

TESTIMONY OF RANDY IWASE  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII  
TO THE  
HOUSE COMMITTEE ON  
FINANCE

February 24, 2016  
2:00 PM

**MEASURE:** H.B. No. 1851

**TITLE:** RELATING TO THE PUBLIC UTILITIES COMMISSISON

Chair Luke and Members of the Committee:

**DESCRIPTION:**

This measure would require at least one member of the Public Utilities Commission (“Commission”) to be a resident of a county other than the city and county of Honolulu and would provide that commissioner with an unspecified per diem compensation “for the days on which actual service is rendered.” This measure would also allow commissioners to attend public hearings held on islands that they do not reside by teleconference or video conference.

**POSITION:**

The Commission offers the following comments for the Committee’s consideration.

**COMMENTS:**

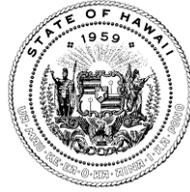
The Commission is presently composed of only three (“3”) members. Given its limited size, the Governor should be given wide discretion in appointing qualified members. That discretion is recognized and provided for in our present statute.

Regarding the proposed option to allow a commissioner to attend public hearings held on islands that they do not reside via teleconference or video conference, the Commission appreciates the intent of providing the Commission with further options when it conducts hearings. However, there are certain hearings where all three commissioners should always be physically present. For example, the Commission believes that all three

commissioners should always be physically present at contested case hearings. The Commission also notes that establishing the ability for commissioners to attend hearings via teleconference and/or video conference could be costly, particularly if the service employed would afford a level of functionality and reliability similar to that which could be expected if the commissioner were physically present.

Finally, the Commission notes that providing per diem compensation for commissioners who are residents of a county other than the city and county of Honolulu is fair given the costs associated with working outside one's county of residence. Compensation for lodging and transportation should also be considered.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

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CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON FINANCE

THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2016

WEDNESDAY, FEBRUARY 24, 2016  
2:00 P.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS, TO THE HONORABLE SYLVIA LUKE, CHAIR,  
AND MEMBERS OF THE COMMITTEE

HOUSE BILL NO. 1851 - RELATING TO THE PUBLIC UTILITIES COMMISSION

DESCRIPTION:

This measure proposes to require at least one of the three members of the Public Utilities Commission ("Commission") to be a resident of a county other than the City and County of Honolulu and receive per diem compensation. This measure also proposes to allow a commissioner to attend by teleconference or videoconference a public hearing of the commission, including allowing a commissioner who resides on an island other than Oahu and a commissioner residing on the island of Oahu to attend a public hearing of the commission held on an island other than Oahu, by teleconference or videoconference.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") supports the intent of this bill.

COMMENTS:

The Commission is responsible for protecting the interests of consumers and regulated utilities on all islands. The decisions of the Commission, especially in the energy field, will have a profound effect upon this state for years to come. It is, therefore, of utmost importance to have the most qualified individuals, irrespective of where they reside, serve as commissioners on the Commission. The Consumer Advocate recognizes that a commissioner who resides on a neighbor island could provide an important perspective to the decision-making process of the Commission. An individual's island of residence should be one criteria to determine that individual's qualification to serve as a commissioner. To make it a requirement that one commissioner reside on a neighbor island could eliminate from consideration other more qualified individuals based on this residency requirement.

The Consumer Advocate would also point out that where an individual previously lived and grew up may be equally important to that individual's perspective as to where that individual currently resides. In other words, someone who grew up on the neighbor islands, but who currently resides on Oahu, may have a closer affinity to the neighbor islands than someone who recently moved there. The Consumer Advocate therefore supports the intent of that part of the legislation that proposes to require one commissioner of the three to reside on a neighbor island. The Consumer Advocate suggests a modification to this bill to change the neighbor island residency requirement to a factor to be considered in selecting all commissioners.

In order to encourage neighbor island residents to serve on the Commission, neighbor island commissioners should not be financially disadvantaged compared to their Oahu counterparts. The Consumer Advocate therefore supports the provision in this legislation that requires a per diem compensation to neighbor island commissioners.

The Consumer Advocate further supports the provision in this legislation that allows for teleconference or videoconference participation by commissioners to attend public hearings. The Consumer Advocate suggests that the decision to allow teleconference or videoconference participation be left to the discretion of the Chair of the Commission, because there may be certain instances where teleconference or videoconference is impractical or inappropriate.

Thank you for this opportunity to testify.



