

Bill No. 2287

Support Y N X  
WRITTEN ONLY

Date 1/27

Time 901

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TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
JANUARY 28, 2010

MEASURE: H.B. No. 2287

TITLE: Relating to Petroleum Industry Reporting

Chair Morita and Members of the Committee:

**DESCRIPTION:**

This bill suspends Sections 486J-3, 486J-4, 486J-4.5, and 486J-5, Hawaii Revised Statutes, ("HRS"), to temporarily relieve industry and government of significant costs borne from the Petroleum Industry Monitoring, Analysis and Reporting (PIMAR) requirements by suspending the 1) weekly and monthly reporting of oil and gasoline prices by the oil industry to the Public Utilities Commission (Commission); and 2) the publication of the oil industry reports for each island by the Commission, for an indefinite period of time until further action by the Legislature.

**POSITION:**

The Commission appreciates the intent of this bill as suspension of certain PIMAR requirements will allow the Commission to focus on higher priority regulatory matters, and would defer to the Legislature's determination that the PIMAR program is no longer a high priority government function during these trying economic times.

**COMMENTS:**

- Since September 2007, the Commission has been implementing the PIMAR program as required under Chapter 486J, HRS, and involves highly intensive collection of data from the petroleum industry that include company-specific detailed information regarding petroleum product imports, exports, inventories, production, retail and wholesale transactions, and gross margins, on a weekly, monthly, semi-annual and annual basis. The program has proven to be a very time-consuming effort for both the Commission and the petroleum industry reporting entities.

- The PIMAR program has not revealed evidence of any economic misbehavior in the petroleum market. The Commission's petroleum industry experts and consultants, ICF International, has concluded that the petroleum market in Hawaii is reasonably competitive and that market prices of petroleum products in Hawaii are less volatile and consistently higher than average US prices, but these prices do tend to follow world markets.
- The Commission is appreciative of the Legislature's intent as shown in this bill to enable the Commission to place more focus on higher priority regulatory matters, such as feed-in tariff implementation, integrated resource planning (IRP) revisions, decoupling and other matters arising from the Hawaii Clean Energy Initiative (HCEI) that will allow the State to generate more renewable energy, reduce our energy needs, and reduce our dependence on imported fossil fuels.

Thank you for the opportunity to testify.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, January 26, 2010 1:18 PM  
**To:** EEPtestimony  
**Cc:** edsel@garlowpetroleum.com  
**Subject:** Testimony for HB2287 on 1/28/2010 9:00:00 AM

Testimony for EEP 1/28/2010 9:00:00 AM HB2287

Conference room: 325  
Testifier position: support  
Testifier will be present: No  
Submitted by: Edsel Eshima  
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E-mail: [edsel@garlowpetroleum.com](mailto:edsel@garlowpetroleum.com)  
Submitted on: 1/26/2010

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Time 1318

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Type 1 2 WI

Comments:

No Attachments. Confirmed w/Testifier

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 27, 2010 9:24 AM  
**To:** EEPtestimony  
**Cc:** sayle.hirashima@midpacpetroleum.com  
**Subject:** Testimony for HB2287 on 1/28/2010 9:00:00 AM  
**Attachments:** MPP PIMAR Repea.doc

Testimony for EEP 1/28/2010 9:00:00 AM HB2287

Conference room: 325  
Testifier position: support  
Testifier will be present: No  
Submitted by: K. Sayle Hirashima  
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Submitted on: 1/27/2010

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## Testimony in support of HB2287

We are in support of the passage of HB2287 ~~due to the lack of purpose for the continuation of the filing~~ repealing the mandates for the Petroleum, Analysis and Reporting ("PIMAR") reports. ~~The suspension of the maximum pre-tax wholesale gasoline price legislation makes the continual filing of PIMARs reports an unnecessary burden for our company.~~ The current law creates unnecessary financial and administrative burdens on the industry and creates additional bureaucracy and costs that the state can ill afford to bear. With the December 8<sup>th</sup>, 2009 publication of ICF International's "2009 Report on the Hawaiian Petroleum Market under the Petroleum, Analysis and Reporting (PIMAR) Program," government officials have over three full years of reporting and analysis of the petroleum market in Hawaii. This period includes some of the most volatile periods in the global, national and local petroleum markets that should provide ample data for policy discussion. It is also important to note that ~~the bill preserves state oversight, by does allow providing~~ the PUC the ongoing authority to ask for information from the industry should the need arise.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 27, 2010 12:18 PM  
**To:** EEPtestimony  
**Cc:** tony@garlowpetroleum.com  
**Subject:** Testimony for HB2287 on 1/28/2010 9:00:00 AM

Testimony for EEP 1/28/2010 9:00:00 AM HB2287

Conference room: 325  
Testifier position: support  
Testifier will be present: No  
Submitted by: Tony Fernandez  
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Submitted on: 1/27/2010

Comments:

No Attachment. Confirmed by testifier

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