

PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

SPECIAL FUND REPORT

FISCAL YEAR 2009-10

December 2010

Section 269-33, Hawaii Revised Statutes (“HRS”), establishes the Public Utilities Commission (“Commission” or “PUC”) Special Fund (“Special Fund”) to be used to pay for all the operating expenses of the Commission and the Division of the Consumer Advocacy, Department of Commerce and Consumer Affairs (“Consumer Advocate”). This report on the Special Fund is provided to the legislature as required by Section 269-33(c), HRS. Act 226, Session Laws of Hawaii (“SLH”) 1994, appropriated \$1 million in general funds for deposit into the Special Fund for FY 1994-95. This amount provided for initial startup costs for the Commission at the beginning of the fiscal year. Similarly, at the beginning of each subsequent fiscal year, the Special Fund starts with a \$1 million balance carried over from the prior year’s fund balance. Pursuant to Section 269-33(d), HRS, moneys in excess of \$1 million remaining in the fund at the end of each fiscal year are required to lapse to the general fund.

All fees and other revenues collected by the Commission are deposited into the Special Fund. Public utilities are required to pay an annual fee of one-half of one (1) per cent of the gross income of the public utility’s previous year’s business, paid semi-annually, in July and December. Motor carriers pay annual fees of one-fourth of one (1) per cent of their gross revenues of the previous year’s business. Other Special Fund revenues include filing fees, duplication fees, and penalty fees. Motor carrier penalties are assessed for late payment of annual fees. The Commission also may assess civil penalties, subject to providing the alleged violators with notice and opportunity to be heard in accordance with Chapter 91, HRS. For motor carriers, the Commission may impose civil penalties up to \$1,000 per violation of the Motor Carrier Law, Chapter 271,

HRS, and the Commission's applicable rules, orders and regulations. For water carriers, the Commission may impose various civil penalties for violating the Water Carrier Law, Chapter 271G, HRS, and the Commission's applicable rules, orders and regulations. For any other public utility violating Chapter 269, HRS, and the Commission's applicable rules, orders and regulations, the Commission may impose various civil penalties not to exceed \$25,000 each day so long as such violation continues.

Act 162, SLH 2009 ("Act 162") appropriated \$9,569,891 for the Commission's FY 2010 operating expenses. The Special Fund's revenues, expenditures, and transfers for FY 2008-09 ("FY 2009"), for comparative purposes, and for FY 2010 are shown in the table below.

| | <u>FY 2009*</u> | <u>FY 2010**</u> |
|-------------------------------|------------------|-------------------|
| Beginning Balance | \$ 1,000,000 | \$ 1,000,000 |
| Revenues | 17,617,423 | 21,782,763 |
| Expenditures | 8,278,664 | 7,088,495 |
| Transfers to General Fund:*** | | |
| Appn. Acct. S-XX-352-O | 9,338,759 | 14,694,268 |
| Total Transfers | <u>9,338,759</u> | <u>14,694,268</u> |
| Ending Balance | \$1,000,000 | \$1,000,000 |

*Appropriation Account No. S-09-352-O.

**Appropriation Account No. S-10-352-O.

***Transfers of excess funds are done after the close of each fiscal year and do not include transfer balances from previous fiscal years.

