

PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

SPECIAL FUND REPORT

FISCAL YEAR 2007-08

November 2008

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 213, SLH 2007 ("Act 213") appropriated \$8,695,562 for the Commission's FY 2008 operating expenses. The Special Fund's revenues, expenditures, and transfers for FY 2006-07 ("FY 2007"), for comparative purposes, and for FY 2008 are shown in the table below.

	<u>FY 2007*</u>	<u>FY 2008*</u>
Beginning Balance	\$1,000,000	\$1,000,000
Revenues	16,062,885	17,442,837
Expenditures**	7,346,352	7,719,263
Transfers to General Fund:***		
Appn. Acct. S-XX-352-O	8,716,533	9,723,574
Total Transfers	<u>8,716,533</u>	<u>9,723,574</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.)

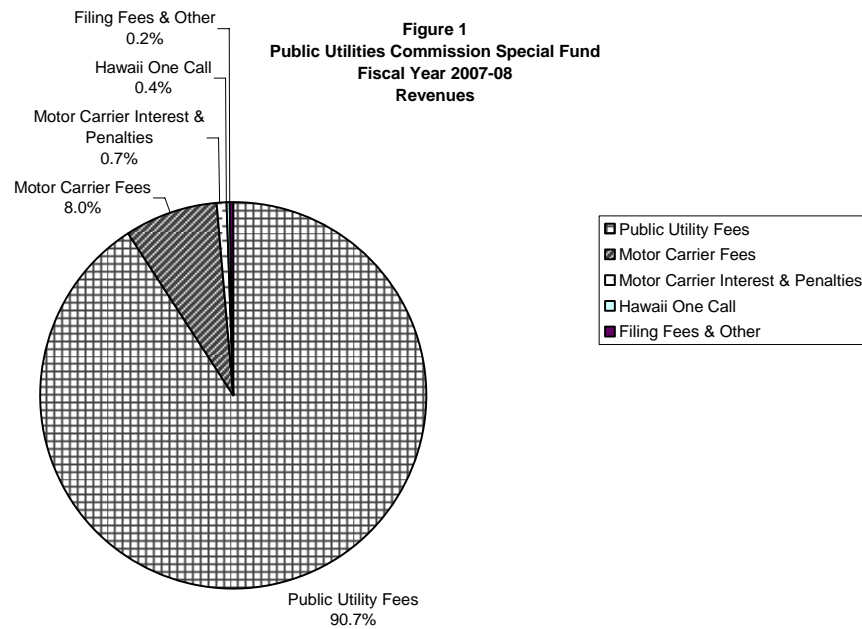
Total FY 2008 Special Fund revenues of \$17,442,837 reflect an increase of 8.6 per cent compared to FY 2007 revenues (see Attachment). The Commission collected \$15.8 million in public utility fees for FY 2008 or 8.5 per cent more than FY 2007 public

utility fees. Motor carrier fees of \$1.4 million collected in FY 2008 were 5.3 per cent over the fees collected in FY 2007. The revenues derived from each source of income are shown below:

<u>Description of Revenues</u>	<u>FY 2007</u>	<u>FY 2008</u>
Public Utility Fees	\$14,579,602	\$15,818,526
Motor Carrier Fees	1,325,775	1,395,545
Motor Carrier Interest/Penalties	3,738	47,440
Hawaii Motor Carrier Act Penalties	52,900	82,082
Hawaii One Call Center Fees	70,653	74,363
Filing Fees & Other	<u>30,217</u>	<u>24,881</u>
Total Revenues	\$16,062,885	\$17,442,837

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

Figure 1 shows a breakdown of the Special Fund revenues for FY 2008, 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.



<u>Description of Revenues</u>	<u>FY 2008</u>
Public Utility Fees	\$15,818,526
Motor Carrier Fees	1,395,545
Motor Carrier Interest & Penalties	129,522
Hawaii One Call Center Fees	74,363
Filing Fees & Other	<u>24,881</u>
Total Revenues	\$17,442,837

As shown in the table below, expenditures for FY 2008 totaling \$7,719,263 included approximately \$2,985,723 and \$4,733,540 for personnel and other current expenses (including equipment), respectively.

