

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON FINANCE
MARCH 26, 2010**

MEASURE: S.B. No. 2809, S.D. 2, H.D. 1
TITLE: Relating to Utilities Regulation

Chair Oshiro and Members of the Committee:

DESCRIPTION:

This bill appropriates moneys for the reorganization of the Public Utilities Commission ("Commission") and the Division of Consumer Advocacy ("DCA").

POSITION:

The Commission supports this bill, which recognizes the need to fully fund regulatory resources that are needed to achieve important and high priority goals of the State.

COMMENTS:

- The Commission is appreciative of the support that this bill lends towards effecting the Commission's restructuring plan, which was previously required by the Legislature, and required to be implemented by the Legislature.
- As described in the bill, the Legislature already recognized the importance of fully funding public utility regulatory agencies when it passed Act 143, Session Laws of Hawaii ("SLH") 2006, which required the Commission and the DCA to develop a comprehensive plan to restructure and supplement their respective agencies and resources to function more effectively and efficiently.
- The Commission submitted the restructuring report required by Act 143 to the Legislature in December 2006 (the "Commission's Report"). The Division of Consumer Advocacy submitted a similar report.
- The Legislature then further recognized the need to provide adequate resources to the Commission when it required in Act 177, SLH 2007, that the Commission shall restructure its operations as provided in the Commission's Report. In Act 177, the Legislature also recognized the need to obtain additional office space and to relocate the Commission's office.
- The Commission agrees that improving the capabilities of regulatory bodies is essential to successful implementation of current and future energy policy reforms. In addition to traditional regulatory responsibilities, the Commission's role in regulatory and policy matters has been changing recently with increased responsibility in many important policy and administrative matters, with an emphasis in energy policy. As such, the

restructuring and relocation proposals detailed in the Commission's Report and required by Act 177 are still required to enable the Commission to efficiently and effectively carry out its statutory duties and the State's high priority initiatives. The Commission believes that investing in the Commission to make it as effective as possible will greatly benefit the public interest.

- The need for Act 177 has not changed, and in fact, the need for Act 177, is even greater with the increased need to evaluate and implement, where appropriate, many new clean energy policy objectives that are high priorities for the State.
- The restructuring required by Act 177 can be fully funded with the Commission's Special Fund. The Commission and DCA are funded with revenues from the Commission's Special Fund, established in Chapter 269, Hawaii Revised Statutes ("HRS"), which is supported primarily from fees charged to the entities that the Commission regulates. Funding the Commission's restructuring plan will require, in addition to the Commission's budget request in HB 2200 H.D. 1, approximately \$4.95M in Fiscal Year 2011 and approximately \$2.42M (recurring costs) in Fiscal Year 2012. Section 2 of the bill should be revised to include these supplemental funding amounts.
- However, given the State's current fiscal situation, the Commission is open to only funding all currently unfunded reorganization and previously abolished (pursuant to Act 162, SLH 2009) positions in Fiscal Year 2011 and postponing the initiation of the relocation of the Commission's Honolulu office until Fiscal Year 2012. Doing so would reduce additional funding requirements to approximately \$1.07M in Fiscal Year 2011, approximately \$4.93M in Fiscal Year 2012, and approximately \$2.39M in Fiscal Year 2013. It should be noted that if the implementation of the relocation portion of the Commission's reorganization plan is postponed, it is critical that the Commission be allowed to begin its office relocation in Fiscal Year 2012 to sufficiently accommodate the increased staffing resources that the reorganization is providing the Commission. If the Legislature prefers this option, Section 2 of the bill should be amended to include these supplemental funding amounts, including those estimated for Fiscal Years 2012 and 2013, to the extent possible.
- In addition, the Commission requests that the following sentence in Section 2 of the bill, be revised to state:

"SECTION 2. There is appropriated out of the public utilities commission special fund the sum of \$ or so much thereof as may be necessary for fiscal year 2010-2011 for the operations of the public utilities commission, including funding all positions included in the reorganization approved by Act 177, Session Laws of Hawaii 2007; including the reinstating and funding of the ~~ten~~ nine positions removed by Act 162, Session Laws of Hawaii 2009; and funding all expenses related to the relocation of the commission's offices as approved in Act 177, Session Laws of Hawaii 2007."

