

PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

REPORT TO LEGISLATURE
(Act 143, Session Laws of Hawaii 2006)

December 2006

I. Introduction

Public utilities continue to undergo significant changes due to rapid developments in technology, markets, economic conditions, consumer needs, and environmental concerns. Under this backdrop, the Public Utilities Commission ("Commission") of the State of Hawaii ("State") has been given increased responsibilities in substantive policy matters and must be able to update its regulatory practices and enhance its capabilities to implement legislated public policies in the best interest of the public. This will enable the Commission to implement such policies, while encouraging public utilities to efficiently operate, grow, and develop in their respective industries, so that they can continue to provide customers with reliable services at reasonable rates.

Recognizing the need to review and supplement the capabilities and resources of the Commission, the Legislature passed, and Governor Linda Lingle signed into law, Act 143, Session Laws of Hawaii ("SLH") (2006) ("Act 143"), an Act Relating to Public Utilities. Section 2 of Act 143 provides:

The public utilities commission shall conduct an in-depth review of its organization to develop a comprehensive plan to restructure and supplement the commission and its resources to function more effectively and efficiently in light of, among other matters, changing regulatory conditions, duties, and requirements and advances in technology; and submit a report to the legislature no later than twenty days before the convening of the regular session of 2007. In the report, the public utilities commission shall specify the specific types and numbers of positions, and the amounts necessary to restructure the commission and supplement its resources as may be necessary and appropriate; and propose any necessary legislation.

The Commission respectfully submits this report to the Legislature pursuant to Act 143. This report briefly outlines the Commission's traditional and changing duties and responsibilities, and organizational changes and supplemental resources required to carry out the tasks delegated to the Commission by law.

II. Commission Background and Duties and Responsibilities

Generally, the Commission's primary purpose is to ensure that regulated companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while providing regulated companies with a fair opportunity to earn a reasonable rate of return.

a. History and Traditional Regulatory Responsibilities

The Commission has the traditional responsibility for regulating all chartered, franchised, certificated, and registered public utility companies that provide electricity, gas, telecommunications, and private water and sewage services in the State.

The Commission was established in 1913 by Act 89, SLH 1913, as a part-time, three-member body with broad regulatory oversight and investigative authority over all public utility companies doing business in the Territory of Hawaii. This act, amended over the years and

codified in Chapter 269, HRS, is the basis for utility regulation in Hawaii. Today, the Commission is a full-time body comprised of three (3) Commissioners. The Governor, with the consent of the State Senate, appoints the Commissioners. They each serve six-year terms on a staggered basis.

The Commission also has the responsibility to regulate the motor vehicle transportation industry and various classifications of motor carriers of passengers and property under Hawaii Motor Carrier Law (Chapter 271, HRS), enacted in 1961.

The Commission, additionally, has the responsibility to regulate all commercial water transportation carriers of persons and property within the State under the Hawaii Water Carrier Act of 1974 (Chapter 271G, HRS).

b. Increasing Commission Regulatory and Policy Responsibilities

In addition to its traditional regulatory responsibilities, the Commission's role in regulatory and policy matters has been changing recently with increased responsibilities in many important policy and administrative matters, with an emphasis in energy policy.

i. Energy Policy

With respect to energy policy, and the clearly stated policy to aggressively increase the use of renewable energy in the State to reduce our dependence on oil and secure a more sustainable future, the Commission has been entrusted by the Legislature to implement and decide important policy matters and difficult issues that require detailed and thoughtful analysis, and the consideration of many conflicting viewpoints and perspectives. Currently, the State is experiencing and projecting continued economic growth, and with that continued growth in electricity demand and usage. This places a high priority on increasing energy efficiency and the use of renewable energy.

As such, the Commission, electric utilities and all stakeholders should devote a significant amount of time and resources on its Integrated Resource Plan activities, which develops long-term resource requirement plans and projections (both supply side and demand side).

Under its authority under Chapter 269, HRS, the Commission has the authority and responsibility to review requests by electric utilities, which has an obligation to serve electricity customers in the State, and to build new generation facilities (power plants), including the type and fuel source of such generation facilities. The Commission is establishing policies and procedures to enable the increased use and development of distributed generation technologies and projects, which should increase generation efficiencies and reliability by distributing smaller generation units geographically closer to where the electricity is needed. In addition, the Commission is establishing policies and procedures for the use of competitive bidding by utilities for new generation projects in an effort to ensure that new generation is obtained at the lowest reasonable cost. Other related issues that deserve attention include the analysis of intra-governmental wheeling of electricity, which would allow governmental agencies to produce electricity (using renewable energy) and "wheel" (or transmit and distribute) the electricity for its own or other governmental use, using the existing grid.