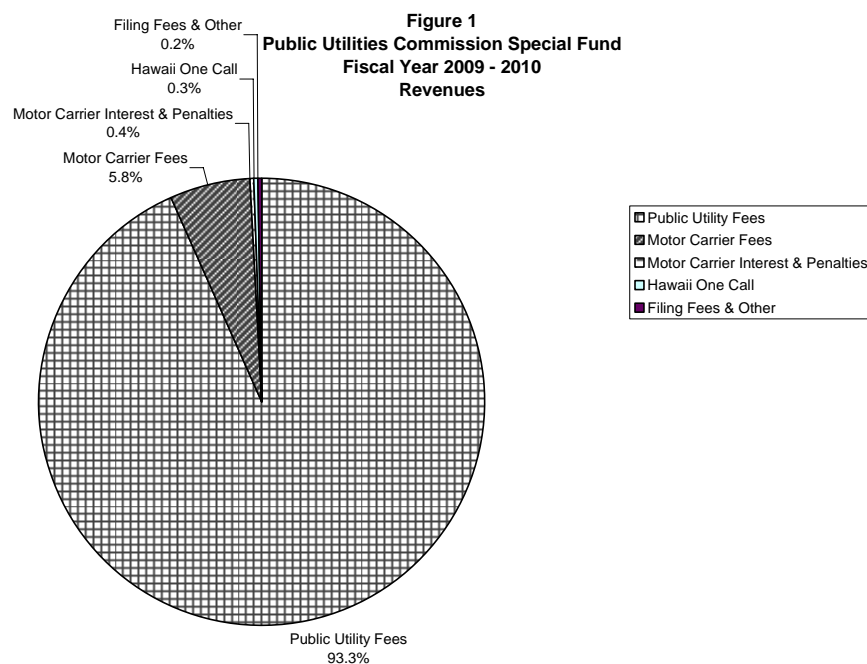
(Note: all figures are rounded to the nearest dollar).

Total FY 2010 Special Fund revenues of \$21,782,763 reflect an increase of 23.6 per cent compared to FY 2009 revenues (see Attachment) Commission collected \$20.3 million in public utility fees for FY 2010 or 25.7 per cent more than FY 2009 public utility fees. Motor carrier fees of \$1.3 million collected in FY 2010 were 3.6 per cent less than the fees collected in FY 2009. The revenues derived from each source of income are shown below:

| <u>Description of Revenues</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|------------------------------------|----------------|----------------|
| Public Utility Fees | \$16,171,397 | \$20,325,575 |
| Motor Carrier Fees | 1,310,540 | 1,262,806 |
| Motor Carrier Interest/Penalties | 20,062 | 16,455 |
| Hawaii Motor Carrier Act Penalties | 22,000 | 69,100 |
| Hawaii One Call Center Fees | 75,344 | 68,226 |
| Filing Fees & Other | <u>18,080</u> | <u>40,601</u> |
| Total Revenues | \$17,617,423 | \$21,782,763 |

(Note: All figures are rounded to the nearest dollar.)

Figure 1 shows a breakdown of the Special Fund revenues for FY 2010, including public utility fees, motor carrier fees, motor carrier interest and penalties (includes motor carrier interest/penalties and motor carrier act penalties), Hawaii One Call Center fees, and filing fees and other.



Description of Revenues

| | |
|------------------------------------|---------------|
| Public Utility Fees | 20,325,576 |
| Motor Carrier Fees | 1,262,806 |
| Motor Carrier Interest & Penalties | 85,554 |
| Hawaii One Call Center Fees | 68,226 |
| Filing Fees & Other | <u>40,601</u> |
| Total Revenues | 21,782,763 |

(Note: All figures are rounded to the nearest dollar.)

As shown in the table below, expenditures for FY 2010 totaling \$7,088,495 included approximately \$2,944,589 and \$4,143,906 for personnel and other current expenses (including equipment), respectively.

| <u>Description of Expenditures</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|------------------------------------|------------------|------------------|
| Personnel Expenses | \$3,158,271 | \$2,944,589 |
| Other Current Expenses: | | |
| Commission | 2,165,402 | 1,918,675 |
| Consumer Advocate | <u>2,903,793</u> | <u>2,169,331</u> |
| Total Other | 5,069,195 | 4,088,006 |
| Equipment | <u>51,198</u> | <u>55,900</u> |
| Total Expenditures | \$8,278,664 | \$7,088,495 |

(Note: All figures are rounded to the nearest dollar.)

Total Special Fund expenditures for FY 2010 decreased 14.4 per cent over FY 2009 expenditures (see Attachment). This decrease is primarily due to the 25.3 per cent decrease in "Transfer to Consumer Advocate" in FY 2010 over FY 2009. The other major expenditure, "Personnel", reflected a 6.8 per cent decrease FY 2010 over FY 2009.