COLLEGE OF SOCIAL SCIENCES  
**HAWAII ENERGY POLICY FORUM**  
UNIVERSITY OF HAWAI'I AT MĀNOA

**Hawaii Energy Policy Forum**

Jeanne Schultz Afuvai, Hawaii Inst. for Public Affairs  
Karlie Asato, Hawaii Government Employees Assn  
Joseph Boivin, Hawaii Gas  
Warren Bollmeier, Hawaii Renewable Energy Alliance  
Michael Brittain, IBEW, Local Union 1260  
Albert Chee, Chevron  
Elizabeth Cole, The Kohala Center  
Kyle Datta, Ulupono Initiative  
Mitch Ewan, UH Hawaii Natural Energy Institute  
Jay Fidell, ThinkTech Hawaii  
Carl Freedman, Haiku Design & Analysis  
Matthias Fripp, REIS at University of Hawaii  
Ford Fuchigami, Hawaii Dept of Transportation  
Mark Glick, Hawaii State Energy Office, DBEDT  
Justin Gruenstein, City & County of Honolulu  
Dale Hahn, Ofc of US Senator Brian Schatz  
Michael Hamnett, SSRI at University of Hawaii  
Senator Lorraine Inouye, Hawaii State Legislature  
Randy Iwase, Public Utilities Commission  
Ashley Kaono, Ofc of US Representative Tulsi Gabbard  
Jim Kelly, Kauai Island Utility Cooperative  
Darren Kimura, Energy Industries  
Kelly King, Sustainable Biodiesel Alliance  
Kal Kobayashi, Maui County Energy Office  
Representative Chris Lee, Hawaii State Legislature  
Gladys Marrone, Building Industry Assn of Hawaii  
Stephen Meder, UH Facilities and Planning  
Hermina Morita, Energy Dynamics  
Sharon Moriwaki, UH Public Policy Center  
Tim O'Connell, US Dept of Agriculture  
Jeffrey Ono, Division of Consumer Advocacy, DCCA  
Stan Osserman, HCATT  
Darren Pai, Hawaiian Electric Companies  
Melissa Pavlicek, Hawaii Public Policy Advocates  
Randy Perreira, Hawaii Government Employees Assn  
Rick Reed, Hawaii Solar Energy Assn  
Cynthia Rezentes, Ofc of US Representative Mark Takai  
Rick Rocheleau, UH Hawaii Natural Energy Institute  
Will Rolston, Hawaii County, Research & Development  
Riley Saito, SunPower Systems  
Scott Seu, Hawaiian Electric Companies  
Joelle Simonpietri, US Pacific Command Energy Ofc  
H. Ray Starling, Hawaii Energy  
Ben Sullivan, Kauai County  
Lance Tanaka, Par Hawaii, Inc.  
Maria Tome, Public Utilities Commission  
Alan Yamamoto, Ofc of US Senator Mazie Hirono

Testimony of the  
Hawaii Energy Policy Forum  
Before the  
House Committee on Finance

Wednesday, February 24, 2016 at 2:00 pm in Conference Room 308

**Comments on HB 1851**, Relating to The Public Utilities Commission

Chair Luke, Vice-Chair Nishimoto, and Members of the Committee,

The Hawaii Energy Policy Forum (“HEPF”), created in 2002, is comprised of over 40 representatives from Hawaii’s electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. Our vision, mission and comprehensive “10 Point Action Plan” guide us in moving Hawaii toward its preferred energy goals and our comments on this bill.

HB1851 requires at least one of the three Public Utilities Commissioners (“PUC”) to be a resident of a county other than the city and county of Honolulu and receive per diem compensation and allows a commissioner to attend commission hearings by teleconferencing or videoconferencing.

While neighbor island residency may well be an appropriate consideration in the appointment of commissioners and their confirmation by the Senate, there should be no determinant criteria that at least one commissioner be a resident of any island. Rather, the most important determinant should be the most qualified individuals regardless of where they live in the State. A candidate’s experience and qualifications, including where they have lived and for how long, should be the considerations taken into account, rather than where they currently reside.

If a neighbor island resident is selected as commissioner, the HEPF fully supports their participation at hearings through additional financial support for travel and reasonable living allowance for time spent on Oahu as well as use of teleconferencing and videoconferencing.

Thank you for the opportunity to testify.

*This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies.*

House Committee Finance  
House Bill 1851, Relating to the Public Utilities Commission  
Testimony of Hermina Morita

Aloha Chair Luke, Vice-Chair Nishimoto and Members of the Committee:

I hope my experience as the past Chair of the Hawaii Public Utilities Commission (PUC) will give some insight on why this measure should be carefully considered to avoid inadvertent consequences. While I do support the recognition of accommodating neighbor island Commissioner appointments to PUC through telecommuting, video conferencing and per diem payments, I am concerned about explicit language to require a neighbor island appointment, which I will address in my second point, and the specificity in which telecommuting, video conferencing and participation is to occur.