The Legislature delegated to the Commission the responsibility of reviewing net energy metering policies and standards, and determining whether the maximum allowed capacity of eligible customer generators, and the maximum total generating capacity produced by all eligible

customer generators, should be increased, under Part VI, Chapter 269, HRS, as amended by Act 104, SLH 2005. This is intended to allow a greater amount of net energy customers, producing their own electricity, while considering the effect on the electricity grid and the safety and reliability of the electric utility.

The Commission is also responsible for the implementation of renewable portfolio standards, which requires utilities to use a stated percentage of renewable energy in generating electricity for electricity sales, under Part V, Chapter 269, HRS, as amended by Act 162, SLH 2006 ("Act 162"). This responsibility includes the authority to establish incentives and requirements for utilities to achieve such standards, evaluate the utilities' ability to achieve the standards cost-effectively, and the responsibility to study and adjust the standards as may be appropriate.

The Legislature has also delegated to the Commission the responsibility of determining whether a public benefits fund should be established to fund and implement energy efficiency measures and programs (instead of the electric utility), and has given the Commission the authority to do so under Act 162. Energy efficiency programs and measures, in this era of economic growth and increasing electricity demand, is an important policy and administrative tool to achieve the goals of energy independence, reliability and security.

The Legislature has also required the Commission to implement a pilot program to be known as the "solar water heating pay as you save program" to address the barriers posed by upfront costs of solar water heating systems, by June 30, 2007, under Act 240, SLH 2006. This program will hopefully increase the use of solar energy for solar water heating purposes in Hawaii.

ii. Petroleum Industry

In 2004, the Commission implemented and enforced wholesale gasoline price caps by September 1, 2005, as required under Act 242, SLH 2004, which amended Chapter 486H, HRS. The implementation of wholesale gasoline price caps was subsequently suspended on May 5, 2006, by Act 78, SLH 2006 ("Act 78").

Act 78, however, also amended Chapter 486J, HRS, and gave the Commission the responsibility to develop and maintain a petroleum industry monitoring, analysis and reporting program that is intended to increase transparency within the petroleum industry and obtain necessary information to properly analyze the operations of the petroleum industry, and to determine whether additional regulations or other actions may be required. Thus, the Commission will be heavily involved in developing petroleum industry policy for the State.

iii. Telecommunications

The telecommunications industry has also been changing rapidly, with increased competition to the incumbent wireline (or landline) telephone company from wireless companies, cable companies, voice over internet protocol (or "VOIP"), satellite communications and other technologies. As a result, there are many uncertainties and unresolved issues relating to telecommunications and the regulatory environment at both the state and federal levels.

The convergence of technologies, where cable television, internet and other types of providers compete with telephone companies, and telephone companies are starting to provide television programming in competition with cable companies and broadcasters, require the

Commission to give attention to policy issues that generally involve the regulatory structure that should be implemented in this changing telecommunications market.

These issues include how existing telecommunications regulations should apply, if at all, to these competing services, how the universal service fund should be funded and maintained, how 911 and E-911 services should be required and paid for, how the intercarrier compensation system should be reformed (which is how different telecommunications carriers compensate each other for connecting their customers to customers on each others' network), and how to protect the interests of Hawaii telecommunications customers in this changing environment. In addition, service quality standards, consumer privacy protections, and an anticipated major re-write of the Telecommunications Act of 1996, are issues and matters that are important to analyze in this era of accelerating changes in the telecommunications industry.

These issues involve complex technical, legal and policy issues, and require Commission attention and action so that efficient competitors are motivated by appropriate market signals to seek entry into the local market and compete effectively for Hawaii's consumers and wireless and wireline telecommunications technologies and services are encouraged to develop and innovate, while existing networks and infrastructure are adequately maintained and operated. Addressing these matters will help to not only ensure that the telecommunications industry in Hawaii is productive and healthy and that the consumers are provided choices while being adequately protected, but also to ensure that there are safeguards in place to promote and implement basic social policies such as telecommunications relay services (telecommunications services for the hearing impaired), E911 services and universal service.

iv. One Call Center

In 2004, the Commission was given the responsibility to establish and administer a one call center, and create a system and process to provide advance warning to excavators of the location of existing subsurface installations in an area to be excavated, to protect those subsurface installations from damage, under Act 141, SLH 2004 ("Act 141"), and codified in Chapter 269E, HRS, by January 1, 2006 ("One Call Center"). The Commission, with the assistance of a One Call Center Advisory Committee that it established under Act 141, enabled the One Call Center to begin operations by January 1, 2006.