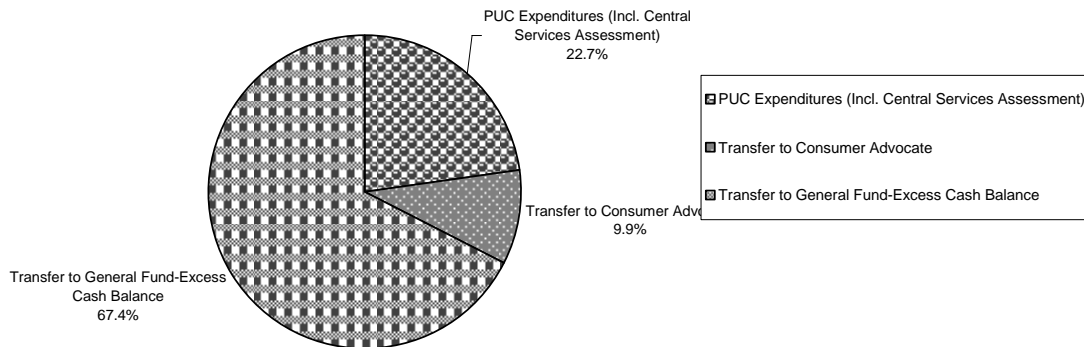
For FY 2010, the Special Fund's other current expenses totaling \$4,143,906 (including encumbrances and equipment) consisted of \$2,169,331 for the operations of the Consumer Advocate, \$1,089,090 for central services assessments, and \$885,485 for direct expenses of the Commission. Pursuant to Section 269-33, HRS, the Commission is required to make quarterly allocations to the Consumer Advocate of not more than 30 per cent of the proceeds of the Special Fund after the deduction for central services assessments.

Pursuant to Section 269-33, HRS, in FY 2010, the Commission transferred the Special Fund's excess balance of \$14,694,268 to the general fund. This amount is the total of

excess balance in the Special Fund account established pursuant to Act 162, SLH 2009. In addition to the transfer of excess funds, expenses for central services assessments are also transferred to the general fund resulting in total general fund transfers of \$15,783,358 for FY 2010. This transfer amount increased by 54.4 per cent from FY 2009's total general fund transfers of \$10,219,523 (see Attachment).

The breakdown of all Commission expenditures and funds transferred out of the Special Fund is shown in Figure 2 below.

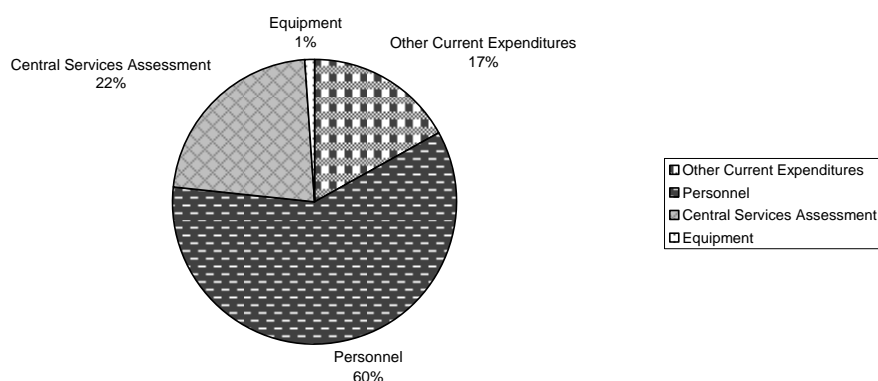
Figure 2
Public Utilities Commission Special Fund
Fiscal Year 2009 - 2010
Total Expenditures and Transfers



| Description of Total Expenditures and Transfers | <u>FY 2010</u> |
|---|-------------------|
| PUC Expenditures (Incl. Central Services Assessment) | \$ 4,919,164 |
| Transfer to Consumer Advocate | 2,169,331 |
| Transfer to General Fund-Excess Cash Balance | <u>14,694,268</u> |
| Total Expenditures and Transfers | \$21,782,763 |
| <i>(Note: All figures are rounded to the nearest dollar.)</i> | |

Figure 3 below shows a breakdown of the Commission's expenditures of \$4,919,164 for FY 2010, including those related to personnel, other current, central services assessment, and equipment expenses.

