

STAND. COM. REP. NO.

2682

Honolulu, Hawaii

FEB 13 2020

RE: S.B. No. 2884

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2884 entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES
COMMISSION SPECIAL FUND CARRYOVER BALANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the
balance that may be retained in the Public Utilities Commission
Special Fund at the end of each year from \$1,000,000 to
\$3,000,000.

Your Committee received testimony in support of this measure
from the Department of Commerce and Consumer Affairs, Public
Utilities Commission, Ulupono Initiative, and one individual. Your
Committee received testimony in opposition to this measure from
one individual.

Your Committee finds that, under existing law, all funds in
the Public Utilities Commission Special Fund in excess of
\$1,000,000 are transferred to the general fund at the end of every
fiscal year. The Public Utilities Commission Special Fund is the
primary source of funding for the Public Utilities Commission
(PUC) and the Division of Consumer Advocacy (DCA) programs. This
\$1,000,000 carry over balance was established by statute in 1994
and has not kept pace with the PUC's increase in size, in terms of
both responsibilities and operational costs. To address the
complex issues associated with Hawaii's clean energy transition



and other ongoing matters before the PUC, the necessary funds for consultant contracts and other similar expenses have grown. By way of comparison, the PUC's approved budget has increased over two hundred twenty percent between 1994 and 2021.

Your Committee further finds that fees collected from public utilities are deposited into the PUC Special Fund at the end of July and December. Because the funds in excess of \$1,000,000 as of June 30 each year lapse to the credit of the general fund, this has created a timing issue, as the \$1,000,000 carry over balance is no longer sufficient to meet the PUC's start-of-year expenses, which include statutory obligations, payroll, and other operational expenses that tend to occur at the beginning of each fiscal year, such as the encumbering of annual contracts. This measure helps ensure that the PUC has enough cash on hand at the start of each fiscal year to pay its expenses within the currently approved limits.

Your Committee lastly notes that this measure would not change the total deposits collected under the Public Utility Fee or legislative appropriations for either the PUC or the DCA.

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. 2884 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



