
A BILL FOR AN ACT

RELATING TO THE AUDIT AUTHORITY OF THE PUBLIC UTILITIES
COMMISSION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Hawaiian
2 Electric Companies (HECO) serve ninety-five per cent of the
3 energy needs of Hawaii citizens and is accountable to the public
4 utilities commission, yet is continually reported to be lagging
5 in ability to meet requested standards. The executive branch
6 and legislature have established the goals and directives for
7 energy initiatives in the State, and HECO is often criticized
8 for its slow issuance of action plans, failure to integrate and
9 upgrade infrastructure, and poor implementation of new
10 technology. The commission has ordered HECO to take immediate
11 steps to implement new technologies and lower costs, but the
12 result have been dismal.

13 Therefore, the legislature further finds that in the
14 interest of Hawaii residents, the commission must scrutinize
15 more frequently the public utilities it oversees.



1 The purpose of this Act is to mandate a periodic
2 management, financial, and environmental audit by the public
3 utilities commission of any public utility serving seventy-five
4 per cent or more of the state industry market to ensure
5 compliance with the expectations and goals of the commission as
6 established by the legislature and executive branch.

7 SECTION 2. Section 269-144, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "~~§~~269-144~~§~~ **Compliance and enforcement.** (a) The
10 commission shall take all necessary steps, including audits,
11 spot checks, data requests, report requests, and internal
12 monitoring procedures, to ensure that any electric utility, any
13 user, owner, or operator of the Hawaii electric system, or any
14 other person, business, or entity connecting to the Hawaii
15 electric system is in compliance with all adopted reliability
16 standards and interconnection requirements, as appropriate.

17 (b) The commission may impose reasonable penalties on any
18 user, owner, or operator of the Hawaii electric system, or any
19 other person, business, or entity connecting to the Hawaii
20 electric system acting in violation of an adopted reliability
21 standard after notice as provided under section 269-12 and an



1 opportunity for a proceeding under section 269-15 has been
2 given.

3 (c) The commission shall adopt rules pursuant to chapter
4 91 for the issuance of any penalty under this section. In
5 adopting rules, the commission may make provisions for the
6 Hawaii electric reliability administrator to recommend penalties
7 and enforcement to the commission.

8 (d) The commission shall provide, at least every three
9 years, for an independent third-party management and financial
10 audit of any Hawaii public utility that services seventy-five
11 per cent or more of the state industry market to determine if
12 the utility is in compliance with all relevant programmatic,
13 financial, and environmental requirements. The auditor shall
14 submit its findings and recommendations to the legislature no
15 later than twenty days before the convening of the regular
16 session following the year in which the audit is conducted. The
17 first audit shall occur within one year of July 1, 2015 and
18 shall include but not be limited to the following:

19 (1) The responsibilities, services, and activities of the
20 utilities;

21 (2) The propriety of expenditures;



- 1 (3) Compliance of utilities with the established goals of
- 2 the public utilities commission as defined in Chapter
- 3 269 of the Hawaii Revised Statutes and pursuant to the
- 4 germane administrative rules adopted by the
- 5 commission; and
- 6 (4) Any additional audit issues that the auditor deems
- 7 appropriate."

8 SECTION 3. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY

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H.B. NO. 420

Report Title:

Audit; Public Utilities Commission

Description:

Mandates a periodic audit of certain public utilities by the Public Utilities Commission for managerial, financial, and environmental compliance.

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