First of all, during my tenure as Chair of the PUC, I was one of two Commissioners who resided outside the island of Oahu in the full-time 3-Commissioner agency. It cost me close to \$30,000 per year out of pocket to commute from my home on Kauai to Oahu, an Oahu apartment and the need for a second car. I had the good fortune of being able to accept the appointment because my financial needs at that time were modest. But this issue emphasizes the financial burden placed on highly qualified candidates to participate in appointed full-time positions if they do not reside in the City & County of Honolulu and choose not to relocate to Oahu for a number of good reasons. While not unique to the PUC, careful consideration should be given to our being an island State and how to encourage greater public service participation from the neighbor islands in these appointed, full-time positions as a matter of general State policy especially when a highly qualified candidate resides there.

Secondly, with regard to the requirement that one of the three Commissioners reside on a neighbor island, I have concerns such language may create inadvertent consequences. While I agree that a geographically well-rounded Commission would be an ideal, I think it should be stated as a preference rather than a requirement to ensure the largest and best pool of highly qualified candidates with a primary focus on effective regulation, rather than residency, to fulfill this six-year term commitment. The Hawaii State Senate's role in the confirmation process of an appointee should weigh heavy in the fulfillment of this preference should there be equally qualified candidates residing on different islands.

Again, I strongly believe that the focus should be on drawing from the largest pool of highly qualified candidates as possible. The candidate pool is already limited by the specific professional qualifications outlined in statute, the salary and workload. The law requiring public financial disclosure filings may also be a deterrent in attracting highly qualified candidates thus further limiting the pool.

With regard to the use of tools like telecommuting and video conferencing, perhaps the statute should be a broad policy to permit such activity but leave the specificity to internal agency guidelines or rulemaking as to appropriate times and procedures to allow such activity or even appropriate location (home or PUC neighbor island offices for example). A key consideration should be how electronic format of confidential information is to be handled when allowing for telecommuting and video conferencing if not utilizing an authorized server.

Thank you for allowing me to share my concerns with you.

Hermina Morita  
P. O. Box 791  
Hanalei, Kauai, HI 96714  
e-mail: herminamorita@gmail.com

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From: mailinglist@capitol.hawaii.gov  
Sent: Monday, February 22, 2016 11:21 AM  
To: FINTestimony  
Cc: skaye@runbox.com  
Subject: \*Submitted testimony for HB1851 on Feb 24, 2016 14:00PM\*

**HB1851**

Submitted on: 2/22/2016

Testimony for FIN on Feb 24, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
sally kaye	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 23, 2016 4:19 AM  
**To:** FINTestimony  
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**Subject:** Submitted testimony for HB1851 on Feb 24, 2016 14:00PM

**HB1851**

Submitted on: 2/23/2016

Testimony for FIN on Feb 24, 2016 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kerri Marks	Individual	Support	No

Comments: I support the intent of this bill. The needs and wishes of residents of the neighbor islands are all too often ignored by Oahu-centric State level Boards and Commissions. However, this being only a 3 person Board, this requirement could limit the field of candidates, especially if you only consider nominees that are currently a resident of an outer island without considering someone who may have been born and raised outside of Oahu. Thank you for trying to get better representation for the neighbor islands.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**HOUSE COMMITTEE ON FINANCE**

**THE HONORABLE SYLVIA LUKE, CHAIR  
THE HONORABLE SCOTT Y. NISHIMOTO, VICE CHAIR**

**LATE**

**HOUSE BILL NO. 1851  
February 24, 2016, 2:00 p.m., Conference Room 308**

**Written Testimony in Support**

By Roy Catalani, Vice President of Strategic Initiatives and External Affairs and  
Sandra Y.B. Hoshida, Manager of Government Affairs  
**Young Brothers, Limited**

Chair Luke, Vice Chair Nishimoto, and Members of the House Committee on Finance:

**Young Brothers, Limited (*Young Brothers*) supports House Bill No. 1851 (*HB1851*).**

HB1851 proposes to require that at least one of the three members of the Public Utilities Commission (**PUC**) shall be a resident of a county other than the City and County of Honolulu and shall receive per diem compensation. The measure seeks to ensure that “all areas of the State are adequately represented in the commission.” Provisions for per diem compensation and for attendance of public hearings via teleconference or videoconference would facilitate a Neighbor Island commissioner’s participation in PUC functions.

While all PUC commissioners are cognizant of their duties and responsibilities, a Neighbor Island member would fully appreciate the economic and community needs unique to its fellow residents. Young Brothers’ water transportation service provides an example of the importance of appreciating Neighbor Island communities and their special needs. Young Brothers carries to the Neighbor Islands most of the goods coming into the State through the Port of Honolulu. Timely, regular, and frequent sailings are essential to support the just-in-time economy of Neighbor Island merchants. With many doing away with costly warehouses to store inventory, many Neighbor Island businesses rely on timely, regular, and frequent arrival of merchandise aboard Young Brothers’ barges to stock shelves. Having a PUC commissioner who is sensitive to this fragile economic regime would be one way to enhance the PUC’s fulfillment of its mission.

Thank you for this opportunity to testify.