In short, the Commission is tasked with many important policy matters that require its time and attention, in addition to its daily and traditional regulatory oversight and enforcement duties.¹ While the Commission is actively involved in all of the issues above, the Commission simply does not have all of the resources necessary to give full attention to the important policy issues that need to be addressed, while attending to its day-to-day regulatory activities.

III. Commission Requires Additional Resources to Focus on Policy Matters

It is clear to the Commission that additional resources are required for the Commission to address its daily responsibilities and address important policy matters. In addition, independent audits and evaluations of the Commission agree that the Commission is, and has historically

¹See Annual Report (HRS § 269-5 and § 486J-5) of the Public Utilities Commission of the State of Hawaii, Fiscal Year 2005-06, November 2006, for a more detailed summary of the Commission's activities and operations.

been, under-funded and under-staffed, which makes it difficult for the Commission to timely, effectively, and efficiently address its statutory responsibilities, as stated in the Management Audit of the Public Utilities Commission and the Division of Consumer Advocacy by the State Auditor, February 2004 ("2004 Audit"), the State Auditor's Management Audit of the Public Utilities Program of the State of Hawaii, February 1989 ("1989 Audit"), the Hawaii Energy Policy Forum's Hawaii Energy Utility Regulation and Taxation dated July 11, 2003 ("Energy Forum Utility Report"), and the Hawaii Energy Policy Forum's Hawaii at the Crossroads: A Long-term Energy Strategy, August 2004 ("Energy Forum Strategy Report"). In 2004, the State Auditor found, among other things, that the Commission would be under-staffed even if all vacancies were filled: "A recent study entitled Hawaii Energy Utility Regulation and Taxation found that the number of Hawaii's regulatory agency staff is severely undersized by industry standards even if all existing positions were filled." 2004 Audit at 16.

The State Auditor also indicated that regulated companies are aware that under-staffing and under-funding puts the Commission at a disadvantage: "The companies stated that staffing constraints diminish the commission's ability to give sufficient time and attention to specific cases. Lack of staff puts the commission at a disadvantage, particularly in light of the depth and expertise of staff among large utilities." 2004 Audit at 17.

The under-staffing and under-funding of the Commission is not a new phenomenon. In 1989, the State Auditor also found that the Commission was under-staffed:

"Staffing of the Public Utilities Commission... is relatively modest when compared to: (a) the income to the State generated by the public utilities regulatory program (from fees, fines, etc.), (b) the resources of the regulated utilities, and (c) the magnitude of the impact of the regulated industries on the people and economy of Hawaii." The Hawaii Energy Policy Forum ("Energy Forum") observed that "the PUC is relatively weak because it is under-staffed and under-funded to perform all of the functions assigned to it..." Energy Forum Utility Report at 35. "Hawaii presently has the smallest ratio of regulatory commission employees to population of all small states." *Id.* The Energy Forum found that this is "exacerbated" by the fact that the Commission "regulates more industries and activities than most other state commissions." *Id.* at 37.

Since the Commission has a heavy daily workload, the Energy Forum recognized that important policy issues are often not addressed: "The ability of the PUC to address policy matters is dependent upon its resources and productivity. The PUC has a substantial day to day workload processing applications, complaints and filings that are not policy matters. As with any person or organization facing restrictions in time and resources, it is the policy and big picture matters that get pushed aside in order to deal with immediate tasks and brush fires." Energy Forum Utility Report at 35.

It is imperative that the Commission be allowed to obtain the necessary expertise and resources to address important policy issues: "Over the past several years the [PUC's] analytical and regulatory capacity has been eroded by a lack of resources, staff, and focus. As a result, important policy issues about renewable energy, utility competition, and financial incentives have gone unresolved." Energy Forum Strategy Report at 5.

The Energy Forum recognized the importance of establishing and dedicating staff resources to focus on energy policy issues: "Creating an energy policy staff within the PUC would be efficient and productive and would assist the PUC to address its duties to establish, maintain and implement energy objectives and policies in Hawaii's regulated utility sector." Energy Forum Utility Report at 34.

