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TO THE SENATE COMMITTEE ON WAYS AND MEANS

THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

TUESDAY, APRIL 4, 2017
9:45 A.M.

TESTIMONY OF DEAN NISHINA, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE JILL N. TOKUDA, CHAIR,
AND MEMBERS OF THE COMMITTEE

SENATE CONCURRENT RESOLUTION NO. 132, S.D. 1 REQUESTING THE
AUDITOR TO CONDUCT A COMPREHENSIVE MANAGEMENT AUDIT OF
THE PUBLIC UTILITIES COMMISSION

DESCRIPTION:

This resolution requests the State Auditor (“Auditor”) to conduct a comprehensive management audit of the Public Utilities Commission (“PUC” or “Commission”) and to examine the role of the Division of Consumer Advocacy (“Consumer Advocate”) to represent, protect, and advance the interest of consumers in proceedings before the Commission.

POSITION:

The Consumer Advocate offers the following comments.

COMMENTS:

The Consumer Advocate believes any reasonable, transparent examination that might make a process or proceeding more efficient and effective is a good idea. As part of the recommended management audit of the Commission, the Legislature is also asking that the Auditor “to examine the role of the Division of Consumer Advocacy to represent, protect, and advance the interests of consumers in proceedings before the

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Senate Committee on Ways and Means
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Public Utilities Commission.” The Consumer Advocate always seeks opportunities to increase its efficiency, effectiveness and ability to represent consumers in order to serve the public interest, so it will fully cooperate with the Auditor if the Legislature’s requested audit proceeds.

Thank you for the opportunity to testify on this matter.



SENATE COMMITTEE ON WAYS AND MEANS
The Honorable Jill N. Tokuda, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair

**S.C.R. NO. 132, S.D. 1, REQUESTING THE AUDITOR TO CONDUCT A
COMPREHENSIVE MANAGEMENT AUDIT OF THE PUBLIC UTILITIES
COMMISSION**

Hearing: Tuesday, April 4, 9:45 a.m.

The Office of the Auditor has **no position** regarding S.C.R. No. 132, S.D. 1, which, among other things, requests the Auditor to conduct a comprehensive management audit of the Public Utilities Commission ("PUC"). **However, we have concerns about our ability to conduct the requested management audit.**

Specifically, the resolution requests that we evaluate the following:

- (1) Appropriateness and applicability of current utility legislation;
- (2) Adequacy of current PUC policies, rules, procedures, and strategic plan;
- (3) Management of the PUC's ability to provide technical and analytical staff support in case management, enforcement of the PUC's rules, and overall ability to meet the PUC's mission and statutory obligations; and
- (4) Effectiveness of the PUC in dealing with energy and other utility issues.

The resolution also requests that we examine the role of the division of consumer advocacy in representing, protecting, and advancing the interests of consumers in proceedings before the PUC.

The substantive areas of utility regulation that we are being asked to examine are beyond our expertise. Although the bill requests that we "seek input" from the state energy office, we do not believe that "input" from the state energy office will provide us with sufficient substantive knowledge about utility regulation to provide a meaningful analysis. We suggest that the state energy office may be the more suitable agency to review the appropriateness of utility regulation and adequacy of PUC policies, rules, and procedures. Given our understanding of the state energy office's resources, that agency seems to be better equipped to assess the PUC's management of its technical and analytical staff and the PUC's effectiveness in addressing issues involving regulated industries.

If the legislature intends that we conduct the audit, we request that the legislature amend a bill to provide an appropriation of not less than \$150,000 for us to retain a consultant who is versed in regulatory matters to assist us in assessing the PUC's operations. We also are concerned that we may not be able to produce this report before the 2018 session, given that we must first procure the services of the consultant.

Thank you for considering our testimony related to the audit requested in S.C.R. No. 132, S.D. 1.

TESTIMONY OF RANDY IWASE
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON
WAYS AND MEANS

April 4, 2017
9:45 a.m.

MEASURE: S.C.R. No. 132, S.D. 1

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

Chair Tokuda and Members of the Committee:

DESCRIPTION:

This measure requests that the Auditor conduct a comprehensive management audit of the Public Utilities Commission (“Commission”).

POSITION:

The Commission supports this measure.

However, regarding the request that the Auditor “seek input from the State Energy Office [(“SEO”)] on policy matters associated with the management audit” (see Ins. 30 – 32) - the Commission notes that the SEO is a party to several important open proceedings before the Commission. It would be awkward, at minimum, for both the SEO and the Commission in any pending docket in which the SEO is a party, and could raise issues of conflict if the SEO is also advising the Auditor regarding the adequacy of current Commission policies, rules, procedures, and strategic plan.

Thank you for the opportunity to testify on this measure.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808 543 0011 • Fax: 808 528 0922

The Twenty-Ninth Legislature, State of Hawaii
The Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association

April 4, 2017

**S.C.R. 132 – REQUESTING THE AUDITOR TO CONDUCT A
COMPREHENSIVE MANAGEMENT AUDIT OF THE PUBLIC
UTILITIES COMMISSION**

The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO supports the purpose and intent of S.C.R. 132, which requests the auditor to conduct a management audit of the Public Utilities Commission (PUC).

The PUC has a vital role in overseeing all of our state's public utilities, including electric, telephone, gas, sewer and more, each of which provides critical services that are essential to the public interest. Since there have been serious concerns raised in past management audits of the PUC, the timing of this requested audit is appropriate. A management audit would ensure the PUC, which receives State funding, operates responsibly and effectively.

Thank you for the opportunity to testify in support of S.C.R. 132.

Respectfully submitted,

Randy Perreira
Executive Director

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 2, 2017 5:57 PM
To: WAM Testimony
Cc: maxinekla@gmail.com
Subject: *Submitted testimony for SCR132 on Apr 4, 2017 09:45AM*

SCR132

Submitted on: 4/2/2017

Testimony for WAM on Apr 4, 2017 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Maxine Anderson	Individual	Support	No

Comments:

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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