<u>Description of Expenditures</u>	<u>FY 2007</u>	<u>FY 2008</u>
Personnel Expenses	2,698,752	2,985,723
Other Current Expenses:		
Commission	1,916,077	1,787,432
Consumer Advocate	<u>2,692,100</u>	<u>2,903,793</u>
Total Other	4,608,177	4,691,225
Equipment	<u>39,423</u>	<u>42,315</u>
Total Expenditures	7,346,352	7,719,263

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

Total Special Fund expenditures for FY 2008 increased 5.1 per cent over FY 2007 expenditures (see Attachment). This increase is primarily due to the 12.0 per cent increase in “transfer to Consumer Advocate” in FY 2008 over FY 2007. The other major expenditure, “Personnel”, reflected a 10.6 per cent increase FY 2008 over FY 2007.

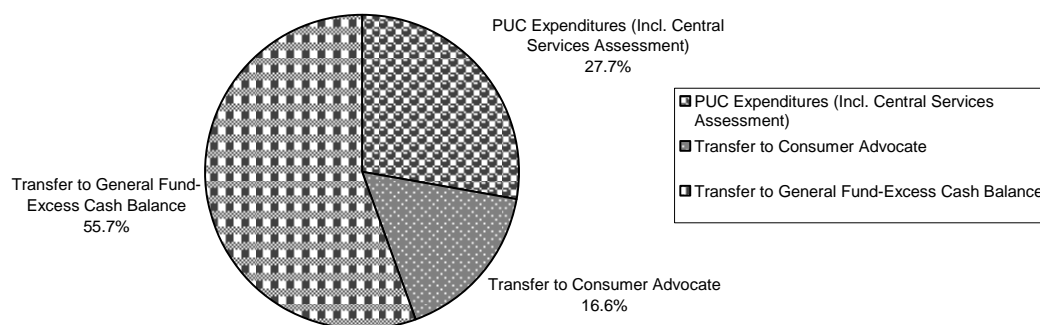
For FY 2008, the Special Fund’s other current expenses totaling \$4,733,540 (including encumbrances and equipment) consisted of \$2,903,793 for the operations of the Consumer Advocate, \$876,317 for central services assessments, and \$953,430 for direct expenses of the Commission. Pursuant to Section 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 2008, the Commission transferred the Special Fund’s excess balance of \$9,723,574 to the general fund. This amount is the total of excess balance in the Special Fund account established pursuant to Act 213, SLH 2007. 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 \$10,599,891 for FY 2008. This transfer amount increased by 10.9 per cent from FY 2007's total general fund transfers of \$9,556,233 (see Attachment).

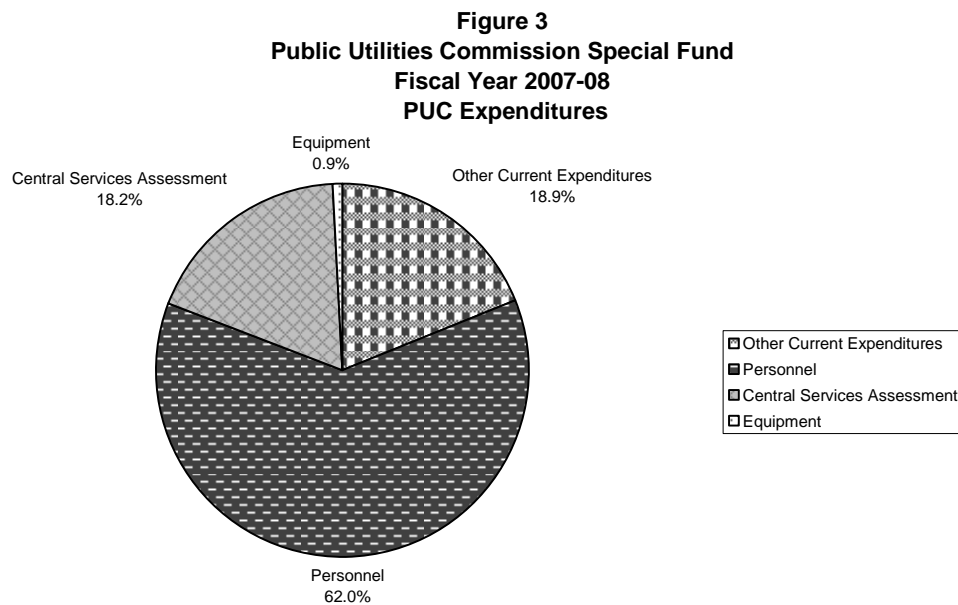
The breakdown of all Commission expenditures and funds transferred out of the Special Fund is shown in Figure 2 below.

