be open and readily available for public inspection, and no
8 order or decision of the commission shall take effect until it
9 is filed and recorded in this register."

10 SECTION 7. Section 269-33, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read:

12 "(a) There is established in the state treasury a public
13 utilities commission special fund to be administered by the
14 public utilities commission. The proceeds of the fund shall be
15 used by the public utilities commission and the division of
16 consumer advocacy of the department of commerce and consumer
17 affairs for all expenses incurred in the administration of
18 chapters 269, 271, 271G, 269E, and 486J, and for costs incurred
19 by the department of commerce and consumer affairs to provide
20 administrative support services to the commission pursuant to
21 this chapter; provided that the expenditures of the public
22 utilities commission shall be in accordance with legislative

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1 appropriations. On a quarterly basis, an amount not exceeding
2 thirty per cent of the proceeds remaining in the fund after the
3 deduction for central service expenses, pursuant to section 36-
4 27, shall be allocated by the public utilities commission to the
5 division of consumer advocacy and deposited in the compliance
6 resolution fund established pursuant to section 26-9(o);
7 provided that all moneys allocated by the public utilities
8 commission from the fund to the division of consumer advocacy
9 shall be in accordance with legislative appropriations."

10 SECTION 8. Section 269-51, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§269-51 Consumer advocate; [~~director of commerce and~~**
13 **~~consumer affairs.] executive director of the division of~~**
14 **consumer advocacy of the department of commerce and consumer**
15 **affairs.** The director of commerce consumer affairs shall
16 appoint the executive director of the division of consumer
17 advocacy of the department of commerce and consumer affairs, who
18 shall be exempt from chapter 76, and shall fix the executive
19 director's compensation. The [~~director~~] executive director of
20 the division of consumer advocacy of the department of commerce
21 and consumer affairs shall be the consumer advocate in hearings
22 before the public utilities commission. The consumer advocate

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[Proposed H.D. 1]

1 shall represent, protect, and advance the interests of all
2 consumers, including small businesses, of utility services.
3 ~~[The consumer advocate shall not receive any salary in addition~~
4 ~~to the salary received as director of commerce and consumer~~
5 ~~affairs.]~~

6 The responsibility of the consumer advocate for advocating
7 the interests of the consumer of utility services shall be
8 separate and distinct from the responsibilities of the public
9 utilities commission and those assistants employed by the
10 commission. ~~[As]~~ The consumer advocate~~[, the director of~~
11 ~~commerce and consumer affairs]~~ shall have full rights to
12 participate as a party in interest in all proceedings before the
13 public utilities commission."

14 SECTION 9. Section 269-52, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§269-52 Division of consumer advocacy; personnel.** There
17 shall be a division of consumer advocacy within the department
18 of commerce and consumer affairs ~~[to provide administrative~~
19 ~~support to the director of commerce and consumer affairs acting~~
20 ~~in the capacity of consumer advocate. The director may employ~~
21 ~~and at pleasure dismiss an executive administrator, who shall be~~
22 ~~exempt from chapter 76, may define the executive administrator's~~

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

1 ~~powers and duties, and fix the executive administrator's~~
2 ~~compensation].~~ The division of consumer advocacy shall be under
3 the supervision and control of the consumer advocate. The
4 ~~[director]~~ consumer advocate shall be responsible for the
5 performance of the duties imposed upon the division and may
6 employ engineers, accountants, investigators, clerks, and
7 stenographers as may be necessary for the performance of the
8 ~~[consumer advocate's]~~ division's functions, in accordance with
9 chapter 76; provided that:

- 10 (1) The ~~[director]~~ consumer advocate may employ up to ten
11 utility analysts exempt from chapter 76; and
- 12 (2) Each analyst shall possess at least the minimum
13 qualifications required of comparable experts in the
14 relevant industry."

15 SECTION 10. Section 269-53, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§269-53 Legal counsel.** The ~~[director]~~ consumer advocate
18 may appoint or retain, without regard to chapter 76, attorneys
19 to provide legal services for the division of consumer advocacy.
20 Nothing in this section precludes the ~~[director of commerce and~~
21 ~~consumer affairs]~~ consumer advocate from requesting and securing

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[Proposed H.D. 1]

1 legal services from the attorney general and the department of
2 the attorney general."

