

JAN 26 2009

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# A BILL FOR AN ACT

RELATING TO PUBLICATION OF HEARING NOTICES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1.. The State is continuously examining ways to  
2 develop more efficient and cost-effective means of operation.  
3 Developing a more streamlined, consistent, and cost-effective  
4 means of providing notice of public hearings is one such way  
5 that would clearly be in the public interest.

6           The legislature finds that one particular area in which  
7 public notice may be exceeding that which is necessary to  
8 accomplish its specific objectives is where state law calls for  
9 the publication of notice statewide, but the affected public  
10 resides on only one or more islands and not statewide. Where  
11 possible, by limiting the publication of hearing notices to only  
12 those persons residing in the affected geographic areas, costs  
13 of publication will be reduced dramatically, while still  
14 ensuring notices are directed to persons affected by the  
15 proposed activity. For example, if the proposed limitation on  
16 the scope of publication of notice had been incorporated into  
17 state law during fiscal year 2006-2007, the public utilities

1 commission would have saved approximately \$74,000, or forty-five  
2 per cent, in advertising expense.

3 The purpose of this Act is to clarify the type of notice  
4 required for public hearings held by the public utilities  
5 commission in its regulation of utility rates and ratemaking  
6 procedures.

7 SECTION 2. Section 269-12, Hawaii Revised Statutes, is  
8 amended by amending subsection (c) to read as follows:

9 "(c) Any public hearing held pursuant to section [~~269-~~  
10 ~~16(e),~~] 269-16(b), shall be a noticed public hearing or hearings  
11 on the island or islands on which the utility [~~is situated.~~]  
12 provides utility services. Notice of the hearing, with the  
13 purpose thereof and the date, time, and place at which it will  
14 open, shall be given not less than once in each of three weeks  
15 [~~statewide,~~] in the county or counties in which the utility  
16 provides utility service, the first notice being not less than  
17 twenty-one days before the public hearing and the last notice  
18 being not more than two days before the scheduled hearing. The  
19 applicant or applicants shall notify their consumers or patrons  
20 of the proposed change in rates and of the time and place of the  
21 public hearing not less than one week before the date set, the

S.B. NO. 878

1 manner and the fact of notification to be reported to the  
2 commission before the date of hearing."

3 SECTION 3. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

~~\_\_\_\_\_~~  
BY REQUEST

**Report Title:**

Public Utilities Commission; Public Hearings

**Description:**

Saves money by allowing the Public Utility Commission to provide hearing notices to only the island(s) affected by a public utility proposal for change in utility rates and ratemaking procedures. Hearing notices will continue to be sent to those directly impacted by any proposed changes.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance (PUC)

TITLE: A BILL FOR AN ACT RELATING TO PUBLICATION OF HEARING NOTICES.

PURPOSE: The purpose of this bill is to clarify the type of public notice required for public hearings held by the Public Utilities Commission in its regulation of utility rates and ratemaking procedures.

MEANS: Amend section 269-12(c), Hawaii Revised Statutes.

JUSTIFICATION: Currently, section 269-12 requires the Public Utilities Commission to give statewide notice of public hearings regarding any proposed change or modification in a rate, fare, charge, classification, schedule, rule, or practice, other than one established pursuant to an automatic rate adjustment previously approved by the Commission. This public notice must be published statewide, even if the utility to which the notice pertains and the customers who are, or may be, affected, reside in one or more counties, but less than statewide. Amending the law to require that such notices be published only in the county or counties that are served by the public utility seeking proposed changes, which is also where the utility's affected customers reside, will reduce the Commission's publication costs by as much as fifty per cent per fiscal year. For example, for fiscal year 2006-2007, had the proposed change in scope of publication been in effect, the Commission would have reduced its advertising expense by approximately \$74,000, a savings of forty-five per cent of the actual advertising expense of nearly \$135,000.

The Commission believes this bill will provide for adequate notice and reduce the time and expense involved in what is sometimes a lengthy public hearing process.

Impact on the public: This bill will reduce unnecessary expenditure of taxpayer dollars, while still providing for thorough, adequate publication of notice to affected public utility customers.

Impact on the department and other agencies: This bill will serve to reduce the Commission's unnecessary expenditure of taxpayer dollars.

