

S . B . N O . 2859

Report Title:

Public Utilities Commission; Special Fund; General Fund

Description:

Amends the Public Utilities Commission Special Fund law to increase from \$1,000,000 to \$3,000,000 the balance that may be retained in the Public Utilities Commission Special Fund at the end of each fiscal year.

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

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES COMMISSION.

PURPOSE: To increase the balance that may be retained in the Public Utilities Commission Special Fund (PUC SF) at the end of a fiscal year from \$1,000,000 to \$3,000,000.

MEANS: Amend section 269-33(d), Hawaii Revised Statutes (HRS).

JUSTIFICATION: The PUC SF is the primary source of funding for the operations of the Public Utilities Commission (PUC) and the Division of Consumer Advocacy (DCA). At the end of every fiscal year all moneys in excess \$1,000,000 remaining in the PUC SF lapse to the credit of the state general fund (GF). This \$1,000,000 "carryover balance" is the PUC's only means of meeting its financial obligations until the first major public utility fee deposit is made in August. The PUC's currently allowed carryover balance was established over 20 years ago and has become insufficient to meet the PUC's current start-of-year financial obligations. These start-of-year financial obligations include statutory obligations under sections 269-33 and 36-27, HRS, as well as meeting PUC payroll and other expenses for daily operations. Currently, these start-of-year financial obligations total over \$2,000,000. Increasing the PUC SF carryover balance from \$1,000,000 to \$3,000,000 will allow the PUC to meet these obligations and effectively meet daily operations expenses.

Impact on the public: Positive. Raising the PUC SF carryover balance helps ensure that the PUC is able to fulfill its statutory duties to provide regulatory

oversight, especially in light of the increasing complexity and size of the PUC's workload. This increase would also help with encumbering of contracts, which the PUC must rely on in an era of increasingly technical electricity regulation.

Impact on the department and other agencies:
DCCA, the PUC, and DCA will be positively impacted as the PUC will be able to meet its financial obligations consistent with legislative appropriations and statutory deadlines.

GENERAL FUNDS: Impacts on the GF will be minimal. The PUC will still be limited to spending within legislative budget appropriations so the increased carryover balance will only impact the GF by delaying the deposit of carryover balance amount into the GF in the initial fiscal year.

OTHER FUNDS: The PUC SF would carry a larger portion of its total legislative appropriations at the beginning of the fiscal year.

PPBS PROGRAM
DESIGNATION: CCA-901.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.