3 SECTION 11. There is appropriated out of the public
4 utilities commission special fund established pursuant to
5 section 269-33 the sum of \$ or so much thereof as may
6 be necessary for fiscal year 2014-2015 to effectuate the
7 transfer of the public utilities commission from the department
8 of budget and finance to the department of commerce and consumer
9 affairs, to enable the chairperson of the public utilities
10 commission to appoint and employ an executive officer who shall
11 be responsible for managing the operations of the public
12 utilities commission, and to enable the chairperson of the
13 public utilities commission to appoint and employ a personnel
14 officer to support the administrative activities of the
15 commission.

16 The sum appropriated shall be expended by the public
17 utilities commission for the purposes of this Act.

18 SECTION 12. (a) No later than July 1, 2015, all rights,
19 powers, functions, and duties of the department of budget and
20 finance as they relate to the public utilities commission are
21 transferred to the department of commerce and consumer affairs
22 to the extent permitted by section 26-9(c) and section 269-2(c).

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[Proposed H.D. 1]

1 (b) All officers and employees whose functions are
2 transferred by this Act shall be transferred with their
3 functions and shall continue to perform their regular duties
4 upon their transfer, subject to the state personnel laws and
5 this Act.

6 No officer or employee of the State having tenure shall
7 suffer any loss of salary, seniority, prior service credit,
8 vacation, sick leave, or other employee benefit or privilege as
9 a consequence of this Act, and such officer or employee may be
10 transferred or appointed to a civil service position without the
11 necessity of examination; provided that the officer or employee
12 possesses the minimum qualifications for the position to which
13 transferred or appointed; and provided that subsequent changes
14 in status may be made pursuant to applicable civil service and
15 compensation laws.

16 An officer or employee of the State who does not have
17 tenure and who may be transferred or appointed to a civil
18 service position as a consequence of this Act shall become a
19 civil service employee without the loss of salary, seniority,
20 prior service credit, vacation, sick leave, or other employee
21 benefits or privileges and without the necessity of examination;
22 provided that such officer or employee possesses the minimum

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[Proposed H.D. 1]

1 qualifications for the position to which transferred or
2 appointed.

3 If an office or position held by an officer or employee
4 having tenure is abolished, the officer or employee shall not
5 thereby be separated from public employment, but shall remain in
6 the employment of the State with the same pay and classification
7 and shall be transferred to some other office or position for
8 which the officer or employee is eligible under the personnel
9 laws of the State as determined by the head of the department or
10 the governor.

11 SECTION 13. All commissioners serving on the public
12 utilities commission on the date prior to the effective date of
13 this Act shall continue as members of the public utilities
14 commission and their terms shall be unaffected by this Act.

15 SECTION 14. All appropriations, records, equipment,
16 machines, files, supplies, contracts, books, papers, documents,
17 maps, and other personal property heretofore made, used,
18 acquired, or held by the department of budget and finance
19 relating to the functions transferred to the department of
20 commerce and consumer affairs shall be transferred with the
21 functions to which they relate.

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[Proposed H.D. 1]

1 SECTION 15. All rules, policies, procedures, guidelines,
2 general orders, and other material adopted or developed by the
3 public utilities commission as an administratively attached
4 agency of the department of budget and finance, to implement
5 chapters 269, 269E, 271, 271G, 486H, and 486J, Hawaii Revised
6 Statutes, that are reenacted or made applicable to the public
7 utilities commission as an administratively attached agency of
8 the department of commerce and consumer affairs by this Act
9 shall remain in full force and effect and unaffected by this Act
10 until amended or repealed by the public utilities commission
11 pursuant to chapter 91, Hawaii Revised Statutes. Every
12 reference to the department of budget and finance or director of
13 finance in those rules, policies, procedures, guidelines, and
14 other material shall be deemed to refer to the department of
15 commerce and consumer affairs or director of commerce and
16 consumer affairs, as appropriate.

