
HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A COMPREHENSIVE MANAGEMENT
AUDIT OF THE PUBLIC UTILITIES COMMISSION.

1 WHEREAS, the Public Utilities Commission is empowered and
2 mandated to provide effective, proactive, and informed oversight
3 of public utilities, including electric, telephone, and gas
4 companies; sewer and water companies; interisland water
5 carriers; and motor carriers, all of which provide services that
6 are essential to the public interest of the State; and
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8 WHEREAS, as part of the Public Utilities Commission's duty
9 to protect the public interest, and as an important element of
10 Hawaii's utility and transportation infrastructure, the Public
11 Utilities Commission should direct and support the efforts of
12 public utilities to be strategically and structurally in line
13 with the State's long-term environmental and economic goals; and
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15 WHEREAS, the Public Utilities Commission is also expected
16 to balance the oversight of regulated utility companies to
17 ensure these companies efficiently and safely provide their
18 customers with adequate and reliable services at just and
19 reasonable rates, while also providing regulated companies with
20 a fair opportunity to earn a reasonable rate of return; and
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22 WHEREAS, on multiple occasions over the last forty years,
23 the Auditor of the State of Hawaii has conducted management
24 audits of the Public Utilities Commission and has consistently
25 found serious and pervasive problems with staffing, management,
26 and planning; and
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28 WHEREAS, the Auditor has not yet completed an audit where
29 it found these problems have been systematically and effectively
30 addressed; and
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32 WHEREAS, the initial audit, conducted in 1975 and published
33 in three volumes as Auditor's Report Nos. 75-3, 75-4, and 75-6,



1 found considerable confusion within the Public Utilities
2 Commission regarding staffing, roles, regulations, and the
3 relevant law; and
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5 WHEREAS, the next management audit, conducted in 1989 and
6 published as Auditor's Report No. 89-17, found that "many of the
7 deficiencies [the Auditor] found 13 years ago still exist"
8 within the Commission and that the Commission needed to take "a
9 more balanced approach to its adjudicatory, policymaking, and
10 enforcement responsibilities", among other concerns; and
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12 WHEREAS, in Auditor's Report No. 04-02, the most recent
13 management audit of the Public Utilities Commission, the Auditor
14 found that many problems, first identified more than three
15 decades earlier, continue to plague the Commission and that the
16 Commission and the Division of Consumer Advocacy of the
17 Department of Commerce and Consumer Affairs "are hard pressed to
18 devote time and personnel required to strategically plan for
19 desired results; consequently, program and activity plans are
20 allowed to drift without direction"; and
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22 WHEREAS, the Legislature concludes that it is in the public
23 interest to evaluate the efficiency and effectiveness of the
24 Public Utilities Commission to ensure the Commission is:
25 appropriately balancing the needs of utility customers with the
26 ability of regulated companies to earn a reasonable rate of
27 return; strategically planning for desired results relating to
28 utility services and investment; managing the performance,
29 professionalism, and conduct of the Commission's operations,
30 employees, and financial resources; properly executing its
31 statutory mandates; and otherwise adjusting to and meeting the
32 challenges of an evolving economic, technological,
33 environmental, and regulatory landscape; now, therefore,
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35 BE IT RESOLVED by the House of Representatives of the
36 Twenty-ninth Legislature of the State of Hawaii, Regular Session
37 of 2017, the Senate concurring, that the Auditor is requested to
38 conduct a comprehensive management audit of the Public Utilities
39 Commission, including but not limited to the:
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- 41 (1) Appropriateness and applicability of current utility
42 legislation;



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- 2 (2) Adequacy of current Public Utilities Commission
- 3 policies, rules, procedures, and strategic plan;
- 4
- 5 (3) Management of the Public Utilities Commission's
- 6 ability to provide technical and analytical staff
- 7 support in case management, enforcement of the
- 8 Commission's rules, and overall ability to meet the
- 9 Commission's mission and statutory obligations; and
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- 11 (4) Effectiveness of the Public Utilities Commission in
- 12 dealing with energy and other utility issues; and
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14 BE IT FURTHER RESOLVED that the Auditor is requested to
 15 include the role of the Division of Consumer Advocacy of the
 16 Department of Commerce and Consumer Affairs in the Auditor's
 17 examination of the regulatory responsibilities under the
 18 jurisdiction of the Public Utilities Commission; and

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 20 BE IT FURTHER RESOLVED that the Public Utilities Commission
 21 and the Division of Consumer Advocacy are requested to cooperate
 22 with and assist the Auditor in the performance of the management
 23 audit; and

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 25 BE IT FURTHER RESOLVED that the Auditor is requested to
 26 submit a report of findings and recommendations to the
 27 Legislature, including any proposed legislation, no later than
 28 twenty days prior to the convening of the Regular Session of
 29 2018; and

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 31 BE IT FURTHER RESOLVED that certified copies of this
 32 Concurrent Resolution be transmitted to the Governor, Auditor,
 33 Director of Commerce and Consumer Affairs, Chairperson of the
 34 Public Utilities Commission, and Executive Director of the
 35 Division of Consumer Advocacy.

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OFFERED BY: 


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