- To prevent the possible automatic transfer of moneys appropriated for a relocation into the State General Fund at the end of each year as provided in Chapter 269, HRS, some provision should be made to prevent the lapsing of relocation moneys if the moneys cannot be spent or encumbered by the end of the year. The full relocation of the Commission's Oahu office is a critical, necessary component of the Commission's restructuring. Preventing the lapsing of such funds under Chapter 269, HRS will enable the Commission to proceed with the relocation and address any unforeseen issues that may occur beyond the Commission's control that may delay any required initial steps and prevent the completion of the relocation project. If the annual lapsing of relocation funds under Chapter 269, HRS is not prevented, the moneys earmarked for relocation that are not spent or encumbered due to unforeseen relocation delays will lapse to the State General Fund.
- The Commission also supports funding the DCA's reorganization plan as detailed in Act 183, SLH 2007. As an *ex officio* party to any proceeding before the Commission, the DCA's ability to perform its duties and responsibilities efficiently has a direct impact on the Commission's operational efficiency and effectiveness. The Commission defers to the DCA for their specific budget requirements to the extent that the Commission's Special Fund can support their request and is in compliance with Chapter 269, HRS.

Thank you for the opportunity to testify.



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

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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RONALD BOYER
ACTING DIRECTOR
RODNEY A. MAILE
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON FINANCE

THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2010

FRIDAY, MARCH 26, 2010
12:00 P.M.

WRITTEN COMMENTS OF DEAN NISHINA, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE MARCUS R. OSHIRO, CHAIR, AND MEMBERS OF
THE COMMITTEE

SENATE BILL NO. 2809, S.D. 2, H.D. 1 - RELATING TO UTILITIES REGULATION

DESCRIPTION:

This measure proposes to authorize sufficient funding for the operation and staffing of the Public Utilities Commission ("Commission") and the Division of Consumer Advocacy ("Consumer Advocate") in order to facilitate the agencies' abilities to meet their expected objectives and to fulfill the intent of the reorganizations that were begun with Act 177 and Act 183 from the 2007 legislative session. In addition, the measure proposes to require that applicable state and/or county agencies should assist in carrying out the proposed measure.

POSITION:

The Consumer Advocate supports this measure.

COMMENTS:

This measure proposes to make available the resources necessary to ensure that the Commission and the Consumer Advocate are sufficiently funded and staffed to handle the normal ongoing workload associated with regulating various public utility industries, such as the electric, natural gas, telecommunications, water, and wastewater

industries, as well as the regulation of transportation companies, such as those engaged in intraisland shipping. It should be noted that the normal, ongoing workload generally includes, but is not limited to, rate change and capital improvement project applications. This normal, ongoing workload has significantly increased recently due to the Hawaii Clean Energy Initiative (HCEI), which the State is actively pursuing. This initiative is resulting in dockets which are novel, complex and resource consuming.

In order to manage the workload, the Consumer Advocate has been considering and implementing various measures to meet the ongoing workload and the associated procedural deadlines that are established. One of these measures is evaluating the dockets to identify applications in proceedings that the Consumer Advocate will not provide an analysis and recommendation, such as requests filed by companies seeking certification of authority to provide telecommunications services in Hawaii and certain types of applications filed by telecommunications services providers related to financing. These determinations are guided by factors, including federal mandates deregulating particular utility industries, such as telecommunications due to findings that there are sufficient competitive forces to protect consumers. The Consumer Advocate has also implemented other measures, including reducing the scope of analysis in order to minimize the time that might be required by available staff or consultants to complete the review of numerous applications within the procedural deadlines.