17 SECTION 16. All deeds, leases, contracts, loans,
18 agreements, permits, or other documents executed or entered into
19 by or on behalf of the public utilities commission transferred
20 or placed for administrative purposes within the department of
21 commerce and consumer affairs shall remain in full force and
22 effect.

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[Proposed H.D. 1]

1 SECTION 17. All costs and expenses associated with
2 transferring the public utilities commission to a semi-
3 autonomous agency that is administratively attached the
4 department of commerce and consumer affairs shall be borne by
5 the appropriations allocation to the public utilities commission
6 or the department of commerce and consumer affairs with no
7 liabilities or liens arising from such relocation activity
8 accruing to the department of budget and finance.

9 SECTION 18. There shall be a transition period to
10 facilitate the transfer of the public utilities commission from
11 the department of budget and finance to a semi-autonomous agency
12 that is administratively attached to the department of commerce
13 and consumer affairs. The year following July 1, 2014, shall
14 serve as a transition period, in which the state agencies
15 affected by this Act shall assist the chairperson in
16 implementing the transfer under this Act. Once the transfer is
17 completed, the department of commerce and consumer affairs shall
18 provide public notice that the transfer is completed in a
19 printed publication or electronic format that is accessible
20 statewide.

21 SECTION 19. The provisions of this Act are to be liberally
22 construed to effectuate its purpose.

S.B. NO. 451, S.D. 1
[Proposed H.D. 1]

1 SECTION 20. All Acts passed by the legislature during the
2 regular session of 2014, whether enacted before or after the
3 effective date of this Act, shall be amended to conform to this
4 Act unless such acts specifically provide that this Act is being
5 amended.

6 SECTION 21. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 22. This Act shall take effect on July 1, 2014.

S.B. NO. 451, S.D. 1

[Proposed H.D. 1]

Report Title:

Public Utilities Commission; Transfer of Attached Agency; Compensation; Personnel; Authority; Expenditures; Division of Consumer Advocacy; Appropriation

Description:

Specifies that the public utilities commission is a semi-autonomous agency of the State to be transferred from the department of budget and finance and assigned, for administrative purposes only, to the department of commerce and consumer affairs. Increases the compensation of the chair and commissioners of the public utilities commission. Clarifies the public utilities commission's authority concerning standard administrative practices, including operational expenditures and the hiring of personnel. Enables the chair of the public utilities commission to appoint, employ, and dismiss an executive officer and personnel officer to assist with managing the operations of the commission. Retitles the public utilities commission's chief administrator position as fiscal officer. Specifies that the executive director of the division of consumer advocacy shall be the consumer advocate in hearings before the public utilities commission. Appropriates funds for the transfer of the public utilities commission and for the hiring of an executive officer and personnel officer within the public utilities commission. Effective 07/01/2014.
(PROPOSED HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

LATE

Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Wednesday, March 12, 2014

2:10 p.m.

State Capitol, Conference Room 325

in consideration of

SB 451, SD1

RELATING TO THE PUBLIC UTILITIES COMMISSION.

Chair McKelvey, Vice Chair Kawakami, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) respectfully supports SB 451, SD1, which includes various provisions intended to support the mission of the Public Utilities Commission (PUC), enable its more efficient operation, and ensure important decisions relating to public utilities continue to be made in the public interest.

To effectively facilitate energy transformation in Hawaii, it is essential that the PUC has the appropriate organizational structure and level of resources to support the robust operations for regulatory decision-making consistent with the State's energy policy directives.

With our well-defined policies for the energy sector in place, we are at a critical point in our pursuit of Hawaii's aggressive clean energy mandates. The PUC is now faced with decisions on integrating cost-effective renewable energy and infrastructure projects into Hawaii's energy ecosystem, affecting hundreds of millions of dollars of renewable projects currently in the queue. SB 451, SD1, will support the capacity of the PUC for nimble decision-making to enable these clean energy investments and public utility transformation, thus assuring Hawaii can go beyond its 2030 clean energy mandates in a manner that benefits Hawaii's consumers and stimulates economic growth.

Thank you for the opportunity to provide testimony in support of SB 451, SD1.

LATE



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI'I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-SEVENTH STATE LEGISLATURE
REGULAR SESSION, 2014

WEDNESDAY, MARCH 12, 2014
2:10 P.M.