Thus, it "is very clear that the PUC ... need[s] additional resources in order to fulfill [its] duties." Id. at 35.

IV. Restructuring and Supplementation of Resources

a. Restructuring

Currently, the Commission does not require a wholesale overhaul and restructuring of its organization. It needs a few changes to improve and enhance its policy and analytical focus and functions, and a minor restructuring of other areas to enable the Commission and its staff to function more efficiently.

Thus, this requested restructuring and supplementation of resources is intended to:

- Increase and enhance the Commission's policy analysis and research capabilities.
- Create regulated industry specific professional positions to allow for focused expertise and established cross-functional workgroups.
- Create promotional opportunities within technical sections where possible.
- Allow professional staff to focus and specialize in critical industries, while retaining the flexibility to adapt to changes in markets and environments.
- Update the organization to accurately reflect current and foreseeable functional requirements, as well as enhance the Commission's focus on customer issues and concerns.
- Increase operational efficiency and transparency in the regulatory process, as well as increase the clerical and staff support required for operational effectiveness.

In summary, the Commission seeks to: (1) enhance the existing Research Section to encompass policy analysis and research; (2) establish new sections to be entitled, "Consumer Affairs and Compliance Section" and "Administrative Support Section"; and (3) establish fourteen (14) new permanent positions over a two biennium period, redescribe twelve (12) positions and convert seven (7) temporary positions to permanent status resulting in a total permanent staff count of sixty-two (62), including three positions that were transferred from Department of Business, Economic Development and Tourism pursuant to Act 78, SLH 2006.

Office of Policy and Research:

The existing Research Section will expand to include policy support positions and functions, and be renamed the Office of Policy and Research. The Chief of Policy and Research will report directly to the Chairman (previously the Chief of the Research Section reported to the Administrative Director). This section will be responsible for advising the Commission on all regulated industry related matters and government policy related matters, oversee legislative session initiatives, support docket research work, relating to implementation of specific initiatives, and media relations. This will enable the Commission to develop an energy policy focus within

the Office of Policy and Research. This section will be comprised of Utility Analysts, PUC Economists, Research Assistants, and a Secretary I.

Consumer Affairs and Compliance Section:

Consumer Affairs and Compliance Section (previously select functions were within the Investigative Section) will be responsible for consumer relations and investigative and enforcement activities of the Commission, which will enable the Commission to focus on consumer issues and concerns. The Consumer Affairs & Compliance Chief (new position) will report to the Administrative Director (previously all individuals within this new section reported to the Administrative Director). This section will be responsible for informal complaint handling, investigation/enforcement activities, neighbor island regulatory investigation/enforcement, regulatory educational programs, and related matters. This section will be comprised of Investigators, Enforcement Officers, and the PUC's three (3) District Representatives on the islands of Hawaii (Hilo), Kauai, and Maui.

Administrative Support Section:

This new section will be supervised by the Administrative Support Chief (re-described from an existing Research Assistant position) and will be comprised of Clerical Services staff, Case Management Services staff (previously these positions were within the Documentation Section), Fiscal Services staff and Information Technology staff. The Administrative Support Chief will report to the Administrative Director. The creation of this new section is critical to increasing the efficiency of the Commission's overall operational performance and provides necessary support functions to allow the Commission to attend to its daily workload and activities.

Among the alternatives considered was an organizational structure arranged by functional sections and by regulated industry, rather than professional expertise. This option would have required a major overhaul of virtually all existing professional staff positions, and probably additional staff since certain staff would be dedicated only to certain regulated industries. The restructuring described herein minimizes the effect on existing staff and supervisory roles and preserves needed flexibility, but addresses the need to establish in-house industry specific knowledge and expertise that will provide in-depth analysis and recommendations to the Commission in its decision making process. This minor restructuring avoids the disruptions that a major overhaul and re-organization would entail, while accomplishing the objective of increasing the Commission's ability to focus on policy matters and increasing operational efficiencies in day-to-day activities.

