

SB2859

Measure Title:	RELATING TO THE PUBLIC UTILITIES COMMISSION.
Report Title:	Public Utilities Commission; Special Fund; General Fund
Description:	Amends the Public Utilities Commission Special Fund law to increase from \$1,000,000 to \$3,000,000 the balance that may be retained in the Public Utilities Commission Special Fund at the end of each fiscal year.
Companion:	HB2330
Package:	Governor
Current Referral:	CPH, WAM
Introducer(s):	KOUCHI (Introduced by request of another party)

TESTIMONY OF RANDY IWASE
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, & HEALTH

February 5, 2016
9:00 AM

MEASURE: S.B. No. 2859

TITLE: RELATING TO THE PUBLIC UTILITIES COMMISSION

Chair Baker and Members of the Committee:

DESCRIPTION:

This measure amends Section 269-33, Hawaii Revised Statutes (“HRS”), by increasing the minimum balance amount that shall be retained in the Public Utilities Commission (“Commission”) Special Fund (“PUC Special Fund”) at the end of each fiscal year from the current \$1,000,000 requirement to \$3,000,000.

POSITION:

The Commission supports this measure and offers the following comments for the Committee’s consideration.

COMMENTS:

The PUC Special Fund is the sole source of funding for the operations of both the Commission and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (“Consumer Advocate”). The moneys in the PUC Special Fund come primarily from Public Utility Fee deposits made at the end of July and December, in accordance with HRS § 269-30. Pursuant to HRS § 269-33, all moneys in excess of \$1,000,000 remaining on balance in the PUC Special Fund lapse to the credit of the State General Fund (“General Fund”) on June 30 of each year. This means that between June 30, when the PUC Special Fund excess balance lapses to the General Fund, and July 31, when the first Public Utility Fee deposit is due, the Commission may only have access to \$1,000,000 of its total statutory appropriations.

The PUC's \$1,000,000 "carryover balance" was established over 20 years ago and as the complexity and size of the Commission's workload has drastically increased over time - due to new statutory mandates, evolving technology, new utility business models, and other important Commission matters – this amount has become insufficient to meet the Commission's current start-of-year financial obligations. For example, in 2015 the Commission's start-of-year financial obligations included statutorily required transfers of \$1,039,785 to the Consumer Advocate, \$189,761 to the Department of Commerce and Consumer Affairs, and \$888,539 for the Commission's payroll and other operating expenses.

In other words, the Commission's financial obligations due in July 2015 totaled \$2,118,085 - well over the Commission's current \$1,000,000 carryover balance. Increasing the PUC Special Fund carryover balance to \$3,000,000 will ensure that the Commission is able to meet these obligations in a timely manner and effectively fulfill its statutory duties at the beginning of each fiscal year. It is also important to note that Commission expenditures would still be set through legislative appropriation, meaning that this change should not affect the General Fund at all after the initial increased carryover balance is established.

Thank you for the opportunity to provide comments on this measure.