
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 regulates all chartered, franchised, certificated,
3 and registered public utility companies operating in the State
4 with the purpose of balancing the interests of consumers against
5 the interests of regulated companies. Regulated companies and
6 utilities tend to have significant resources to advocate for
7 their interests before the public utilities commission, but few
8 organizations or individuals have a similar capacity to advocate
9 for the interests of the people.

10 The legislature further finds that in many other states,
11 organized and well-funded community advocacy organizations exist
12 to ensure the interest of consumers is represented in major
13 decisions made by those states' public utilities commissions.
14 However, there are very few organizations in Hawaii dedicated to
15 advocating for the interest of consumers, and most intervenors
16 in public utilities commission proceedings tend to participate



1 to pursue their own agendas, which only sometimes overlap with
2 the public interest.

3 While Hawaii's consumer advocate has a broad mission and is
4 directed to act on behalf of individual consumers, the consumer
5 advocate must also represent the interests of large industrial
6 consumers and commercial entities. This can potentially limit
7 advocacy on behalf of individual consumers when their interests
8 conflict with that of larger entities the consumer advocate must
9 also represent.

10 The legislature further finds that to encourage meaningful
11 advocacy on behalf of the interest of the people, seven states
12 currently allow intervenors to receive reimbursement for their
13 costs when they make a substantial contribution to a public
14 utilities commission proceeding, producing a clear benefit for
15 consumers.

16 The California Intervenor Compensation Program, enacted
17 into law in 1981, has successfully encouraged advocacy on behalf
18 of consumers that scaled back large rate hike proposals by
19 utilities, which saved California consumers billions of dollars.
20 A 2013 audit found that the commission program was well-managed,
21 and that it had awarded \$25,500,000 from 2008 through 2012 for



1 three hundred seventy-seven claims intervenors submitted. Some
2 of those intervenors include the Utility Reform Network, Utility
3 Consumers' Action Network, Disability Rights Advocates, Aglet
4 Consumer Alliance, The Greenlining Institute, Center for
5 Biological Diversity, Consumer Federation of California, Green
6 Power Institute, and Rancho Peñasquitos Concerned Citizens.

7 The purpose of this Act is to enact an intervenor
8 compensation program based on other existing state models in
9 which intervenors, who make a substantial contribution to a
10 public utilities commission proceeding that produces a positive
11 result or savings for consumers, are able to receive
12 compensation.

13 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
14 amended by adding a new part to be appropriately designated and
15 to read as follows:

16 "PART . INTERVENOR COMPENSATION PROGRAM

17 §269- Definitions. As used in this part, unless the
18 context requires otherwise:

19 "Commission" means the public utilities commission.

20 "Compensation" means payment for all or part, as determined
21 by the commission, of reasonable advocate's fees, reasonable



1 expert witness fees, and other reasonable costs of preparation
2 for and participation in a proceeding, and includes the fees and
3 costs of obtaining an award under this section and of obtaining
4 judicial review, if any.

5 "Expert witness fees" means recorded or billed costs
6 incurred by an intervenor for an expert witness.

7 "Intervenor" means a person or organization that has been
8 admitted as an intervenor or participant in a commission
9 proceeding.

10 "Intervenor compensation special fund" means the intervenor
11 compensation special fund established in this part.

12 "Notice of intent to claim intervenor compensation" means a
13 standardized document available on the commission website.

14 "Other reasonable costs" means reasonable out-of-pocket
15 expenses, directly incurred by an intervenor, that are directly
16 related to the contentions or recommendations made by the
17 customer that resulted in a substantial contribution.

18 "Proceeding" means an application, complaint, or
19 investigation; rulemaking; alternative dispute resolution
20 procedures in lieu of formal proceedings as may be sponsored or



1 endorsed by the commission; or other formal proceeding before
2 the commission.

3 "Request for an award of compensation" means a standardized
4 document available on the commission website.

5 "Substantial contribution" means that, in the judgment of
6 the commission, the intervenor's presentation has substantially
7 assisted the commission in making its order or decision because
8 the order or decision has adopted in whole or in part one or
9 more factual contentions, legal contentions, or specific policy
10 or procedural recommendations presented by the intervenor.

11 "Substantial contribution" includes evidence or argument that
12 supports part of the decision, even if the commission does not
13 adopt a party's position in total.