Please see attached Exhibit A, for a detailed organizational chart illustrating the proposed restructuring and for comparison, Exhibit B, the Commission's existing Organizational Chart.

b. Additional Staffing Resources Required

The increased resources required consist of fourteen (14) additional permanent positions, seven (7) to be established in FY09 and seven (7) to be established in FY10:

FY09:

- PUC Attorney -- will be responsible for providing legal support in petroleum dockets/initiatives statewide, hearings officer, legislative team, informal and formal complaint/inquiry handling.
- Legal Assistant -- will be assisting the Chief Counsel in all facets of necessary legal work. This position will be responsible for prioritizing assignments for clerical staff in order to complete the processing and filing of legal documents with frequent time constraints and established deadlines.
- Data Processing Systems Analyst (DPSA) V -- will be responsible for supervising information technology services staff; serving as the Document/Docket Management System (DMS) administrator; and assisting the DPSA IV with petroleum monitoring system database management, network integration, web management, and special projects.
- Legal Clerk -- will be responsible for case management services clerical support (e.g., filing, microfilming, etc.), assisting the Chief Clerk, providing DMS maintenance support, and performing duties as citations clerk.
- Auditor VI -- will be responsible for energy & petroleum dockets/issues, conducting field audit inspections.
- Engineer V -- will be responsible for energy & petroleum dockets/issues, energy utility field inspections, informal inquiry handling.
- Consumer Affairs & Compliance Chief -- will be responsible for supervising the Consumer Affairs & Compliance section which will be handling informal complaints, investigation/enforcement activities, oversight of neighbor island activities via the District Representative, public relations, regulatory education, and other matters.

FY10:

- PUC Attorney -- will be responsible for providing legal support in telecommunications industries, Dockets/Issues, and legislative and rulemaking initiatives and drafting and updating applicable rules (i.e. Commission General Order No. 7, Distributed Generation, etc). This position also serves as primary hearings officer.
- Legal Clerk -- will be responsible for case management services clerical support (e.g., filing, microfilming, etc.), assisting the Chief Clerk, providing DMS maintenance support, and performing duties as citations clerk.
- Account Clerk III -- will be responsible for handling the PUC's purchasing utilizing the pCard system, conducting and maintaining the Commission's physical inventory, keeping fiscal records, and providing fiscal support for all matters concerning the Commission's function;

- Auditor VI -- will be responsible for telecomm. & utility dockets/issues, conducting field audit inspections.
- Engineer V -- will be responsible for telecomm. & utility dockets/issues, telecomm. and utility field inspections, pipeline safety inspector.
- Research Assistant -- Docket, non-docketed, legislative, and industry research, analysis and reporting; special projects; and legislative support to support the Commission as may be required.
- Research Assistant -- Docket, non-docketed, legislative, and industry research, analysis and reporting; special projects; and legislative support to support the Commission as may be required.

The Commission will also require the re-description of the following twelve (12) positions (five of which are for the same type of position):

- Chief Counsel --the re-description of an existing PUC Attorney position is essential to accurately reflect the supervisory functions of the Attorney. The Chief Counsel will be responsible for overseeing/managing the Office of Commission Counsel (previously legal section), acting as counsel to the Commission, and handling PUC related media correspondence.
- Administrative Support Chief --the re-description of an existing Research Assistant position is essential to accurately reflect the administrative responsibilities of the position as required by an increasing administrative workload due primarily to increased staffing needs and functional responsibilities of the Commission. The Administrative Support Chief will be responsible for supervising clerical, case management, fiscal, and information technology services staff, special project management, and other administrative support functions as needed to support office operations.
- Policy & Research Chief --the re-description of an existing Chief Researcher is essential to accurately represent the additional responsibilities of the policy arm of the Policy and Research Services section. The Policy & Research Chief will be responsible for managing the utility analysts, research assistants, economists, and a secretary, advising the Commission on all regulated industry related matters and government policy, overseeing legislative session initiatives, and media relations and special projects.
- Chief Engineer VI -- an increase from level V to VI for the Chief Engineer will enable the Commission to recruit for the position at a higher level for increased expertise and experience, to compensate the section chief at a more comparable level to similar level staff, and to increase the staff level engineers to level V.
- Legal Assistant -- the re-description of the existing Legal Steno position will allow for the necessary updating of the position. Stenographer positions are no longer being recruited for due to the outdated position descriptions. This Legal Assistant position will be directly supervised by the Chairman.

- Legal Clerk -- re-describing the existing Clerk Typist III position (supervised by the Chief Clerk) to a Legal Clerk will elevate the qualifications of the position, as necessitated by the new functional requirements of the current Documentation Section, including maintenance of a new Document/Docket Management System and increased citation activity.
- Utility Analyst (x5) -- Redescription of existing Research Assistants will allow for increased industry expertise and focus necessary for the new policy making function of the newly established Policy and Research Section.
- Investigator V -- the redescription of an existing Research Assistant position is essential to accurately reflect the current and new senior-level responsibilities of the position, which will include obtaining federal certification as a gas pipeline safety inspector.

