
A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

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

1 SECTION 1. The legislature finds that the public utilities
2 commission's primary purpose is to provide effective, proactive,
3 and informed oversight of all regulated companies to ensure
4 these companies efficiently and safely provide their customers
5 with adequate and reliable services at just and reasonable
6 rates, while providing regulated companies with a fair
7 opportunity to earn a reasonable rate of return. However, the
8 public utilities commission has several long- and short-term
9 goals that reflect the commission's increased work complexity
10 and program responsibilities, which go beyond the commission's
11 traditional regulatory role, including in the area of energy
12 regulation. Furthermore, with the advent of new and emerging
13 technology, the market, and other forces, the regulatory
14 landscape throughout the country is rapidly changing.

15 The legislature further finds that, due to the commission's
16 increasing responsibilities and the evolution of the regulatory
17 landscape, the structure and operations of the public utilities



1 commission may be updated to enable the commission to operate
2 more efficiently and effectively, consistent with best
3 practices.

4 The purpose of this Act is to update the structure and
5 operation of the commission to increase efficiency and
6 effectiveness by:

- 7 (1) Ensuring that members who are residents of a county
8 other than the city and county of Honolulu receive per
9 diem compensation and travel expenses;
- 10 (2) Clarifying the ability of the commissioners to appoint
11 and employ staff;
- 12 (3) Establishing a task force to examine the operations of
13 the public utilities commission to increase efficiency
14 and effectiveness.

15 The legislature notes that, due to unforeseen
16 circumstances, the auditor's report on the management audit of
17 the public utilities commission, requested pursuant to Act 198,
18 Session Laws of Hawaii 2017, has been delayed. The contents of
19 the present Act shall be amended, as appropriate, once the
20 auditor's report is released.



1 SECTION 2. Section 269-2, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) There shall be a public utilities commission of three
4 members, to be called commissioners, and who shall be appointed
5 in the manner prescribed in section 26-34, except as otherwise
6 provided in this section. All members shall be appointed for
7 terms of six years each, except that the terms of the members
8 first appointed shall be for two, four, and six years,
9 respectively, as designated by the governor at the time of
10 appointment. A member who is a resident of a county other than
11 the city and county of Honolulu shall receive per diem
12 compensation for expenses, for days on which actual service is
13 rendered, at an allowance equal to the maximum federal employee
14 rate for Hawaii, as established by the United States Department
15 of Defense, on the date that the member incurs the expense. The
16 governor shall designate a member to be chairperson of the
17 commission. Each member shall hold office until the member's
18 successor is appointed and qualified. Section 26-34 shall not
19 apply insofar as it relates to the number of terms and
20 consecutive number of years a member can serve on the



1 commission; provided that no member shall serve more than twelve
2 consecutive years.

3 In appointing commissioners, the governor shall select
4 persons who have had experience in accounting, business,
5 engineering, government, finance, law, or other similar fields.
6 The commissioners shall devote full time to their duties as
7 members of the commission and no commissioner shall hold any
8 other public office or other employment during the
9 commissioner's term of office. No person owning any stock or
10 bonds of any public utility corporation, or having any interest
11 in, or deriving any remuneration from, any public utility shall
12 be appointed a commissioner."

13 SECTION 3. Section 269-3, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§269-3 Employment of assistants.** (a) The chairperson of
16 the public utilities commission may appoint and employ
17 professional staff and other assistants for the public utilities
18 commission as the chairperson finds necessary for the
19 performance of the commission's functions and define their
20 powers and duties. Notwithstanding section 26-35(a)(4) to the
21 contrary and subject to applicable personnel laws, the



1 employment, appointment, applicable salary schedules, promotion,
2 transfer, demotion, discharge, and job descriptions of all
3 officers and employees of or under the jurisdiction of the
4 commission shall be determined by the chairperson and may be
5 delegated to the executive officer appointed and employed
6 pursuant to subsection ~~[(b)]~~ (e); provided that determinations
7 concerning personnel matters made by the chairperson or the
8 executive officer, as delegated by the chairperson, may be
9 reviewed by the director of commerce and consumer affairs for
10 completeness and for compliance and conformance with applicable
11 administrative processes and procedures of the department of
12 commerce and consumer affairs. The chairperson may appoint and,
13 at pleasure, dismiss a chief administrator and attorneys as may
14 be necessary, and who shall be exempt from chapter 76. The
15 chairperson may also appoint other staff, including a fiscal
16 officer and a personnel officer, with or without regard to
17 chapter 76.

