

STAND. COM. REP. NO. 2103

Honolulu, Hawaii

FEB 11 2016

RE: S.B. No. 2859

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2859 entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES
COMMISSION,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the
minimum balance that shall be retained in the public utilities
commission special fund at the end of each fiscal year from
\$1,000,000 to \$3,000,000.

Your Committee received testimony in support of this measure
from the Public Utilities Commission.

Your Committee finds that the public utilities commission
special fund is the sole source of funding for the operations of
the Public Utilities Commission (Commission) and the Division of
Consumer Advocacy of the Department of Commerce and Consumer
Affairs. On each June 30, the end of the fiscal year, all monies
in excess of \$1,000,000 remaining in the public utilities
commission special fund lapse to the credit of the general fund.

Your Committee further finds that the public utilities
commission special fund carryover balance was established more
than twenty years ago. However, because the complexity and size
of the Commission's workload have drastically increased over time,
the carryover balance is now insufficient to meet the Commission's
current start-of-year financial obligations. For example, from
June 30, the end of the fiscal year, to July 31, when the first

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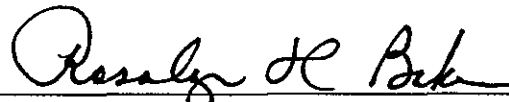


public utility fee deposit is due, the Public Utilities Commission may only have access to \$1,000,000 of its total statutory appropriations. However, according to testimony from the Commission, in 2015, the Commission's start-of-year financial obligations included statutorily required transfers of \$1,039,785 to the Division of Consumer Advocacy, \$189,761 to the Department of Commerce and Consumer Affairs, and \$888,539 for the Commission's payroll and other operating expenses.

This measure increases the public utilities commission special fund carryover balance to \$3,000,000, which will ensure that the Commission is able to meet its financial obligations in a timely manner and effectively fulfill its statutory duties at the beginning of each fiscal year. Finally, your Committee notes that Commission expenditures are set through legislative appropriation, meaning this change should not affect the general fund after the initial increased carryover balance is established.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2859 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



