

PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

SPECIAL FUND REPORT

FISCAL YEAR 2006-07

November 2007

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 160, SLH 2006 ("Act 160") appropriated \$8,205,197 for the Commission's FY 2007 operating expenses. The Special Fund's revenues, expenditures, and transfers for FY 2005-06 ("FY 2006"), for comparative purposes, and for FY 2007 are shown in the table below.

	<u>FY 2006*</u>	<u>FY 2007*</u>
Beginning Balance	\$1,000,000	\$1,000,000
Revenues	14,229,235	16,062,885
Expenditures**	7,780,702	7,346,352
Transfers to General Fund:***		
Appn. Acct. S-XX-352-O	6,448,533	8,716,533
Total Transfers	<u>6,448,533</u>	<u>8,716,533</u>
Ending Balance	\$1,000,000	\$1,000,000

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

**FY 2007 includes expenditures in Appropriation Account No. S-07-352-O.

***General fund transfers: FY 2007: Appn. Acct. S-07-352-O. Transfers of excess funds from prior year's accounts are not included, e.g., the FY 2007 general fund transfer amount does not include transfer of the balance in the FY 2006 account. (Note: All figures rounded to nearest dollar.)

Total FY 2007 Special Fund revenues of \$16,062,885 reflect an increase of 12.9 per cent compared to FY 2006 revenues (see Attachment). The Commission collected \$14.6 million in public utility fees for FY 2007 or 12.5 per cent more than FY 2006 public

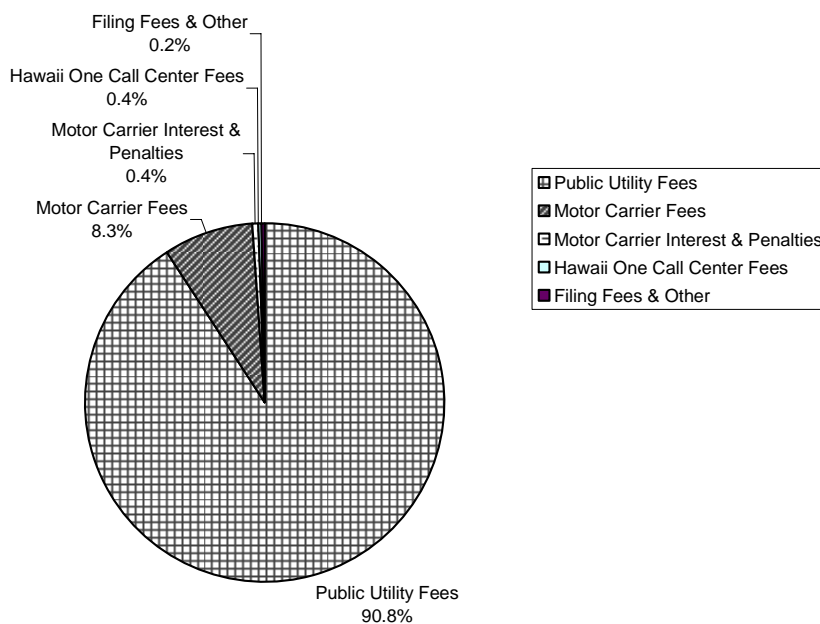
utility fees. Motor carrier fees of \$1.3 million collected in FY 2007 were 10.2 per cent over the fees collected in FY 2006. The revenues derived from each source of income are shown below:

<u>Description of Revenues</u>	<u>FY 2006</u>	<u>FY 2007</u>
Public Utility Fees	\$12,959,079	\$14,579,602
Motor Carrier Fees	1,202,595	1,325,775
Motor Carrier Interest/Penalties	2,296	3,738
Hawaii Motor Carrier Act Penalties	42,850	52,900
Hawaii One Call Center Fees	--N/A--	70,653
Filing Fees & Other	<u>22,415</u>	<u>30,217</u>
Total Revenues	\$14,229,235	\$16,062,885

**Fees assessed for January-June 2007 pursuant to Act 141, SLH 2004
(Note: All figures are rounded to the nearest dollar.)*

Figure 1 shows a breakdown of the Special Fund revenues for FY 2007, 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.

