STAND. COM. REP. NO. 2062

Honolulu, Hawaii

FEB 1 3 2020

S.B. No. 2884 RE:

Honorable Ronald D. Kouchi President of the Senate Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred S.B. No. 2884 entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES COMMISSION SPECIAL FUND CARRYOVER BALANCE, "

begs leave to report as follows:

The purpose and intent of this measure is to increase the balance that may be retained in the Public Utilities Commission Special Fund at the end of each year from \$1,000,000 to \$3,000,000.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Public Unities Commission, Ulupono Initiative, and one individual. Your Committee received testimony in opposition to this measure from one individual.

Your Committee finds that, under existing law, all funds in the Public Utilities Commission Special Fund in excess of \$1,000,000 are transferred to the general fund at the end of every fiscal year. The Public Utilities Commission Special Fund is the primary source of funding for the Public Utilities Commission (PUC) and the Division of Consumer Advocacy (DCA) programs. \$1,000,000 carry over balance was established by statute in 1994 and has not kept pace with the PUC's increase in size, in terms of both responsibilities and operational costs. To address the complex issues associated with Hawaii's clean energy transition

and other ongoing matters before the PUC, the necessary funds for consultant contracts and other similar expenses have grown. By way of comparison, the PUC's approved budget has increased over two hundred twenty percent between 1994 and 2021.

Your Committee further finds that fees collected from public utilities are deposited into the PUC Special Fund at the end of July and December. Because the funds in excess of \$1,000,000 as of June 30 each year lapse to the credit of the general fund, this has created a timing issue, as the \$1,000,000 carry over balance is no longer sufficient to meet the PUC's start-of-year expenses, which include statutory obligations, payroll, and other operational expenses that tend to occur at the beginning of each fiscal year, such as the encumbering of annual contracts. This measure helps ensure that the PUC has enough cash on hand at the start of each fiscal year to pay its expenses within the currently approved limits.

Your Committee lastly notes that this measure would not change the total deposits collected under the Public Utility Fee or legislative appropriations for either the PUC or the DCA.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2884 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Commerce, Consumer Protection, and Health,

ROSALYN H. BAKER, Chair

The Senate Thirtieth Legislature State of Hawai'i

Record of Votes Committee on Commerce, Consumer Protection, and Health CPH

Bill / Resolution No.:*	Committee Referral:			Date:		
SB 2884	CPH, WAM		216120			
The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:						
The Recommendation is:						
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313						
Members		Aye	Aye (W	R)	Nay	Excused
BAKER, Rosalyn H. (C)		/				
CHANG, Stanley (VC)		V				
NISHIHARA, Clarence K.		/				
RUDERMAN, Russell E.		/	-			
THIELEN, Laura H.		7				
WAKAI, Glenn		J			-	
FEVELLA, Kurt			V			
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TOTAL		6	1			
Recommendation: Adopted			Not Adopted			
Chair's or Designee's Signature:						
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy						

^{*}Only one measure per Record of Votes