

STAND. COM. REP. NO. 1230

Honolulu, Hawaii

March 16, 2007

RE: S.B. No. 990  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which  
was referred S.B. No. 990, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PETROLEUM INDUSTRY  
MONITORING,"

begs leave to report as follows:

The purpose of this measure is to clarify and strengthen the  
Public Utilities Commission's authority under the petroleum  
industry monitoring, analysis, and reporting program.

Specifically, this measure:

- (1) Requires the Public Utilities Commission to refer to the  
Attorney General any violations of chapter 486B, Hawaii  
Revised Statutes (Unfair Trade Practices of Petroleum  
Industry), of which it becomes aware through the  
exercise of its duties pursuant to chapters 486H and  
486J, Hawaii Revised Statutes;
- (2) Adds a new definition to section 486J-1, Hawaii Revised  
Statutes, for "major fuel user" to distinguish a person  
that uses fuel in the manufacture of goods or the  
generation of power from a distributor;
- (3) Amends certain other definitions in section 486J-1,  
Hawaii Revised Statutes, by deleting the word



"department" and inserting "commission" to conform with earlier amendments to chapter 486J;

- (4) Amends sections 486J-3 and 486J-4, Hawaii Revised Statutes, allowing the Public Utilities Commission to require and not simply request additional information from persons in the petroleum industry;
- (5) Grants the Public Utilities Commission the authority to investigate any distributor and the manner in which it operates, all of its financial transactions, business relations with other persons, and all matters affecting its relations with the public;
- (6) Grants the Public Utilities Commission the powers to issue oaths, require the production of documents, subpoena and examine witnesses, and punish for contempt, as are possessed by the circuit courts; and
- (7) Makes appropriations into and out of the petroleum monitoring, analysis, and reporting special fund for staff positions to be expended by the Public Utilities Commission.

Your Committee notes that Act 78, Session Laws of Hawaii 2006, directed the Public Utilities Commission to establish the petroleum monitoring, analysis, and reporting program to provide true transparency in the petroleum industry and to discourage the industry from using price maintenance schemes or other anti-competitive practices that artificially raise consumer gasoline prices. It also expanded and redefined the types of information the petroleum industry must submit to the Public Utilities Commission. This measure and a similar House Bill No. 1790, H.D. 1, further strengthen the Public Utilities Commission's authority under the petroleum industry information program.

Your Committee also notes that this measure is integrally tied to the following two house bills presently being considered in the Senate:

- (1) House Bill No. 500, H.D. 1, the state budget bill, that should reflect the appropriation provisions contained in this measure to fund the efforts of the Public Utilities Commission; and



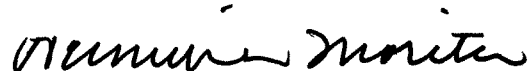
- (2) House Bill No. 1005, H.D. 2, that provides for the reorganization of the Public Utilities Commission to allow it to successfully implement current and future energy policy reform.

Your Committee has amended this measure by:

- (1) Deleting the language contained in section 2 and inserting similar, but more direct, language from House Bill No. 1790, H.D. 1;
- (2) Adding a new section to chapter 486J, Hawaii Revised Statutes, directing the Department of Business, Economic Development, and Tourism to use the information provided by the petroleum industry monitoring, analysis, and reporting program to effectuate the purposes of chapter 196 and chapter 125C, Hawaii Revised Statutes, and other relevant laws;
- (3) Making an appropriation to be expended by the Department of Business, Economic Development, and Tourism to permit it to carry out its responsibilities pursuant to the new section cited in paragraph (2) above; and
- (4) Making technical nonsubstantive changes for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 990, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 990, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,



HERMINA MORITA, Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

HSCR 1230

**Record of Votes of the Committee on Energy & Environmental Protection**

<b>Bill/Resolution No.:</b> SB 990 SD 2		<b>Date:</b> <div style="font-size: 1.2em; font-family: cursive;">3/13/07</div>		
<b>Committee Referral:</b> EEP, CPC, FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
<b>The recommendation is to:</b> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> <input type="checkbox"/> Pass, unamended  <input type="checkbox"/> Hold         </div> <div> <input checked="" type="checkbox"/> Pass, with amendments  <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration         </div> </div>				
<b>EEP Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. MORITA, Hermina M. (C)	✓			
2. CARROLL, Mele (VC)	✓			
3. CHONG, Pono				✓
4. ITO, Ken	✓			
5. MAGAOAY, Michael Y.	✓			
6. SAGUM, Roland D., III	✓			
7. SAIKI, Scott K.				✓
8. THIELEN, Cynthia				✓
<b>TOTAL</b>	5			3
<b>The recommendation is:</b> <div style="margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted  <input type="checkbox"/> Not Adopted         </div> <div style="margin-top: 10px;">           If joint referral, _____ did not support recommendation.  <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div> </div>				
<b>Vice Chair's or designee's signature:</b> <div style="font-size: 1.5em; font-family: cursive; margin-top: 10px;">Mele Carroll</div>				
<b>Distribution:</b> Original (White) – Committee      Duplicate (Yellow) – Clerk's Office				