SENATE CONCURRENT RESOLUTION

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

WHEREAS, the Public Utilities Commission is empowered and mandated to provide effective, proactive, and informed oversight of public utilities, including electric, telephone, and gas companies; sewer and water companies; interisland water carriers; and motor carriers, all of which provide services that are essential to the public interest of the State; and

WHEREAS, as part of the Public Utilities Commission's duty to protect the public interest, and as an important element of Hawaii's utility and transportation infrastructure, the Public Utilities Commission should direct and support the efforts of public utilities to be strategically and structurally in line with the State's long-term environmental and economic goals; and

WHEREAS, the Public Utilities Commission is also expected to balance the oversight of regulated utility companies to ensure these companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while also providing regulated companies with a fair opportunity to earn a reasonable rate of return; and

WHEREAS, on multiple occasions over the last forty years, the Auditor of the State of Hawaii has conducted management audits of the Public Utilities Commission and has consistently found serious and pervasive problems with staffing, management, and planning; and

WHEREAS, the Auditor has not yet completed an audit where it found these problems have been systematically and effectively addressed; and
WHEREAS, the initial audit, conducted in 1975 and published in three volumes as Auditor's Report Nos. 75-3, 75-4, and 75-6, found considerable confusion within the Public Utilities Commission regarding staffing, roles, regulations, and the relevant law; and

WHEREAS, the next management audit, conducted in 1989 and published as Auditor's Report No. 89-17, found that "many of the deficiencies [the Auditor] found 13 years ago still exist" within the Commission and that the Commission needed to take "a more balanced approach to its adjudicatory, policymaking, and enforcement responsibilities", among other concerns; and

WHEREAS, in Auditor's Report No. 04-02, the most recent management audit of the Public Utilities Commission, the Auditor found that many problems, first identified more than three decades earlier, continue to plague the Commission and that the Commission and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs "are hard pressed to devote time and personnel required to strategically plan for desired results; consequently, program and activity plans are allowed to drift without direction"; and

WHEREAS, although the Public Utilities Commission and the Division of Consumer Advocacy are separate agencies with distinct, statutorily-designated powers, duties, and obligations, Auditor's Report No. 04-02 also noted that the Division of Consumer Advocacy was included in the management audit because it "represent[ed] the interests of all consumers of utility services"; and

WHEREAS, the Legislature concludes that it is in the public interest to evaluate the efficiency and effectiveness of the Public Utilities Commission to ensure the Commission is appropriately balancing the needs of utility customers with the ability of regulated companies to earn a reasonable rate of return; strategically planning for desired results relating to utility services and investment; managing the performance, professionalism, and conduct of the Commission's operations, employees, and financial resources; properly executing its statutory mandates; and otherwise adjusting to and meeting the
challenges of an evolving economic, technological, environmental, and regulatory landscape; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017, the House of Representatives concurring, that the Auditor is requested to conduct a comprehensive management audit of the Public Utilities Commission, including but not limited to the:

(1) Appropriateness and applicability of current utility legislation;

(2) Adequacy of current Public Utilities Commission policies, rules, procedures, and strategic plan;

(3) Management of the Public Utilities Commission's ability to provide technical and analytical staff support in case management, enforcement of the Commission's rules, and overall ability to meet the Commission's mission and statutory obligations; and

(4) Effectiveness of the Public Utilities Commission in dealing with energy and other utility issues; and

BE IT FURTHER RESOLVED that the Auditor is requested to examine the role of the Division of Consumer Advocacy to represent, protect, and advance the interests of consumers in proceedings before the Public Utilities Commission; and

BE IT FURTHER RESOLVED that the Auditor is requested to seek input from the State Energy Office on policy matters associated with the management audit; and

BE IT FURTHER RESOLVED that the Public Utilities Commission and the Division of Consumer Advocacy are requested to cooperate with and assist the Auditor in the performance of the management audit; and

BE IT FURTHER RESOLVED that the Auditor is requested to submit a report of findings and recommendations to the Legislature, including any proposed legislation, no later than
twenty days prior to the convening of the Regular Session of 2018; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Governor, Auditor, Director of Commerce and Consumer Affairs, Chairperson of the Public Utilities Commission, and Executive Director of the Division of Consumer Advocacy.