Historically, the Commission and the Consumer Advocate have had difficulties finding and retaining qualified individuals to fill available vacancies. These difficulties are more pronounced for the Consumer Advocate because of the expectations of analysts to provide written and oral testimonies under the applicable deadlines. The Consumer Advocate had already implemented various measures meant to be short-term in nature in order to address the staffing deficiencies experienced, but with the additional budget cuts and elimination of vacant positions, the already difficult situation has been exacerbated, which required even more extreme measures. Such measures adversely affect the Consumer Advocate's effectiveness on both short- and long-term bases, but are necessary to meet the ongoing workload and procedural deadlines. If the eight eliminated positions, budgeted at approximately \$604,000, and the training budget, \$30,000, were restored, the Consumer Advocate would be better able to continue protecting and advancing the interest of utility consumers, as well as providing increasingly substantive contributions to proceedings related to clean energy and energy efficiency. The Consumer Advocate defers to the Commission as it relates to the funds necessary to facilitate the reorganization and relocation of the Commission approved by the Legislature in 2007, but contends that the amounts identified above related to the restoration of the eight positions in the Consumer Advocate should be able to be accommodated by the Commission's total budget and the funds collected through the Public Utilities Fee as authorized by HRS section 269-33.

It should be noted that, on an ongoing basis, the Consumer Advocate's participation in various rate proceedings results in millions of dollars in reduced rate increases on behalf of consumers on an annual basis. If the Consumer Advocate continues to face resource challenges, it is likely that the effectiveness of the agency will be diminished and the savings that might have been generated by an adequately staffed Consumer Advocate will decrease as the Consumer Advocate will be forced to continue limiting its participation in various proceedings.

In addition, Hawaii is embarking on efforts to irreversibly migrate away from its dependence on imported fossil fuels. Both the Commission and the Consumer Advocate are expected to play integral roles in this process. Given that efforts in this clean energy initiative will be likely to affect Hawaii for decades to come, it is important that both the Commission and the Consumer Advocate are adequately staffed and funded to ensure that recommendations and decisions are made based upon thorough research, analysis, and consideration.

Thus, the Consumer Advocate truly appreciates the acknowledgement by the Legislature of the importance that the Consumer Advocate and the Commission have on Hawaii's businesses and residents on a daily basis. The Consumer Advocate understands the current situation with the State's budget crisis, but believes that it is important for the Consumer Advocate and the Commission to be adequately staffed and funded in order to enable the agencies to address the overall State objectives regarding renewable energy and energy efficiency, as well as meeting the continuing demands of utility regulation.

One suggestion relates to possible language that may have already been considered by the Legislature regarding the appropriateness of including provisions similar to those included in Act 183, SLH 2007, which had specific language to appropriate monies out of the PUC special fund to be deposited into the compliance resolution fund. For your convenience and consideration, the language from Act 183, SLH 2007, modified for the purposes of SB2809 SD2, HD1, is provided as follows:

SECTION __. There is appropriated out of the public utilities commission special fund the sum of \$604,000 for fiscal year 2010-2011 and the sum of \$604,000 for fiscal year 2010-2011 to be deposited into the compliance resolution fund.

SECTION __. There is appropriated out of the compliance resolution fund the sum of \$604,000 or so much thereof as may be necessary for fiscal year 2010-2011 and the sum of \$604,000 or so much thereof as may be necessary for fiscal year 2010-2011 for the eight positions eliminated for the 2009-2010 fiscal year

and training in the division of consumer advocacy, department of commerce and consumer affairs.

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

SECTION __. There is appropriated out of the public utilities commission special fund the sum of \$30,000 for fiscal year 2010-2011 and the sum of \$30,000 for fiscal year 2010-2011 to be deposited into the compliance resolution fund.

SECTION __. There is appropriated out of the compliance resolution fund the sum of \$30,000 or so much thereof as may be necessary for fiscal year 2010-2011 and the sum of \$30,000 or so much thereof as may be necessary for fiscal year 2010-2011 to send the professional staff of the division of consumer advocacy to specialized training seminars to obtain a general understanding of the subject matter and receive regular updates of regulatory condition changes.

