

TESTIMONY OF RANDY IWASE
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

March 16, 2016
2:05 PM

MEASURE: S.B. No. 2859, S.D. 1

TITLE: RELATING TO THE PUBLIC UTILITIES COMMISSION

Chair McKelvey and Members of the Committee:

DESCRIPTION:

This measure amends Section 269-33, Hawaii Revised Statutes (“HRS”), by increasing the 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 an unspecified amount.

POSITION:

The Commission supports this measure, provided that this measure is amended so that the balance amount that shall be retained in the PUC Special Fund at the end of each fiscal year is restored to “\$3,000,000”.

COMMENTS:

The PUC Special Fund is the sole 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”). The moneys in the PUC Special Fund come primarily from Public Utility Fee deposits made by regulated utilities at the end of July and December, in accordance with HRS § 269-30. Pursuant to HRS § 269-33, all moneys in excess of \$1,000,000 remaining on balance in the PUC Special Fund lapse to the credit of the State General Fund (“General Fund”) on June 30 of each year. This means that between June 30, when the PUC Special Fund excess balance lapses to the

General Fund, and July 31, when the first Public Utility Fee deposit is due, the Commission may only have access to \$1,000,000 of its total statutory appropriations. The PUC's \$1,000,000 "carryover balance" was established over 20 years ago and as the complexity and size of the Commission's workload has drastically increased over time - due to new statutory mandates, evolving technology, new utility business models, and other important Commission matters – this amount has become insufficient to meet the Commission's current start-of-year financial obligations. For example, in 2015 the Commission's start-of-year financial obligations included statutorily required transfers of \$1,039,785 to the Consumer Advocate, \$189,761 to the Department of Commerce and Consumer Affairs, and \$888,539 for the Commission's payroll and other operating expenses.

In other words, the Commission's financial obligations due in July 2015 totaled \$2,118,085 - well over the Commission's current \$1,000,000 carryover balance. Increasing the PUC Special Fund carryover balance to \$3,000,000 will ensure that the Commission is able to meet not only its current obligations in a timely manner and effectively fulfill its statutory duties at the beginning of each fiscal year, but also its anticipated obligations for some period into the future without having to seek legislative approval on a routine basis.

Given that total Commission expenditures are still subject to legislative appropriation, an increased carryover balance would not affect the total amount the Commission can spend nor would it affect transfers to the General Fund after the increased carryover balance is established in the initial fiscal year.

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



HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

March 16, 2016, 2:05 P.M.

Room 325

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2859

Chair McKelvey, Vice Chair Woodson, and Committee members,

The Blue Planet Foundation supports SB 2859, to ensure that the carryover funding mechanisms for the Public Utilities Commission are designed to support the increased complexity and scale of the Commission's work.

As legislators and the public are well aware, Hawai'i's Public Utilities Commission is overseeing a comprehensive transformation of energy industries within the State. The financial, technical, and procedural complexities of this transformation are evident in the many different facets of the Commission's important work on these important issues. Blue Planet believes that the public interest is best served by ensuring that the Commission's resources are structured in a way to effectively carry out its work.

Thank you for the opportunity to testify in support of this important measure.