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# A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

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

1           SECTION 1. The legislature finds that the public utilities  
2 commission's primary purpose is to provide effective, proactive,  
3 and informed oversight of all regulated companies to ensure  
4 these companies efficiently and safely provide their customers  
5 with adequate and reliable services at just and reasonable  
6 rates, while providing regulated companies with a fair  
7 opportunity to earn a reasonable rate of return.

8           The legislature further finds that due to the commission's  
9 increasing responsibilities and the evolution of the regulatory  
10 landscape, it is essential that the structure and operations of  
11 the public utilities commission be updated, consistent with best  
12 practices, to enable the commission to operate more efficiently  
13 and effectively.

14           The legislature additionally finds that the public  
15 utilities commission and its commissioners must fill three  
16 equally essential and nonexclusive roles. In their quasi-  
17 administrative capacity, commissioners interpret policy and  
18 apply technical expertise to the routines of rulemaking,



1 implementation, and enforcement. In their quasi-legislative  
2 capacity, commissioners craft policy and inform and support  
3 policymaking by other bodies. In their quasi-judicial capacity,  
4 commissioners must make findings and rulings in the context of  
5 particular cases, in accordance with established law and legal  
6 procedures. Commissioners serving on the public utilities  
7 commission therefore fill a unique role, and as such, have a  
8 responsibility to regulate in the public interest with the  
9 highest ethical standards. The legislature notes that this  
10 adherence to high ethical standards necessarily extends to  
11 commission staff, but in particular, the senior staff members of  
12 the commission, including its chief counsel, executive officer,  
13 chief of policy and research, and other staff who must engage in  
14 discussions with outside parties.

15 The legislature also finds that advancements in technology  
16 have enabled people to participate and work remotely, without  
17 having to be physically present in the same location as their  
18 colleagues. Permitting the use of teleconference or  
19 videoconference technology for public hearings and briefings  
20 before the commission, or meetings with other commissioners and  
21 staff, will enable commissioners to participate in public



1 hearings and commissioner or staff meetings in a convenient and  
2 engaging manner.

3       The legislature further finds that the office of the  
4 auditor last conducted a management audit on the public  
5 utilities commission in 2004. At that time, the auditor's  
6 report identified core deficiencies that resulted from a lack of  
7 vision and planning. As it has been thirteen years since the  
8 last management audit, the legislature concludes that another  
9 audit is appropriate. This will ensure that any previously  
10 identified issues have been addressed and will also aid in the  
11 transition to a more efficient and effective commission.

12       The purpose of this Act is to update the structure and  
13 operation of the commission to increase efficiency and  
14 effectiveness by:

- 15       (1) Establishing guiding principles of the commission;  
16,       (2) Allowing a commissioner to attend a public hearing or  
17 meeting or work with staff by teleconference or  
18 videoconference in specific situations;  
19       (3) Ensuring that commissioners who are residents of a  
20 county other than the city and county of Honolulu  
21 receive travel expenses; and



1 (4) Requiring a management audit to aid in the  
2 commission's transition to a better functioning  
3 entity.

4 SECTION 2. Chapter 269, Hawaii Revised Statutes, is  
5 amended by adding two new sections to be appropriately  
6 designated and to read as follows:

7 "§269- Guiding principles of the public utilities  
8 commission. The guiding principles of the public utilities  
9 commission shall be to:

10 (1) Ensure reliability and delivery of all essential  
11 services provided by regulated entities at all times;

12 (2) Provide oversight of resource planning efforts to  
13 ensure adequacy and resiliency to ensure essential  
14 services are available when needed;

15 (3) Strive for affordability for consumers while allowing  
16 regulated entities an opportunity to maintain  
17 reasonable earnings;

18 (4) Align private interest with public interest through  
19 the proactive, aggressive pursuit of factual  
20 information and technical competency to result in fair



1           and timely decisions and orders in pursuit of the  
2           public interest;

3           (5) Regulate in the public interest; and

4           (6) Encourage and facilitate competition for the benefit  
5           of consumers.