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

Thank you for this opportunity to provide testimony on this matter.

LINDA LINGLE
GOVERNOR OF HAWAII



MARIE C. LADERTA
DIRECTOR

CINDY S. INOUE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

March 24, 2010

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on Friday, March 26, 2010
12:00 p.m., Conference Room 308

BY

MARIE C. LADERTA, DIRECTOR

Senate Bill No. 2809, S.D. 2, H.D. 1
Relating To Utilities Regulation

(WRITTEN TESTIMONY ONLY)

TO CHAIRPERSON OSHIRO AND MEMBERS OF THE COMMITTEE:

The purpose of Senate Bill 2809, S.D. 2, H.D. 1 is to authorize sufficient funding for the operation and staffing of the public utilities commission and the Department of Commerce and Consumer Affairs' division of consumer advocacy to accomplish the objectives of those agencies and to complete the reorganization that was begun by Act 177 and Act 183, Session Laws of Hawaii 2007.

The Department of Human Resources Development (DHRD) has concerns with Section 3(b) which states,

"(b) The department of human resources development shall work cooperatively with:

- (1) The public utilities commission, as the commission deems necessary; and
- (2) The department of commerce and consumer affairs' division of consumer advocacy, as the division deems necessary,

in establishing and amending job descriptions in a timely manner."

Senate Bill No. 2809, S.D. 2, H.D. 1

March 24, 2010

Page 2

Section 26-35, Hawaii Revised Statutes, provides that boards and commissions that are established within a principal department for administrative purposes shall be represented by the head of the department, and personnel matters shall be subject to the approval of the head of the department. The Public Utilities Commission (PUC) is attached to the Department of Budget and Finance (B&F) for administrative purposes. As such, establishing and amending job descriptions for the PUC as proposed by Section 3(b) of this bill must include the review and approval by B&F's Director, otherwise, it may be contrary to existing statutes.

We find that Section 3(b) is unnecessary as we are willing to assist B&F and the PUC with their position classification needs. Therefore, we respectfully request that Section 3(b) be deleted from the bill. Thank you for the opportunity to provide comments on this bill.

TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FINANCE

Friday, March 26, 2010
12:00 p.m.
Conference Room 308, State Capitol

S.B. NO. 2809, S.D.2, H.D.1

RELATING TO UTILITIES REGULATION

By Kevin Katsura
Associate General Counsel, Legal Department
Hawaiian Electric Company, Inc.

Chair Oshiro, Vice-Chair Lee, and Members of the Committee:

My name is Kevin Katsura providing written testimony in support of S.B. No. 2809, S.D.2, H.D.1 on behalf of Hawaiian Electric Company, Inc. and our subsidiary companies, Hawaii Electric Light Company, Inc. and Maui Electric Company, Ltd. (collectively, "the Hawaiian Electric Companies").

The Hawaiian Electric Companies strongly support this bill, which authorizes funding for the operation and staffing of the Public Utilities Commission (PUC) and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (Consumer Advocate).

While we are not qualified to address the amount of funding required to fund all positions included in the reorganization approved by Act 177, Session Laws of Hawaii 2007, we can endorse the need for additional resources within the PUC and the Consumer Advocate.

From the Hawaiian Electric Companies' perspective, the workload of the PUC has never been greater, and our look at the future suggests the situation which presently exists is not a temporary one. The PUC's work in the electric utility sector includes general rate cases, project applications, and dockets initiated by the Commission in response to legislative action or external events. Each of these requires extensive review, and timely action beneficial to all involved. The Consumer Advocate is automatically a party to every docket involving the electric utility.

In addition, the PUC and the Consumer Advocate bear statutory responsibilities in the regulation of telecommunications, water and wastewater utilities, and water and motor carriers.

For these reasons, we support S.B. No. 2809, S.D.2, H.D.1 and request its passage. Thank you for the opportunity to provide testimony.



