

TESTIMONY OF RANDY IWASE
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON
LABOR & PUBLIC EMPLOYMENT

February 10, 2015
9:00 a.m.

MEASURE: H.B. No. 1501

TITLE: Relating to Public Utilities.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

DESCRIPTION:

This measure proposes to place post-employment restrictions for Commissioners and all Commission staff; requires the Commission provide opportunity for public input in applications regarding mergers; and appropriates funds to conduct a study comparing Commission staff salaries to those of the private sector.

POSITION:

The Commission opposes this measure and offers the following comments.

COMMENTS:

With regards to Section 2 of this measure, the Commission raises serious concerns with the detrimental effect this measure would have on the recruitment and retention of staff. The post-employment restrictions imposed by this measure would apply not only to Commissioners, but staff at all levels, including assistants and clerical staff. The PUC already faces recruitment and retention problems due to the limited pool of candidates with relevant experience. This proposal would further exacerbate the problem.

With regards to Section 3 of this measure, HRS § 269-1 broadly defines “public utility.” The requirement of input for each and every proposed merger of any public utility could strain the Commission’s resources and unnecessarily prolong action by the Commission.

H.B. No. 1501
Page 2

The Commission can, and has, conducted public hearings for contested cases in the past. We believe flexibility in determining the process for each case is more appropriate.

Therefore, the Commission respectfully requests that this measure be deferred.

Thank you for the opportunity to testify on this measure.



HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

February 10, 2015

The Honorable Mark M. Nakashima, Chair
The Honorable Jarrett Keohokalole, Vice Chair
Honorable Members
House Committee on Labor and Public Employment
Hawaii State Capitol, Room 310
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **HB No. 1501, Relating to Public Utilities**

Hearing: Tuesday, February 10, 2015, 9:00 a.m.
State Capitol, Conference Room 309

The State Ethics Commission takes no position with respect to HB No. 1501, Relating to Public Utilities, which imposes certain post-employment restrictions on members of the Public Utilities Commission (“PUC”) and its employees. The State Ethics Commission, however, has concerns about the enforcement of the provision and offers comments to assist the Committee’s understanding as to how the post-employment restrictions in the bill differ from the post-employment law contained in the State Ethics Code.

The underlying purpose of the State Ethics Code is to preserve the public’s confidence in public servants.¹ To achieve that purpose, the legislature determined the minimum standards of conduct to which an employee (or former employee) must adhere. The State Ethics Code establishes the “ethics floor;” however, the standards of conduct required of a particular agency’s employees or some other group of employees can be raised to foster public confidence that state employees are acting for the “right reasons.”

The State Ethics Code includes, among other things, post-employment provisions that are applicable to state officials and employees, including members of state boards and commissions. Specifically, the statute prohibits a former employee, for a period of 12 months after the employee leaves state employment, from representing any person or business, for a fee or other consideration, on matters: (1) involving official action by the state agency at which the former employee was employed; or (2) in which the former employee participated while an employee.²

¹ HRS chapter 84, Preamble.

² HRS section 84-18(c).

The Honorable Mark M. Nakashima, Chair
The Honorable Jarrett Keohokalole, Vice Chair
Honorable Members
House Committee on Labor and Public Employment
February 10, 2015
Page 2

The provision does not prohibit a former employee from accepting employment with a private organization; it simply prohibits the former employee from representing that organization before his former state agency or on matters that he worked on as an employee.

HB No. 1501 expands the post-employment restrictions for members of the PUC and PUC employees. First, the bill increases the “revolving door period” from 12 months to 24 months. Second, the bill prohibits a former PUC commissioner or employee from representing a public utility if the person is paid a fee or other consideration. The bill does not restrict the representation to matters before the PUC or on matters that the former commissioner or employee participated while employed at the PUC. Third, the bill prohibits a former commissioner or employee from accepting employment with a public utility, whether or not the former commissioner or employee represents the public utility to an outside entity.

Notwithstanding the greater post-employment restrictions contained in the bill, the State Ethics Code’s post-employment law will continue to be applicable to former PUC commissioners and employees.

The State Ethics Commission also notes that the bill proposes that the post-employment restriction be part of HRS chapter 269, the provision relating to the PUC. The State Ethics Commission’s authority is limited to administering the State Ethics Code, HRS chapter 84. Accordingly, the State Ethics Commission would apply and enforce the State Ethics Code’s post-employment provisions to former PUC commissioners and employees; however, the post-employment provisions proposed in the bill would not be administered or enforced by the State Ethics Commission.

Thank you for considering the State Ethics Commission’s testimony.

Aloha Chairman Nakashima and Honorable Committee Members,

As a MECO ratepayer I wholeheartedly support HB1501. It's high time the legislature addressed the woeful mismatch between our greedy, arrogant utility and the understaffed regulators who are supposed to police it. Slowing down the revolving door between commission service and utility employment is surely a small step in the right direction.

While I understand that enforcing conflict of interest rules has not been standard practice in Hawaii's past, I believe it will be increasingly important moving forward. Any remaining illusions about HECO profits benefitting local people must surely vanish with the proposed Nextera takeover. Mainland corporations couldn't care less about Hawaii's special ways and needs. If allowed, they will simply extract maximum short term profits from already strapped ratepayers and leverage maximum tax credits for investing in renewable energy. When the easy money ends, they will drop us like a hot rock and move on to the next sheep in line.