14 **§269- Intervenor compensation program; established.**

15 There is established an intervenor compensation program to
16 provide compensation for reasonable advocate's fees, reasonable
17 expert witness fees, and other reasonable costs to a intervenor
18 who makes a substantial contribution to a proceeding resulting
19 in a decision favorable to the interest of consumers. The
20 commission shall not be legally required to reimburse an
21 intervenor for any estimated or claimed expenses. The



1 commission shall undertake a detailed review of the
2 reasonableness of the actual claimed costs when it reviews an
3 intervenor compensation claim.

4 (b) The provisions of this part shall apply to all formal
5 proceedings of the commission involving electric, gas, water,
6 wastewater, and transportation, and shall be administered in a
7 manner that encourages the effective and efficient participation
8 of all groups that have a stake in the public utility regulation
9 process.

10 (c) The process for finding eligibility for intervenor
11 compensation shall be streamlined, whereby the preliminary
12 showing by an intervenor shall be of issues, budget, and costs.

13 (d) Intervenors shall be compensated for making a
14 substantial contribution to proceedings of the commission, as
15 determined by the commission in its orders and decisions;
16 provided that an intervenor shall not be compensated for results
17 that may be attributable to another party.

18 (e) Intervenor compensation shall be awarded to eligible
19 intervenors in a timely manner, within a reasonable period after
20 the intervenor has made the substantial contribution to a
21 proceeding that is the basis for the compensation award.



1 (f) This part shall be administered in a manner that
2 avoids unproductive or unnecessary participation that duplicates
3 the participation of similar interests otherwise adequately
4 represented or participation that is not necessary for a fair
5 determination of the proceeding.

6 §269- Intervenor compensation program; awarding. (a)

7 An intervenor who intends to seek an award for compensation
8 under this part shall, at the earliest reasonable time, file a
9 notice of intent to claim intervenor compensation with the
10 commission. The intervenor shall include within the filing a
11 statement of the nature and extent of the intervenor's planned
12 participation, an itemized estimate of the compensation that the
13 customer expects to request, including anticipated expert
14 witness fees and other reasonable costs, and a statement
15 explaining the intervenor's significant financial hardship.

16 (b) An intervenor who has made a substantial contribution
17 to a commission decision or order may file a request for an
18 award of compensation within sixty days after the decision or
19 order is issued, or within thirty days after the closing of the
20 proceeding.



1 (c) Any computer model that is the basis for any
2 intervenor compensation shall be available to, and subject to
3 verification by, the commission and parties to the hearing or
4 proceedings to the extent necessary for cross-examination or
5 rebuttal.

6 (d) The computation of compensation award shall take into
7 consideration the market rates paid to persons of comparable
8 training and experience who offer similar services. The
9 compensation awarded may not, in any case, exceed the comparable
10 market rate for services paid by the commission or the public
11 utility, whichever is greater, to persons of comparable training
12 and experience who are offering similar services.

13 (e) The commission may audit the records and books of the
14 intervenor to the extent necessary, and may contract the
15 services of a third party, to verify the basis for the award.

16 (f) The commission shall deny any award to any intervenor
17 who attempts to delay or obstruct the orderly and timely
18 fulfillment of the commission's responsibilities.

19 (g) The commission may require public utilities to pay
20 into the intervenor compensation special fund or from the public
21 benefits fee.



1 (h) The award shall be paid out of the intervenor
2 compensation special fund.

3 **§269- Intervenor compensation special fund.** There is
4 established the intervenor compensation special fund within the
5 department of commerce and consumer affairs, into which shall be
6 deposited any funds so designated by the commission, and from
7 which awards for intervenor compensation under this part may be
8 paid.

9 **§269- Rules.** The commission shall adopt rules pursuant
10 to chapter 91 necessary to carry out this part."

11 SECTION 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$150,000 or so much
13 thereof as may be necessary for fiscal year 2017-2018 and the
14 same sum or so much thereof as may be necessary for fiscal year
15 2018-2019 to carry out the purposes of this Act.

16 The sums appropriated shall be expended by the department
17 of commerce and consumer affairs for the purposes of this Act.

18 SECTION 4. This Act shall take effect upon its approval,
19 provided that section 3 shall take effect on July 1, 2017.



Report Title:

Public Utilities Commission; Intervenor Compensation;
Appropriation

Description:

Establishes an intervenor compensation program to provide compensation to intervenors who make a substantial contribution to a Public Utilities Commission proceeding that produces a positive result or savings for consumers. Appropriates funds.
(HB805 HD1)

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