COLLEGE OF SOCIAL SCIENCES

HAWAII ENERGY POLICY FORUM

UNIVERSITY OF HAWAII AT MĀNOA

Testimony of Carl Freedman, Chair
Regulatory Reform Working Group
Hawai'i Energy Policy Forum

House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

Friday, March 26, 2010

12:00 p.m. Conference Room 308

IN SUPPORT OF SB 2809, SD2, HD1 – Relating to Utilities Regulation

I am Carl Freedman, Chair of the Regulatory Reform Working Group of the Hawaii Energy Policy Forum (“Forum”). The Forum is comprised of 47 representatives from Hawaii’s electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. We have been meeting since 2002 and have adopted a common vision and mission, and a comprehensive “10 Point Action Plan,” which serves as a framework and guide for meeting our preferred energy vision and goals.

SB 2809 SD2 HD1 would implement the reorganizations of the Public Utilities Commission (PUC) and the Division of Consumer Advocacy (DCA) that were approved by the Legislature in 2007 in Acts 177 and 183. The Forum wholeheartedly agrees with 2007 Legislature’s findings that the reorganizations of these agencies “are essential for providing sufficient regulation of Hawaii’s public utilities; controlling utility costs for Hawaii’s people, businesses, and governmental agencies; and successfully implementing meaningful energy policy reform in Hawaii.”

SB2809 SD2 HD1 is a cost saving measure. It would reduce the annual utility expenditures of State government by several times as much as the annual cost of fully funding the reorganization of the PUC and DCA. These agencies regulate over \$3 billion of annual telecommunications and electricity utility bills paid by Hawaii’s people, businesses and government agencies. The Forum estimates that fully funding the reorganizations would ultimately result in savings of at least \$100 million annually due to increased regulatory efficiency and consumer protection, bolstered utility industry financial health and prudent allocation of utility investments and expenditures. Funding for the PUC and DCA, including funding of the reorganizations reestablished by this bill, derives from revenues collected by the PUC from users of utility services, not from state general funds.

Sufficient utility regulation and consumer protection are especially essential in the next several years as Hawaii prepares to invest billions of dollars in new utility and private sector infrastructure associated with a transition from over-dependence on fossil fuels to increased reliance on efficiency and renewable energy resources.

Based on the foregoing, the Forum supports SB2809 SD2 HD1 and respectfully urges passage of the bill.

Thank you for the opportunity to testify.

This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies or organizations.

Hawai'i Energy Policy Forum

Ms. Stephanie Ackerman, The Gas Co.
Mr. Robbie Alm, HECO
Ms. Amy Asselbayer, Office of US Rep. Neil Abercrombie
Ms. Madeleine Austin, World Business Academy
Mr. Warren Bollmeier, Hawai'i Renewable Energy Alliance
Mr. Carlito Caliboso, PUC (Observer)
Mr. Albert Chee, Chevron
Ms. Elizabeth Cole, The Kohala Center
Mr. Kyle Datta, New Energy Partners
Ms. Laura Dierenfield, People's Advocacy for Trails Hawai'i (PATH)
Mr. Mark Duda, HI Solar Energy Asst.
Sen. Kalani English, Hawai'i State Senate
Mr. Mitch Ewan, UH HNEI
Mr. Carl Freedman, Haiku Design & Analysis
Sen. Mike Gabbard, Hawai'i State Senate
Mr. Mark Glick, OHA
Dr. Michael Hamnett, RCUH
Dr. Robert Harris, Sierra Club
Mr. William Kaneko, Hawai'i Institute for Public Affairs
Mr. Darren Kimura, Energy Industries Holdings
Ms. Kelly King, Sustainable Biodiesel Alliance
Mr. Mike Kitamura, Office of US Senator Daniel K. Akaka
Mr. Kal Kobayashi & Victor Reyes, Maui County Energy Office
Mr. Laurence Lau, State of Hawai'i DOH
Mr. Allyn Lee, C&C of Honolulu Dept. of Design & Construction
Mr. Stephen Meder, UH Center of Smart Building & Community Design
Dr. Sharon Miyashiro, UH College of Social Sciences Public Policy Center
Rep. Hermina Morita, Hawai'i State House of Representatives
Mr. Dean Nishina, Div of Consumer Advocacy
Mr. Tim O'Connell, USDA-Rural Development
Ms. Melissa Pavlicek, Hawaii Public Policy Advocates
Mr. Ted Peck, State of Hawai'i DBEDT Strategic Industries Division
Mr. Randy Perreira, Hawai'i State AFL-CIO
Dr. Rick Rocheleau, UH HNEI
Mr. William Rolston, Hawai'i County Dept. of Research & Development
Mr. Peter Rosegg, HECO
Mr. Steven Rymsha, KIUC
Mr. Riley Saito, PowerLight Corporation
Mr. Glenn Sato, Kaua'i County Office of Economic Development
Mr. Bill Short, BIA of Hawai'i
Ms. Joelle Simonpietri, Simonpietri Enterprises LLC
Mr. H. Ray Starling, Hawai'i Energy Group LLC
Mr. Lance Tanaka, Tesoro Hawai'i Corp.
Dr. Don Thomas, UH Center for the Study of Active Volcanoes
Ms. Maria Tome, State of Hawai'i DBEDT Energy Office
Mr. Murray Towill, Hawai'i Hotel Association
Mr. Joshua Wisch, Office US Representative Mazie Hirono
Mr. Alan Yamamoto, Office US Senator Daniel Inouye