6           §269-   Hearing attendance by teleconference or video

7 conference. (a) A commissioner may attend a public hearing of  
8 the public utilities commission, or a meeting scheduled by other  
9 commissioners, by teleconference or videoconference to allow a  
10 commissioner residing on an island other than Oahu to attend a  
11 public hearing of the commission, or a meeting scheduled by  
12 other commissioners, held on Oahu and a commissioner residing on  
13 the island of Oahu to attend a public hearing of the commission,  
14 or a meeting scheduled by other commissioners, held on an island  
15 other than Oahu by teleconference or videoconference; provided  
16 that commissioner participation by teleconference or  
17 videoconference shall not be permitted at contested case or  
18 evidentiary hearings.

19           (b) Each commissioner participating in a public hearing by  
20 teleconference or videoconference shall be considered present at



1 the meeting for purposes of determining quorum and participating  
2 in all proceedings.

3 (c) A public hearing held by teleconference or  
4 videoconference:

5 (1) Need not have a quorum present at any one location;  
6 and

7 (2) Is subject to the notice requirements under section  
8 269-12.

9 (d) The notice of each teleconference or videoconference  
10 public hearing shall specify all physical locations from which  
11 the commissioners will participate.

12 (e) Each commissioner may work with staff via  
13 teleconference or videoconference on commission-related  
14 matters."

15 SECTION 3. Section 269-2, Hawaii Revised Statutes, is  
16 amended by amending subsection (e) to read as follows:

17 "(e) Notwithstanding section 26-35(a)(5) to the contrary,  
18 the commission's operational expenditures, such as the purchase  
19 of supplies, equipment, furniture, dues and subscriptions,  
20 travel, consultant services, and staff training, shall be  
21 determined by the chairperson and may be delegated to the



1 executive officer appointed and employed pursuant to section  
 2 269-3; provided that such expenditures shall be subject to all  
 3 applicable procurement laws and procedures. The commission's  
 4 budget shall provide for travel expenses equal to at least one  
 5 round trip per week for any commissioner who is a resident of a  
 6 county other than the city and county of Honolulu; provided that  
 7 the chairperson of the commission shall not have the authority  
 8 to withhold basic travel requirements from any commissioner who  
 9 is not a resident of the city and county of Honolulu."

10 SECTION 4. (a) The state auditor shall conduct a  
 11 management audit to evaluate the efficiency and effectiveness of  
 12 the public utilities commission and aid in the commission's  
 13 transition to a better functioning entity. The management audit  
 14 shall include but not be limited to:

- 15 (1) Appropriateness and applicability of current utility  
 16 legislation;
- 17 (2) Adequacy of coverage of current public utilities  
 18 commission policies, rules, and procedures, including  
 19 the commission's current strategic plan;
- 20 (3) Management of the public utilities commission in terms  
 21 of:



1 (A) Providing technical and analytical staff support  
2 in case management and enforcement of the public  
3 utilities commission's rules; and

4 (B) The ability of individual commissioners to  
5 request or select the services of a staff  
6 attorney, researcher, or clerical or support  
7 staff to assist the requesting commissioner with  
8 that commissioner's duties; and

9 (4) The effectiveness of the public utilities commission  
10 in dealing with telecommunications, energy, and other  
11 utility issues.

12 (b) The auditor may also review public utilities  
13 commissions in other jurisdictions to determine any generally  
14 considered best practices for a public utilities commission,  
15 including any emphasis on efficiency in operations or  
16 collaborations amongst members and any examples of other  
17 commissions that require more diverse backgrounds amongst  
18 commissioners or any commissions that have the ability to  
19 consider more than one docket at a time.

20 (c) The auditor shall submit a report to the legislature  
21 of findings and recommendations, including any proposed





1 legislation, no later than twenty days prior to the convening of  
2 the regular session of 2018.

3 SECTION 5. New statutory material is underscored.

4 SECTION 6. This Act shall take effect on July 1, 2017.



**Report Title:**

Public Utilities Commission; Commissioners; Teleconference;  
Videoconference; Audit

**Description:**

Makes various updates to the structure and operations of the public utilities commission to increase efficiency and effectiveness, including: establishing guiding principles; permitting teleconference and videoconference abilities; permitting neighbor island members to receive compensation for travel expenses; and requiring a management audit of the commission. (CD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