Figure 1
Public Utilities Commission Special Fund
Fiscal Year 2006-7
Revenues



<u>Description of Revenues</u>	<u>FY 2007</u>
Public Utility Fees	\$14,579,602
Motor Carrier Fees	1,325,775
Motor Carrier Interest & Penalties	56,638
Hawaii One Call Center Fees	70,653
Filing Fees & Other	30,217
Total Revenues	\$16,062,885

As shown in the table below, expenditures for FY 2007 totaling \$7,346,352 included approximately \$2,698,752 and \$4,647,351 for personnel and other current expenses (including equipment), respectively.

<u>Description of Expenditures</u>	<u>FY 2006</u>	<u>FY 2007</u>
Personnel Expenses*	\$2,578,207	2,698,752
Other Current Expenses:		
Commission	2,598,399	1,916,077
Consumer Advocate	<u>2,592,100</u>	<u>2,692,100</u>
Total Other	5,190,499	4,608,177
Equipment	<u>11,996</u>	<u>39,423</u>
Total Expenditures	\$7,780,702	7,346,352

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

Total Special Fund expenditures for FY 2007 decreased 5.6 per cent over FY 2006 expenditures (see Attachment). This decrease is primarily due to the 81 percent reduction of contracted services in FY 2007 over FY 2006. The other major expenditure, Personal Services, reflected only a 4.5 per cent increase FY 2007 over FY 2006.

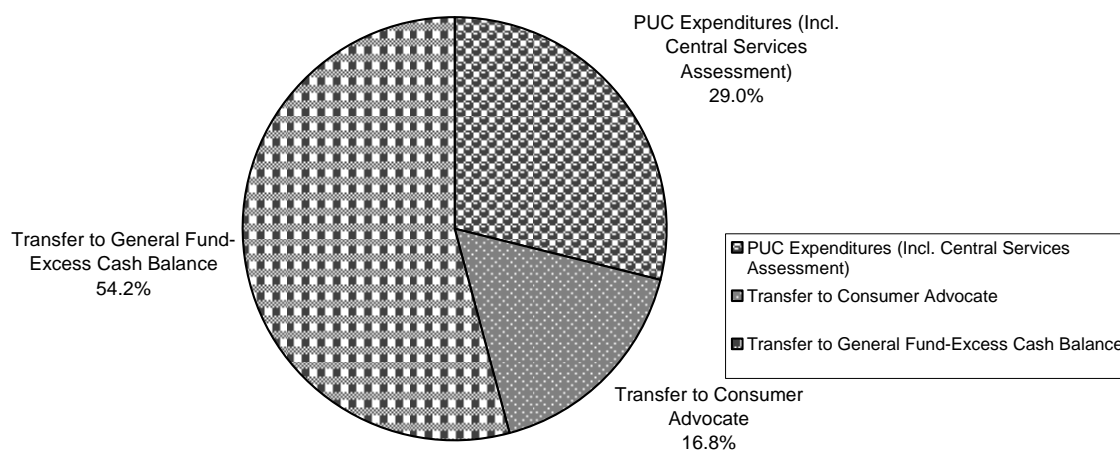
For FY 2007, the Special Fund's other current expenses totaling \$4,647,351 (including encumbrances and equipment) consisted of \$2,592,100 for the operations of the Consumer Advocate, \$100,000 transfer to investigate the 10/15/06 power outage (Act 178, SLH 2005 amended by Act 160, SLH 2006), \$839,700 for central services assessments, and \$1,115,551 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. For FY 2007 the major direct expenses of the Commission included charges for consultant services (including services on a fee basis), public notices (advertising), and fees associated with staff training and travel totaling \$891,128.

Pursuant to Section 269-33, HRS, in FY 2007, the Commission transferred the Special Fund's excess balance of \$8,716,533 to the general fund. This amount is the total of excess balance in the Special Fund account established pursuant to Act 160, SLH 2006. 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 \$9,556,233 for FY 2007. This transfer amount increased by 34.0 per cent from FY 2006's total general fund transfers of \$7,128,984 (see Attachment).