TESTIMONY ON SENATE BILL NO. 451, S.D. 1
RELATING TO THE PUBLIC UTILITIES COMMISSION

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND TO THE HONORABLE DEREK S.K. KAWAKAMI, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on Senate Bill No. 451, S.D. 1 ("Senate Draft 1") Relating to the Public Utilities Commission ("Commission"). My name is Keali'i Lopez, Director of the Department. The Department offers the following testimony in strong support of the bill.

Senate Draft 1 specifies that the Commission is an autonomous agency of the state, transfers and assigns the Commission from the department of budget and finance to the Department, for administrative purposes only; increases the compensation of the Commission chair and commissioners; clarifies the Commission's authority concerning standard administrative practices, including operational expenditures and the hiring of personnel; enables the Commission chair to appoint, employ, and dismiss an executive

officer to assist with managing the Commission's operations; specifies that the executive director of the division of consumer advocacy ("DCA") shall be the consumer advocate in hearings before the Commission; and appropriates funds for the Commission to hire an executive officer.

The Department supports the assignment of the Commission to the Department for administrative purposes, as proposed in Sections 3 and 4. The Department has experience working with a variety of boards, commissions and programs and can provide similar support to the Commission to further its mission.

Regarding Sections 7 and 8 of the bill, the Department supports the appointment of an executive director of the DCA as the consumer advocate in hearings before the Commission, and placing the supervision and control of the DCA under the executive director instead of the director of commerce and consumer affairs.

With respect to other administrative details related to the transfer of the Commission to the Department, the Department understands that the Commission is working on language with the Department of the Attorney General's office and will defer to the Commission's proposal. The Department suggests that should the Commission determine the need for Personnel and Fiscal staff, that these positions be subject to Chapter 76. These staff positions would be an important factor in effecting the Commission's semi-autonomous status.

Thank you for this opportunity to testify in support of Senate Bill No. 451, Senate Draft 1. I will be happy to answer any questions that the members of the Committee may have.



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
HOUSE COMMITTEE ON COMMERCE PRODUCTION AND COMMERCE
SB 451 SD1, RELATING TO THE PUBLIC UTILITY COMMISSION

March 12, 2014

Chair McElvey and Vice-Chair Kawakami, 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 purposes of SB 451 SD1 are to: (i) specify that the public utilities commission is an autonomous agency of the state to be transferred from the department of budget and finance and assigned, for administrative purposes only, to the department of commerce and consumer affairs; (ii) increase the compensation of the chair and commissioners of the public utilities commission; (iii) clarify the public utilities commission's authority concerning standard administrative practices, including operational expenditures and the hiring of personnel; (iv) enable the chair of the public utilities commission to appoint and employ an executive officer to assist with managing the operations of the commission, (v) specify that the executive director of the division of consumer advocacy shall be the consumer advocate in hearings before the public utilities commission; and (v) appropriate funds for the hiring of an executive officer within the public utilities commission.

HREA **strongly supports** this measure as it will allow the Commission to become more efficient and effective in its operation.

Mahalo for this opportunity to testify.

kawakami3-Benigno

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 12, 2014 8:03 AM
To: CPCtestimony
Cc: sharonmi@hawaii.edu
Subject: *Submitted testimony for SB451 on Mar 12, 2014 14:10PM*

SB451

Submitted on: 3/12/2014

Testimony for CPC on Mar 12, 2014 14:10PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Sharon Miyashiro	Hawaii Energy Policy Forum	Support	Yes

Comments:

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

Hawaii Energy Policy Forum

Jeanne Schultz Afuvai, HI Inst. for Public Affairs
Joseph Boivin, Hawai'i Gas
Warren Bollmeier, HI Renewable Energy Alliance
Albert Chee, Chevron
Elizabeth Cole, The Kohala Center
Leslie Cole-Brooks, HI Solar Energy Assn
Kyle Datta, Ulu pono Initiative
Laura Dierenfield, Queen Lili'uokalani Trust
Mitch Ewan, UH HI Natural Energy Institute
Jay Fidell, ThinkTech HI, Inc.
Carl Freedman, Haiku Design & Analysis
Sen. Mike Gabbard, HI State Senate
Dan Giovanni, Hawaiian Electric Company
Mark Glick, State Energy Office, DBEDT
Justin Gruenstein, City & Co. of Honolulu
Dale Hahn, Ofc of US Sen Brian Schatz
Michael Hamnett, Research Corp. of the UH
Robert Harris, Sierra Club
Rachel James, Ofc of US Rep. Tulsi Gabbard
Jim Kelly, Kaua'i Island Utility Cooperative
Darren Kimura, Energy Industries
Kelly King, Sustainable Biodiesel Alliance
Kal Kobayashi, Maui County Energy Ofc
Rep Chris Lee, HI House of Representatives
Gladys Marrone, Building Industry Assn of HI
Doug McLeod, Maui County
Stephen Meder, UH Facilities and Planning
Lauren Montez-Hernandez, Ofc of Sen Mazie Hirono
Hermina Morita, Public Utilities Commission
Sharon Moriwaki, UH So. Sci. Public Policy Ctr
Ron Nelson, U.S. Defense Energy Support Center
Tim O'Connell, U.S. Dept of Agriculture
Jeffrey Ono, Division of Consumer Advocacy, DCCA
Darren Pai, Hawaiian Electric Company
Wintehn KT Park, Ofc of US Rep. Colleen Hanabusa
Melissa Pavlicek, Hawaii Public Policy Advocates
Randy Perreira, HI Government Employees Assn
Rick Rocheleau, UH HI Natural Energy Institute
Will Rolston, Hawai'i County
Riley Saito, SunPower Systems Corp
Joelle Simonpietri, U.S. Pacific Com. Energy Ofc
H. Ray Starling, Hawaii Energy
Ben Sullivan, Kaua'i County
Lance Tanaka, Hawaii Independent Energy, LLC
Maria Tome, Public Utilities Commission
Ah Linn Yamane, HI Government Employees Assn

LATE

Testimony of Sharon Moriwaki
Co-Chair of the Hawai'i Energy Policy Forum
Before the
House Committee on Consumer Protection and Commerce
Representative Angus L.K. McKelvey, Chair
Representative Derek S.K. Kawakami, Vice Chair

Wednesday, March 12, 2014 at 2:10 p.m.; House Conference Room 325

IN STRONG SUPPORT OF SB 451 SD1 - RELATING TO THE PUBLIC UTILITIES COMMISSION

The Hawai'i Energy Policy Forum is an organization, created in 2002, 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 451 SD1 includes several provisions that would increase the effectiveness and productivity of the Public Utilities Commission (PUC). It clarifies that the PUC is an autonomous agency, moving the administrative attachment of the Commission to the Department of Commerce and Consumer Affairs and providing more direct control of personnel and operational expenditures (while maintaining reasonable controls). These are all provisions that will increase the PUC's effectiveness and productivity by addressing long-standing challenges.

Since its inception, one unanimous concern of the Forum members is the need to revitalize the PUC and the Division of Consumer Advocacy (DCA). Revitalization of these important regulatory agencies is 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.

SB 451 SD1 also renames the "Executive Director" of the Division of Consumer Advocacy as the "Consumer Advocate." This is a non-controversial change that makes perfect sense, eliminating a longstanding senseless misnomer.

The Forum recognizes that the change in salaries of the PUC Commissioners is not the most important aspect of this bill, but notes that the increases in salaries is substantially less than previously advocated by the Forum and considered by the Legislature. In the 2006 Legislative session, HB1021 HD2 SD1 recognized the necessary specialized expertise and amount of responsibility of the Commissioners and included provisions to increase the Commissioners' salaries to 100% of the salary of the Director of Commerce and Consumer Affairs. The Forum also notes that, although interest has been expressed in maintaining some balance of Commissioners from Neighboring Islands, there are no provisions for providing expenses to Commissioners for necessary travel and accommodations to Oahu.

SB 451 SD1 would increase the effectiveness and productivity of the PUC by providing a more efficient administrative structure and procedures. **The Forum therefore SUPPORTS SB451 SD1.**

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.