Figure 3
Public Utilities Commission Special Fund
Fiscal Year 2009 - 2010
PUC Expenditures



| <u>Description of PUC Expenditures</u> | <u>FY 2010</u> |
|---|----------------|
| Personnel | \$2,944,589 |
| Other Current Expenditures | 829,585 |
| Central Services Assessment | 1,089,090 |
| Equipment | <u>55,900</u> |
| Total Expenditures (excluding Consumer Advocate) | \$4,919,164 |
| <i>(Note: All figures are rounded to the nearest dollar.)</i> | |

Attachment

PUBLIC UTILITIES COMMISSION SPECIAL FUND
Fiscal Years 2009 & 2010
Appn. Accts. S-09-352-O, S-10-352-O

| | <u>FY 2009</u> | <u>FY 2010</u> | <u>% Change</u> |
|-------------------------------|-------------------|--------------------|-----------------|
| Beginning Balance | \$ 1,000,000 | \$ 1,000,000 | |
| Revenues | 17,617,423 | 21,782,763 | 23.6% |
| Expenditures (1) | -8,278,664 | -7,088,495 | -14.4% |
| Transfers to General Fund (2) | | | |
| Appn. Acct. S-XX-352-O | | | |
| Total Transfers | <u>-9,338,759</u> | <u>-14,694,268</u> | 57.3% |
| Ending Balance | \$1,000,000 | \$1,000,000 | |

REVENUES:

| <u>Description</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>% Change</u> |
|------------------------------------|----------------|----------------|-----------------|
| Public Utility Fees | \$16,171,397 | \$20,325,575 | 25.7% |
| Motor Carrier Fees | 1,310,540 | 1,262,806 | -3.6% |
| Motor Carrier Interest/Penalties | 20,062 | 16,455 | -18.0% |
| Hawaii Motor Carrier Act Penalties | 22,000 | 69,100 | 214.1% |
| Hawaii One Call Center Fees | 75,344 | 68,226 | -9.4% |
| Filing Fees & Other | <u>18,080</u> | <u>40,601</u> | 124.6%% |
| Total Revenues | \$17,617,423 | \$21,782,763 | 23.6% |

EXPENDITURES (INCLUDING ENCUMBRANCES):

| <u>Description</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>% Change</u> |
|-----------------------------------|----------------|----------------|-----------------|
| Personnel (1) | \$3,158,271 | \$2,944,589 | -6.8% |
| Other Current Expenses: | | | |
| Commission Other Expenditures | 2,165,402 | 1,918,675 | -11.4% |
| Transfer to Consumer Advocate (3) | 2,903,793 | 2,169,331 | -25.3% |
| Total Other Current Expenses | 5,069,195 | 4,088,006 | -19.4% |
| Equipment | <u>51,198</u> | <u>55,900</u> | 9.2% |
| Total Expenditures | \$8,278,664 | \$7,088,495 | -14.4% |

TRANSFERS TO THE GENERAL FUND:

| | <u>FY 2009</u> | <u>FY 2010</u> | <u>% Change</u> |
|-------------------------------|----------------|------------------|-----------------|
| Transfer of excess moneys (2) | 9,338,759 | 14,694,268 | 57.3% |
| Central services amount | <u>880,764</u> | <u>1,089,090</u> | 23.7% |
| Total Transfers | \$10,219,523 | \$15,783,358 | 54.4% |

(1) FY 2010 includes expenditures in Appn. Acct. S-10-352-O

(2) FY 2010 transfers include moneys appropriated from the Special Fund through Appn. Acct. S-10-352-O and does not include transfers from prior year's accounts.

(Note: Any differences in calculations are due to the effect of rounding to the nearest dollar.)