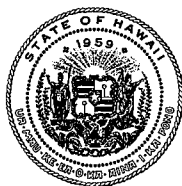
GENERAL FUND: None.

OTHER FUNDS: Public Utilities Commission Special Fund.

PPBS PROGRAM  
DESIGNATION: BUF-901.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval.



LINDA LINGLE  
GOVERNOR  
JAMES R. AIONA, JR.  
LT. GOVERNOR

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LAWRENCE M. REIFURTH  
DIRECTOR  
RONALD BOYER  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

THE TWENTY-FIFTH LEGISLATURE  
REGULAR SESSION OF 2009

FRIDAY, FEBRUARY 13, 2009  
8:30 A.M.

TESTIMONY OF CATHERINE P. AWAKUNI, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS TO THE HONORABLE SENATOR ROSALYN BAKER, CHAIR, AND  
MEMBERS OF THE COMMITTEE

**SENATE BILL NO. 878 – RELATING TO PUBLICATION OF HEARING NOTICES.**

**DESCRIPTION:**

This measure saves money by allowing the Hawaii Public Utilities Commission (“Commission”) to provide hearing notices to only the island(s) affected by a public utility proposal for change in utility rates and ratemaking procedures. Hearing notices will continue to be sent to those directly impacted by any proposed changes.

**POSITION:**

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

**COMMENTS:**

While broad publication of public hearing notices may be desirable to ensure more than adequate notice to affected customers of public utility rate increases, consideration of the cost of such extra publication and the benefit of those who may be reached should also be given. The publications for public utility rate increases are somewhat detailed and take up large spaces within the newspapers, which can be costly for the Commission. Given that the utility is required to notify every affected customer directly, publication by the Commission in the newspaper of the public hearing

Senate Bill No. 878  
Senate Committee on Commerce and Consumer Protection  
Friday, February 13, 2009, 8:30 A.M.  
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appears to be a less effective means of providing notice. Accordingly, the measure appears to be reasonably balanced in that the practice of providing direct notice to consumers will not be discontinued, and newspaper publication will continue to be made in the county or counties that would be affected by proposed changes in the utility's rates and ratemaking procedures.

Thank you for this opportunity to testify.



**TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION  
FEBRUARY 13, 2009**

**MEASURE: S.B. No. 878**

**TITLE: Relating to Publication of Hearing Notices.**

Chair Baker and Members of the Committee:

**DESCRIPTION:**

This bill proposes to amend the law to require that the Public Utilities Commission ("Commission") publish notice of a public hearing on a rate change by a public utility in the county or counties in which the utility provides utility services, rather than statewide.

**POSITION:**

The Commission strongly supports this Administration bill and offers the following comments.

**COMMENTS:**

- **Currently, section 269-12, Hawaii Revised Statutes ("HRS"), requires the Commission to provide three statewide notices of a public hearing regarding any proposed change or modification in a rate, fare, charge, classification, schedule, rule, or practice other than one established pursuant to an automatic rate adjustment previously approved by the Commission.**
  - This public notice must be published statewide even if the public utility to which the notice pertains, and the customers who are or may be affected, reside in one county, and not statewide.
  - Amending the law to provide that notice be published only in the county served by the utility seeking the proposed change, and where the utility's customers reside, will reduce government waste by lowering the Commission's publication costs by as much as fifty percent per fiscal year.

- For example, for fiscal year 2006-2007, had the proposed change been in effect, the Commission would have reduced its advertising expense by approximately \$74,000, a savings of forty-five percent of the actual advertising expense of nearly \$135,000.
- Affected customers already receive direct and adequate notice of public hearings on rate changes. In addition to the requirements set forth in the bill, public utilities are required to directly notify their customers regarding upcoming public hearings on proposed changes in public utility rates, pursuant to section 269-12(c), HRS, which provides:

"The applicant or applicants shall notify their consumers or patrons of the proposed change in rates and of the time and place of the public hearing not less than one week before the date set, the manner and the fact of notification to be reported to the commission before the date of hearing."

The Commission also regularly publishes notice of public hearings on its website to keep utility customers and the general public informed.

Thank you for the opportunity to testify.