Hawaii Solar Energy Association
Serving Hawaii Since 1977

March 26, 2010
12:00PM

House
COMITTEE ON FINANCE

Mark Duda
President

SB 2809 SD2 HD1

TESTIMONY IN SUPPORT

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee:

The Hawaii Solar Energy Association (HSEA) supports SB 2809 SD2 HD1, a measure that would implement the reorganization of the Public Utilities Commission (PUC) and the Division of Consumer Advocacy (DCA) that were approved by the Legislature in 2007 in Acts 177 and 183.

HSEA strongly agrees with the 2007 Legislature's findings that the reorganization of these agencies "are essential to providing sufficient regulation of Hawaii's public utilities; controlling utility costs for Hawaii's people, businesses, and governmental agencies; and successfully implementing meaningful energy policy reform in Hawaii."

Over the next several years as Hawaii gears up to meet the goals set forth in the Hawaii Clean Energy Initiative; billions of dollars will be spent in new utility and private sector infrastructure in order to transition from the over-dependence on fossil fuels to an increased reliance on efficiency and renewable energy resources. It is essential that both the PUC and DCA be adequately staffed and funded in order to successfully regulate the current and future proceedings associated with this movement.

HSEA also supports SB 2809 SD2 HD1 as it would reduce the annual utility expenditures of State government by several times as much as the annual cost of fully funding the reorganization of the PUC and DCA. These agencies regulate over \$3 billion of annual telecommunications and electricity utility bills paid by Hawaii's people, businesses and government agencies. Funding for the PUC and DCA, including funding reorganizations reestablished by this bill, derives from revenues collected by the PUC from users of utility services, not from state general funds.

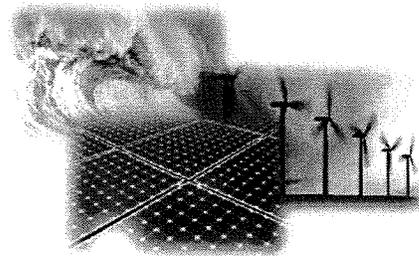
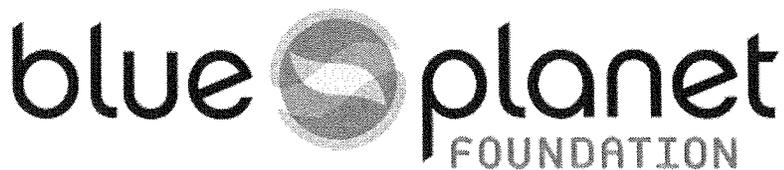
Thank you for the opportunity to testify on this measure.