18 (b) Each commissioner may request and, upon request, shall
19 be provided with the services of a staff attorney and a
20 researcher to assist the commissioner in drafting, preparing
21 revisions, or suggesting approaches to pending decisions and



orders. Attorney/client privilege shall exist between the
commissioner and the staff attorney until, and if, the work
product is shared with other commissioners. No commissioner
shall request staff assistance on non-commission-related work.
Staff attorneys and researchers provided pursuant to this
section may be selected from the commission's current staff
allotment. The chairperson shall not refuse to provide a
commissioner with the services of a staff attorney or researcher
pursuant to this section.

(c) Each commissioner, other than the chairperson, may
appoint and employ a clerical or support staff person to assist
with that commissioner's duties. Unless specifically appointed
to serve a single commissioner, staff appointed pursuant to this
section shall function independently and serve all commissioners
as needed, and shall not be required to serve a single
commissioner.

(d) The chief counsel shall devote full time to the chief
counsel's duties to the commission, and no person serving as
chief counsel shall hold any other public office or other
employment while serving as chief counsel to the commission. No
person owning any stock or bonds of any public utility



1 corporation, or having any interest in or deriving any
2 remuneration from, any public utility shall serve as chief
3 counsel to the commission.

4 ~~[(b)]~~ (e) The chairperson of the commission shall appoint,
5 employ, and dismiss, at pleasure, an executive officer who shall
6 be responsible for managing the operations of the commission.
7 The responsibilities of the executive officer shall include
8 management and recruitment of personnel, budget planning and
9 implementation, strategic planning and implementation,
10 procurement and contract administration, and implementation of
11 administrative programs and projects. The executive officer
12 shall be exempt from chapter 76.

13 ~~[(e)]~~ (f) Notwithstanding section 91-13, the commission
14 may consult with its assistants appointed under authority of
15 this section in any contested case or agency hearing concerning
16 any issue of facts. Neither the commission nor any of its
17 assistants shall in such proceeding consult with any other
18 person or party except upon notice and an opportunity for all
19 parties to participate, save to the extent required for the
20 disposition of ex parte matters authorized by law."



1 SECTION 4. (a) There is established within the department
2 of business, economic development, and tourism for
3 administrative purposes a task force to examine the operations
4 of the public utilities commission to increase efficiency and
5 effectiveness.

6 (b) The task force shall be composed of the following
7 members:

8 (1) The director of business, economic development, and
9 tourism or the director's designee, who shall serve as
10 the chairperson of the task force;

11 (2) The director of commerce and consumer affairs or the
12 director's designee;

13 (3) The chair of the public utilities commission or the
14 chair's designee;

15 (4) The executive director of the division of consumer
16 advocacy or the executive director's designee;

17 (5) The state energy office administrator or the
18 administrator's designee;

19 (6) The chair of the standing committee of the senate
20 whose subject matter relates to energy;



1 (7) The chair of the standing committee of the house of
2 representatives whose subject matter relates to
3 energy; and

4 (8) The mayors of each county or their respective
5 designees.

6 Task force members may recommend additional members with
7 appropriate specialized expertise to the task force, with the
8 approval of the chairperson.

9 (c) In examining the operations of the public utilities
10 commission, the task force shall evaluate and address:

11 (1) The public utilities commission's docket review and
12 decision-making process;

13 (2) The capability of providing attendance at a public
14 hearing by teleconference or video conference;

15 (3) Representation on the commission membership of the
16 public utilities commission, including the number,
17 composition, and training requirements of the
18 commissioners; and

19 (4) The roles of the executive officer and chief counsel
20 of the public utilities commission.



1 (d) Members of the task force shall be exempted from
2 section 26-34, Hawaii Revised Statutes, and shall serve without
3 compensation, but shall be reimbursed for reasonable expenses
4 incurred, including travel expenses. No member of the task
5 force shall be made subject to chapter 84, Hawaii Revised
6 Statutes, solely because of that members' participation as a
7 member of the task force.

8 (e) The department of business, economic development, and
9 tourism shall provide administrative and clerical support
10 required by the task force.

11 (f) The task force shall submit a report to the
12 legislature of its findings and recommendations, including
13 proposed legislation, no later than twenty days prior to the
14 convening of the regular session of 2019.

15 (g) The task force shall be dissolved on June 30, 2019.

16 SECTION 5. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so much
18 thereof as may be necessary for fiscal year 2018-2019 for the
19 task force established by this Act to examine the operations of
20 the public utilities commission.



1 The sum appropriated shall be expended by the department of
2 business, economic development, and tourism for the purposes of
3 this Act.

4 SECTION 6. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 7. This Act shall take effect on July 1, 2050.



Report Title:

Public Utilities Commission; Commissioners; Structure;
Organization; Per Diem; Teleconference; Videoconference;
Financial Disclosure

Description:

Permits neighbor island members to receive per diem compensation and compensation for travel expenses. Clarifies the ability of the commissioners of the Public Utility Commission to appoint and employ staff. Establishes a task force to examine the operations of the Public Utilities Commission. (SB2648 HD1)

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

