SB 2924

Measure Title: RELATING TO PUBLIC UTILITIES.
Report Title: Public Utilities Commission Special Fund; General Fund Transfer
Description: Increases the balance that may be retained in the public utilities commission special fund at the end of a fiscal year.
Companion: None
Package: None
Current Referral: CPN, WAM
Introducer(s): IGE
TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

THURSDAY, FEBRUARY 6, 2014
9:15 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE

SENATE BILL NO. 2924 - RELATING TO PUBLIC UTILITIES

DESCRIPTION:

This measure proposes to increase the balance that may be retained in the
Public Utilities Commission's (Commission") special fund at the end of the year.

POSITION:

The Division of Consumer Advocacy (Consumer Advocate") supports this
measure.

COMMENTS:

Hawaii is advancing its clean energy initiatives, but the Consumer Advocate, like
other parties; believe that further and more expeditious progress should be enabled.
Allowing the Commission and the Consumer Advocate to retain consultants and use
greater levels of resources would facilitate the more expeditious analysis of existing
constraints and the development of possible solutions as it relates to renewable energy
integration. Additional resources would also be instrumental in developing sound analyses to evaluate the feasibility and desirability of importing Liquefied Natural Gas to displace fuel oil and diesel fuel as well as other initiatives, such as ubiquitous high speed broadband.

Increasing the amount allowed to be retained in the Commission's Special Fund would be an instrumental step towards facilitating the State's ability to continue and, hopefully expedite, its progress in these new and/or important initiatives. This measure, in conjunction with other measures, such as the intent reflected in the proposed SB 2948, will clearly demonstrate this legislature's commitment to these initiatives.

Thank you for this opportunity to testify.
TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON
COMMERCIAL & CONSUMER PROTECTION

FEBRUARY 6, 2014
9:15 a.m.

MEASURE: S.B. No. 2924
TITLE: Relating to Public Utilities

Chair Baker and Members of the Committee:

DESCRIPTION:

This measure amends Section 269-33, Hawaii Revised Statutes (“HRS”), by increasing the minimum 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 $10,000,000 effective July 1, 2014.

POSITION:

The Commission supports this measure and would like to offer the following comments for the Committee’s consideration.

COMMENTS:

The PUC Special Fund is the primary 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”), in addition to limited supplemental funding sources such as grants. Since Fiscal Year (“FY”) 2009, the amount of transfers from the PUC Special Fund to the State’s General Fund pursuant to HRS § 269-33 (see table below) has ranged from approximately $9.3 million (FY2009) to approximately $14.7 million (FY2010), for an average transfer amount of approximately $11.2 million since FY2009.
While the Commission recognizes the benefits that these transfers provide to the State, the funds collected under the Public Utility Fee in accordance with HRS § 269-30 are derived from public utility company revenues and are, thus, paid directly by utility ratepayers for the purpose of providing regulatory oversight.

Dedicating a higher or full portion of the PUC Special Fund to support the Commission's and the Consumer Advocate's operations would be advantageous for the State, particularly at the present time when so much is being required of the Commission and the Consumer Advocate through mandated programs. As the Commission has testified previously, the complexity and size of the Commission's workload has drastically increased over the last few years as advancements in state policy and utility technology has required, and is causing, a critical review for regulatory reforms. Increasing the annual carryover amount in the PUC Special Fund would support the PUC and the Consumer Advocate fulfill their respective statutory duties during these challenging times.

In addition, raising the PUC Special Fund carryover balance amount would immediately help with the encumbering of contracts for coming years, a practice both the Commission and the Consumer Advocate must increasingly rely on as each agency's work in the area of electricity regulation, in particular, becomes more technical and complex, given technological advancements and an evolving utility business model.

Thank you for the opportunity to provide comments on this measure.
The Hawai'i Energy Policy Forum, an organization created in 2002, and comprised of 46 representatives from Hawai'i's electric utilities, oil and natural gas suppliers, environment and community groups, renewable energy industry, and federal, state and local government, including the neighbor islands. Our vision, mission, and comprehensive “10 Point Action Plan” serves as our guide in advancing Hawai'i's preferred energy goals.

SB 2924 increases the annual carry-over balance in the Public Utilities Commission Special Fund from the existing limit of $1,000,000 to $10,000,000. The larger proposed limit is equal to approximately half of the total annual special fund revenues.

Since its inception, one unanimous concern of the Forum members is the need to revitalize the Public Utilities Commission Special Fund (PUC). Revitalization of these important regulatory agencies is essential in order to implement progressive energy policies. In addition to regulating utility expenditures of approximately $4 billion dollars annually, the PUC and DCA are tasked with developing and implementing many technically complex policy matters that affect every one of Hawai'i's people on a day-to-day basis.

The PUC and DCA are funded through the Public Utilities Commission Special Fund (PUC Special Fund) which derives its revenues from fees that are ultimately charged to Hawaii's public utility customers. About half of the revenues from the PUC Special Fund are used to fund these agencies and about half of the revenues spill over to the State general fund each year.

The Forum notes that the PUC Special Fund is paid for by utility customers for adequate regulation of public utilities. The clear priority in managing and allocating revenues from this fund should be in the public interest.

The Forum also notes that adequate and efficient funding of the PUC and DCA is clearly cost effective for the State of Hawai'i. It simply does not make sense to hobble the effectiveness of agencies tasked with oversight and gatekeeping responsibilities over expenditures of $4 billion annually. The adage "penny-wise and pound-foolish" applies here, except with a lot more zeroes and several commas.

SB 2924 would remove a hindrance in the effective funding of the PUC and DCA. This bill is consistent with the purposes of the PUC Special Fund.

The Forum therefore SUPPORTS SB 2924.

Thank you for the opportunity to testify.
Chair Baker, Vice-Chair Taniguchi, and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance ("HREA"). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of SB 2924 is to increase the balance that may be retained in the public utilities commission special fund at the end of a fiscal year.

HREA strongly supports this measure as historically the PUC Special Fund has been raided to support other purposes.

This measure would help increase the badly need funds for the PUC to do their job.

Mahalo for this opportunity to testify.
SB2924
Submitted on: 2/4/2014
Testimony for CPN on Feb 6, 2014 09:15AM in Conference Room 229

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<tr>
<td>sally kaye</td>
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Comments: The Public Utilities Commission has been understaffed and underfunded for years. Please pass this bill.

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