Mahalo for your consideration.

Larry Tool

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 9:17 AM
To: LABtestimony
Cc: redahi@hawaii.rr.com
Subject: Submitted testimony for HB1501 on Feb 10, 2015 09:00AM

HB1501

Submitted on: 2/9/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
B.A. McClintock	Individual	Support	No

Comments: We need fairness with regard to our public utilities. This bill is a good start. Please support.

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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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 9:29 AM
To: LABtestimony
Cc: carl.campagna@kamakagreen.com
Subject: Submitted testimony for HB1501 on Feb 10, 2015 09:00AM

HB1501

Submitted on: 2/9/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Carl Campagna	Individual	Support	No

Comments: Mahalo Legislators for your time and consideration. I support this bill. There should be at least a required time period of a 1 year between PUC employment and any potential employment with a utility as this could be considered both corrupt and a conflict of interest.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 9:32 AM
To: LABtestimony
Cc: bill@puna.us
Subject: *Submitted testimony for HB1501 on Feb 10, 2015 09:00AM*

HB1501

Submitted on: 2/9/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Smith	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 10:30 AM
To: LABtestimony
Cc: sairam2@hawaiiantel.net
Subject: Submitted testimony for HB1501 on Feb 10, 2015 09:00AM

HB1501

Submitted on: 2/9/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Geoffrey Lasr	Individual	Support	No

Comments: Thank you Chris Lee it is people like that still give me faith n the system As for the bill it is time to end the revolving door from business to government and from government to business This is excellent and truly supports the community and open government. Want lower rates fix the fix
Sincerely Geoffrey Last

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 10:07 AM
To: LABtestimony
Cc: skaye@runbox.com
Subject: Submitted testimony for HB1501 on Feb 10, 2015 09:00AM

HB1501

Submitted on: 2/9/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

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

Comments: I support in principle what this bill is trying to accomplish. Entirely too many former employees of the regulator (PUC) have developed expertise on the public dime, only to then freely make that expertise available to the regulated (utilities). To say that this is simply a matter of salary inequality is naive.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 9:48 AM
To: LABtestimony
Cc: jtt.hew@gmail.com
Subject: *Submitted testimony for HB1501 on Feb 10, 2015 09:00AM*

HB1501

Submitted on: 2/9/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Janeel Hew	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 1:37 PM
To: LABtestimony
Cc: blakemcelheny@yahoo.com
Subject: Submitted testimony for HB1501 on Feb 10, 2015 09:00AM

HB1501

Submitted on: 2/9/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Blake McElheny	Individual	Support	No

Comments: Aloha. Please support HB1501. This measure is very timely and will protect the public interest. Thank you very much. Take care, Blake McElheny Hale'iwa

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COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Rep. Mark M. Nakashima, Chair

Rep. Jarrett Keohokalole, Vice Chair

DATE: Tuesday, February 10, 2015

TIME: 9:00 AM

PLACE: Conference Room 309

Re: HB 1501 RELATING TO PUBLIC UTILITIES.

Aloha Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 45 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

The most important single regulatory proceeding currently before the Public Utilities Commission is the proposed takeover of our local utility by an out-of-state entity.

Over the past few years, often at critical regulatory times, the utility has swept in and stolen key lawyers, accountants and engineers from the Public Utilities Commission.

The ability of the regulated utility to monitor and to reduce the efficiency of the regulator is staggering. Dangling higher salary and benefits to regulators destabilizes the Public Utilities Commission and decreases its effectiveness.

Hawaii Energy is the energy efficiency utility. They are not permitted to take PUC employees until a year has passed. This post-employment period is effective. However it has not applied to the electric utility and they have taken advantage of and gamed the system.

This bill would rectify this situation.

The Hawaii PUC has a larger kuleana and a smaller staff than the other ten smallest states in the U.S. This bill would require the auditor to analyze salaries to determine if the staff is underpaid relative to the private sector.

The bill also requires public input on the proposed billion dollar takeover of our local utility. The realization that a billion dollar transaction does not trigger any formal requirement for a hearing is shocking.

Please pass this bill.

Mahalo

Henry Curtis
Executive Director

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 6:14 PM
To: LABtestimony
Cc: Mdeycaza@yahoo.com
Subject: Submitted testimony for HB1501 on Feb 10, 2015 09:00AM

HB1501

Submitted on: 2/9/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
mike deYcaza	Individual	Support	No

Comments: This is a common sense proposal to protect the public trust.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 10, 2015 5:07 AM
To: LABtestimony
Cc: georgecattermole@earthlink.net
Subject: Submitted testimony for HB1501 on Feb 10, 2015 09:00AM

HB1501

Submitted on: 2/10/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
George Cattermole	Individual	Support	No

Comments: HECO/NextEra must be regulated by a legislature which represent the PUBLIC's interests. This bill would help keep the PUC independent and less likely to be corrupted by PRIVATE monied interests. If the legislature is not proactive on this, NextEra could well become NextError.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 10, 2015 5:12 AM
To: LABtestimony
Cc: shannonkona@gmail.com
Subject: Submitted testimony for HB1501 on Feb 10, 2015 09:00AM

HB1501

Submitted on: 2/10/2015

Testimony for LAB on Feb 10, 2015 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Support	No

Comments: Strongly support. A breath of fresh air blowing through the legislature. Mahalo!

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