The Commission will also need to convert Temporary positions to Permanent position status. Four (4) temporary gas cap and three (3) petroleum monitoring positions. This change is critical for successful recruitment and retention of qualified individuals within both technical specialty areas. The positions requiring permanent status are PUC Economist, PUC Attorney, Utility Analysts (previously Research Assistants), Clerk Typist II, Enforcement Officer, and Secretary I.

c. Additional Office Space and Equipment Resources Required

The current Oahu office space is being utilized to maximum capacity. There is no room to accommodate both the Commission's existing authorized positions and the new positions requested in the FB 07-09 Executive Budget. The FB 07-09 Executive Budget includes funds in FY 2009 for additional leased office space, office relocation, and moving costs. Subject to approval of the budget requests, increased office space will be sought to accommodate the increase in staff and resources.

According to the Planning Branch of the Department of Accounting and General Services (DAGS), there are currently no vacant state facilities available to accommodate the Commission's space needs. Our alternative is seeking additional office space in a non-state facility.

V. Funding Requirements

The cost estimates associated with restructuring the Commission, i.e., establishing fourteen (14) supplemental staff positions over the next two bienniums totaling \$506,990, \$517,022, and \$498,298 in FY09 thru FY11, respectively and cost estimates associated with the first phase of our office relocation totaling \$727,442 in FY09 are summarized in the chart below. Total estimated costs associated with restructuring and relocation of the Commission total \$1,234,432 in FB08-09. The increased funding requirements can be fulfilled by the annual surplus in the Commission's Special Fund, which totaled \$6,448,533 in FY06 and is estimated to total \$6,429,395 in FY07. Please see attached Exhibit C for a more detailed description of cost estimates and funding availability.

Schedule	Restructuring				Relocation		TOTALS	
	Phase I ¹		Phase II ²		FY08	FY09 ³	FB08-09	FB10-11 ⁴
	FY08	FY09	FY10	FY11				
A (Personnel)	\$ -	\$ 469,207	\$ 458,483	\$ 458,483	\$ -	\$ -	\$ 469,207	\$ 916,966
B (Other Expenditures)	\$ -	\$ 26,583	\$ 47,339	\$ 39,815	\$ -	\$ 727,442	\$ 754,025	\$ 87,154
C (Equipment)	\$ -	\$ 11,200	\$ 11,200	\$ -	\$ -	\$ -	\$ 11,200	\$ 11,200
Total Funding Requirements	\$ -	\$ 506,990	\$ 517,022	\$ 498,298	\$ -	\$ 727,442	\$ 1,234,432	\$ 1,015,320

¹ Includes cost estimates for 7 new positions.

² Includes cost estimates for 14 (7 in FY09 + 7 in FY10) new positions.

³ Total includes \$609,710 of non-recurring costs.