Figure 2
Public Utilities Commission Special Fund
Fiscal Year 2007-08
Total Expenditures



Description of Total Expenditures and Transfers	<u>FY 2008</u>
PUC Expenditures (Incl. Central Services Assessment)	\$4,815,470
Transfer to Consumer Advocate	2,903,793
Transfer to General Fund-Excess Cash Balance	<u>9,723,574</u>
Total Expenditures and Transfers	\$17,442,837

Figure 3 below shows a breakdown of the Commission's expenditures of \$4,815,470 for FY 2008, including those related to personnel, other current, central services assessment, and equipment expenses.



<u>Description of PUC Expenditures</u>	<u>FY 2008</u>
Personnel	2,985,723
Other Current Expenditures	911,115
Central Services Assessment	876,317
Equipment	42,315
Total Expenditures (excluding Consumer Advocate)	4,815,470

Attachment

PUBLIC UTILITIES COMMISSION SPECIAL FUND
Fiscal Years 2007 & 2008
Appn. Accts. S-07-352-O, S-08-352-O

	<u>FY 2007</u>	<u>FY 2008</u>	<u>% Change</u>
Beginning Balance	\$1,000,000	1,000,000	
Revenues	16,062,885	17,442,837	8.6
Expenditures (1)	7,346,352	7,719,263	5.1
Transfers to General Fund (2)			
Appn. Acct. S-XX-352-O	(8,716,533)	(9,723,574)	11.6
Total Transfers	<u>(8,716,533)</u>	<u>(9,723,574)</u>	11.6
Ending Balance	\$1,000,000	1,000,000	

REVENUES:

<u>Description</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>% Change</u>
Public Utility Fees	\$14,579,602	\$15,818,526	8.5
Motor Carrier Fees	1,325,775	1,395,545	5.3
Motor Carrier Interest/Penalties	3,738	47,440	1169.1
Hawaii Motor Carrier Act Penalties	52,900	82,082	55.2
Hawaii One Call Center Fees	70,653	74,363	5.3
Filing Fees & Other	<u>30,217</u>	<u>24,881</u>	-17.7
Total Revenues	\$16,062,885	\$17,442,837	8.6

EXPENDITURES (INCLUDING ENCUMBRANCES):

<u>Description</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>% Change</u>
Personnel (1)	\$2,698,752	\$2,985,723	10.6
Other Current Expenses:			
Commission Other Expenditures	1,916,077	1,787,432	-6.7
Transfer to Consumer Advocate	2,592,100	2,903,793	12.0
S-07-345-O	<u>100,000</u>	<u>0</u>	-100.0
Total Other Current Expenses	4,608,177	4,691,225	1.8
Equipment	<u>39,423</u>	<u>42,315</u>	7.3
Total Expenditures	\$7,346,352	\$7,719,263	5.1

TRANSFERS TO THE GENERAL FUND:

	<u>FY 2007</u>	<u>FY 2008</u>	<u>% Change</u>
Transfer of excess moneys (2)	8,716,533	9,723,574	11.6
Central services amount	<u>839,700</u>	<u>876,317</u>	4.4
Total Transfers	\$9,556,233	\$10,599,891	10.9

(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.

(3) FY 2008 includes \$198,000 (additional) transferred to the Consumer Advocate pursuant to Act 183, SLH 2007 specific appropriations.

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