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

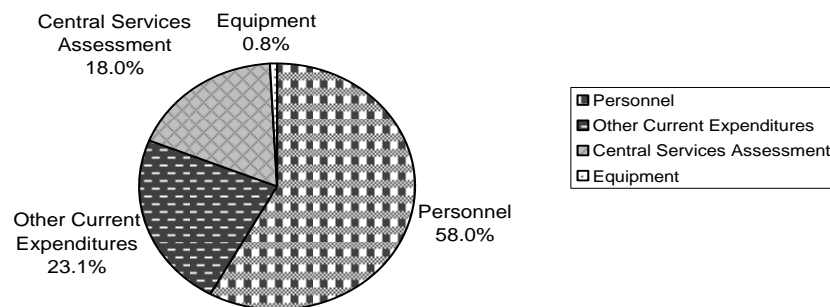
Figure 2
Public Utilities Commission Special Fund
Fiscal Year 2006-07
Total Expenditures



Description of Total Expenditures and Transfers	<u>FY 2007</u>
PUC Expenditures (Incl. Central Services Assessment)	\$4,654,252
Transfer to Consumer Advocate	2,692,100
Transfer to General Fund-Excess Cash Balance	<u>8,716,533</u>
Total Expenditures and Transfers	\$16,062,885

Figure 3 below shows a breakdown of the Commission's expenditures of \$4,654,252 for FY 2007, including those related to personnel, other current, central services assessment, and equipment expenses.

Figure 3
Public Utilities Commission Special Fund
Fiscal Year 2006-07
PUC Expenditures



<u>Description of PUC Expenditures</u>	<u>FY 2007</u>
Personnel	2,698,752
Other Current Expenditures	1,076,377
Central Services Assessment	839,700
Equipment	<u>39,423</u>
Total Expenditures (excluding Consumer Advocate)	4,654,252

Attachment

PUBLIC UTILITIES COMMISSION SPECIAL FUND
Fiscal Years 2006 & 2007
Appn. Accts. S-6-352-O, S-07-352-O

	<u>FY 2006</u>	<u>FY 2007</u>	<u>% Change</u>
Beginning Balance	\$1,000,000	1,000,000	
Revenues	14,229,235	16,062,885	12.9%
Expenditures (1)	7,780,702	7,346,352	-5.58
Transfers to General Fund (2)			
Appn. Acct. S-XX-352-O	(6,448,533)	(8,716,533)	35.2
Total Transfers	<u>(6,448,533)</u>	<u>(8,716,533)</u>	35.2
Ending Balance	\$1,000,000	1,000,000	

REVENUES:

<u>Description</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>% Change</u>
Public Utility Fees	\$12,959,079	\$14,579,602	12.5
Motor Carrier Fees	1,202,595	1,325,775	10.2
Motor Carrier Interest/Penalties	2,296	3,738	62.8
Hawaii Motor Carrier Act Penalties	42,850	52,900	23.5
Hawaii One Call Center Fees	-na-	70,653	
Filing Fees & Other	<u>22,415</u>	<u>30,217</u>	34.8
Total Revenues	\$14,229,235	\$16,062,885	12.9

EXPENDITURES (INCLUDING ENCUMBRANCES):

<u>Description</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>% Change</u>
Personnel (1)	\$2,578,207	\$2,698,752	4.7
Other Current Expenses:			
Commission Other Expenditures	2,598,399	1,916,077	-26.3
Transfer to Consumer Advocate	2,592,100	2,592,100	
S-07-345-O	<u>-----0----</u>	<u>100,000</u>	
Total Other Current Expenses	5,190,499	4,608,177	-11.2
Equipment	<u>11,996</u>	<u>39,423</u>	328.6
Total Expenditures	\$7,780,702	\$7,346,352	5.8

TRANSFERS TO THE GENERAL FUND:

	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
Transfer of excess moneys (2)	6,448,533	8,716,533	15,165,066
Central services amount	<u>680,451</u>	<u>839,700</u>	<u>1,520,151</u>
Total Transfers	\$7,128,984	9,556,233	16,685,217
% Change		34.0	

(1) FY 2007 includes expenditures in Appn. Acct. S-07-352-O

(2) FY 2007 transfers include moneys appropriated from the Special Fund through Appn. Acct. S-07-352-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.