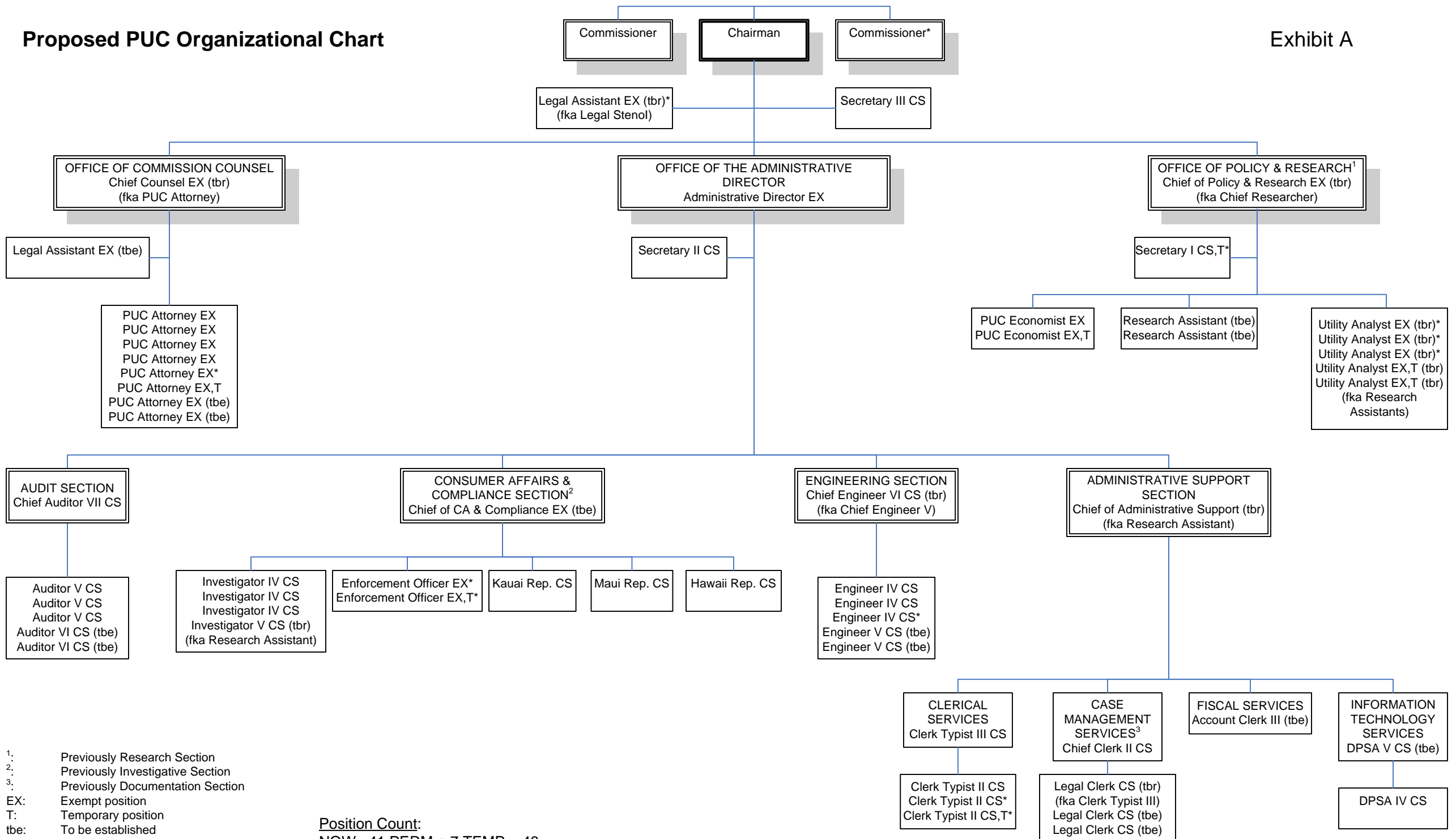
⁴ Totals include Restructuring cost estimates only.

VI. Summary

The Commission respectfully submits this report to the Legislature under Act 143, and requests the approval of the restructuring and relocation plans and added resources required by the Commission to carry out its duties under the law as described herein. The Commission has separately presented applicable funding requests for FB08-09 through the Department of Budget and Finance in the budget process.

