

ACT 94

H.B. NO. 475

A Bill for an Act Relating to the Public Utilities Commission.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that there is a need to conduct a management audit of the public utilities commission to ensure that the commission is equipped to handle the challenges of the twenty-first century.

The legislature finds that previous management audits of the public utilities commission were conducted in 1975 and 1989 at the request of the legislature. The 1975 audit, consisting of three volumes, found serious organizational, procedural, and staffing deficiencies at the commission, and spurred the legislature to examine and reorganize the State's public utilities regulatory program that resulted in legislative changes. The 1989 audit also found serious concerns with the commission. The audit found that heavy workloads and inadequate resources, among other things,

ACT 94

were often cited as reasons for not doing such things as bringing rules up to date or developing more adequate complaint handling and consumer education programs.

The legislature further finds that the public utilities commission is currently faced with many challenges in meeting the needs of Hawaii's residents in a changing global economy. Since the 1989 audit of the commission, there have been significant technological advances in such areas as telecommunications and electrical restructuring that require a reexamination of the role of the commission's regulatory activities. The legislature also recognizes the need for a regulatory structure that fosters innovation and efficiency in dealing with the competitiveness of a new economy. Therefore, an audit would be helpful in assisting the public utilities commission in making such a transition.

Accordingly, the purpose of this Act is to require the auditor to conduct a management audit of the public utilities commission to assess the adequacy of the present utility regulatory process in dealing with issues, problems, and developments in complex and changing areas, such as telecommunications, energy deregulation, and intergovernmental relations and submit a report of findings and recommendations to the legislature and governor before the convening of the regular session of 2004.

SECTION 2. The auditor shall conduct a management audit of the public utilities commission that shall include, but not be limited to, the following topics:

- (1) Appropriateness and applicability of current utility legislation;
- (2) Adequacy of coverage of current public utilities commission policies, rules, and procedures;
- (3) Management of the public utilities commission and the division of consumer advocacy in terms of providing technical and analytical staff support in case management and enforcement of the public utilities commission's rules; and
- (4) The effectiveness of the public utilities commission and the division of consumer advocacy in dealing with telecommunications, energy, and other utility issues.

SECTION 3. The auditor shall submit the findings and recommendations, including any proposed legislation, to the legislature and the governor no later than twenty days prior to the convening of the regular session of 2004.

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

(Approved May 28, 2003.)