Mark Duda
President, Hawaii Solar Energy Association

About Hawaii Solar Energy Association

Hawaii Solar Energy Association (HSEA) is comprised of installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. Our primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social

and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.



HOUSE COMMITTEE ON FINANCE

March 26, 2010, 12:00 P.M.

Room 308

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF SB 2809 SD2 HD1, PROPOSED AMENDMENTS

Chair Oshiro and members of the Committee:

The Blue Planet Foundation strongly supports Senate Bill 2809 SD2 HD1, a measure to ensure proper funding for the Public Utilities Commission (PUC) to complete their essential work, including funding to implement the reorganization approved by Act 177 (2007), including the reinstating and funding of the nine positions removed by Act 162 (2009).

This measure is critically important to Hawaii's clean energy future. The PUC is charged with developing and enforcing policies that govern the lifeblood of Hawaii's economy: electricity. They need to be properly funded to successfully navigate the multi-billion dollar transition to a clean energy future. The full amount of revenue generated in the special fund should be dedicated to the public utilities commission.

<u>Funds</u>	<u>FY 2008</u>	<u>FY 2009</u>
PUC special fund revenue	\$ 17,443,000	\$ 17,617,000
PUC budget	\$ 7,719,000	\$ 8,279,000
Transfers to general fund	\$ 9,724,000	\$ 9,339,000

Currently, the PUC is funded through the PUC special fund which collects funding from various sources, most significantly an annual fee of one-half of one per cent of the gross income of the public utility's previous year's business. Over half of the revenue in this special fund—which receives about \$17.5 million annually—is diverted to the state's general fund, however. For fiscal year 2009, of the \$17.6 million in revenue generated, \$8.3 million was expended by the PUC while \$9.3 was diverted to the state general fund. The PUC is currently deliberating

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

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dockets that will fundamentally reshape Hawaii's electric utility sector. Smart grid, utility decoupling, feed-in tariffs for clean energy, integrated resource planning—these dockets require thorough deliberation, research, and expert input. The PUC must have the talent and resources to adequately investigate and develop the right policies for Hawaii's 21st century electricity industry. The total funding available to them through their revenues should be available for their work.

The public utilities commission needs funding to navigate the multi-billion dollar transition to Hawaii's clean energy economy.

PROPOSED AMENDMENTS

- Blue Planet respectfully asks that this committee amend SB 2809 SD2 to appropriate the full amount of the PUC special fund to the PUC for fiscal year 2010 – 2011.
- We also respectfully ask that this Committee amend the effective date so the measure is effective July 1, 2010.

Please forward SB 2809 SD2 HD1 with these amendments.

Thank you for the opportunity to testify.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 25, 2010 8:01 AM
To: FINTestimony
Cc: gareth@htahawaii.org
Subject: Testimony for SB2809 on 3/26/2010 12:00:00 PM

Testimony for FIN 3/26/2010 12:00:00 PM SB2809

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Gareth K. Sakakida
Organization: Hawaii Transportation Association
Address: 2850 Paa Street, room 204 Honolulu, Hawaii
Phone: 833-6628
E-mail: gareth@htahawaii.org
Submitted on: 3/25/2010

Comments:

Thank you Chair Oshiro and committee members. I am Gareth Sakakida, Managing Director of the Hawaii Transportation Association (HTA) with over 400 transportation related members throughout the state of Hawaii.

Hawaii Transportation Association supports this bill.

The Public Utilities Commission is charged with the regulation of various industries who pay a fee to support the regulatory activities.

Although the collections are adequate to maintain the regulatory function, the PUC is limited as to the amount they may expend. This hampers the Commission.

The worst part of it is the "excess" lapses into the General Fund. The PUC fee is statutorily paid by certain industries for a service. That money belongs to the PUC and/or those industries.

Any excess should be remitted back, or credited, to the industries in some manner, or at the very least, NOT handed off to the General Fund.

Thank you.