Proposed PUC Organizational Chart

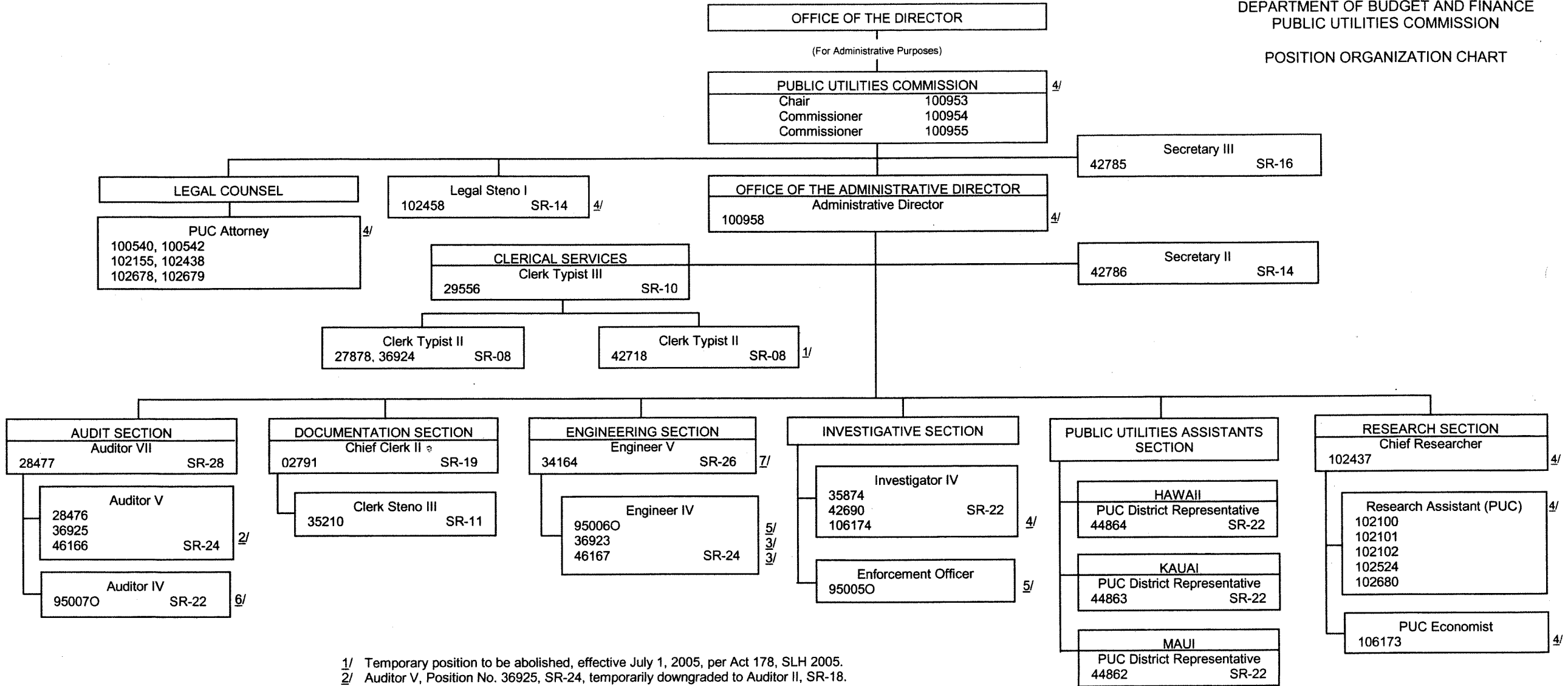
Exhibit A



- 1. Previously Research Section
- 2. Previously Investigative Section
- 3. Previously Documentation Section
- EX: Exempt position
- T: Temporary position
- tbe: To be established
- tbr: To be redescribed, no position gain
- *: Current position vacancy as of 11/06

Position Count:
 NOW: 41 PERM + 7 TEMP = 48
 PROPOSED: 62 PERM

Exhibit B
 STATE OF HAWAII
 DEPARTMENT OF BUDGET AND FINANCE
 PUBLIC UTILITIES COMMISSION
 POSITION ORGANIZATION CHART



- 1/ Temporary position to be abolished, effective July 1, 2005, per Act 178, SLH 2005.
- 2/ Auditor V, Position No. 36925, SR-24, temporarily downgraded to Auditor II, SR-18.
- 3/ Engineer IV, Position Nos. 36923 and 46167, SR-24, temporarily downgraded to Engineer III, SR-22.
- 4/ Position exempt per 269-3, HRS.
- 5/ Position to be established.
- 6/ Position variance approved to convert Auditor IV to Data Processing Systems Analyst IV effective May 6, 2004.
- 7/ Engineer IV, Position No. 34164 redescribed to Engineer V.

Note: Act 178, SLH 2005, authorized four (4) temporary positions for Act 242, SLH 2004: PUC Attorney, Research Assistant, Enforcement Officer, and Clerk Typist II, NTE June 30, 2006.

PUC Estimated Funding Requirements

FB08-09			Act 143 Restructuring			Act 143 Relocation			CA			Act 78, SLH 2006			TOTALS			
Positions	FY 07	Base	FY08		FY09	FY08		FY09	FY08		FY09	FY08		FY09	FY08		FY09	
			FTE (P)	\$ Amount	\$ Amount	FTE (P)	\$ Amount	\$ Amount	FTE (P)	\$ Amount	\$ Amount	FTE (P)	\$ Amount	\$ Amount	FTE (P)	\$ Amount	\$ Amount	
A	41	4	\$ 3,465,775	7	\$ -	\$ 469,207	-	\$ -	\$ -	-	\$ -	\$ -	3	\$ 213,595	\$ 213,595	51.00	\$ 3,679,370	\$ 4,148,577
B			\$ 4,902,499		\$ -	\$ 26,583		\$ -	\$ 727,442		\$ 113,693	\$ 113,693		\$ -	\$ -		\$ 5,016,192	\$ 5,770,217
C					\$ 11,200			\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ 11,200
Totals	41	4	\$ 8,368,274	7	\$ -	\$ 506,990	-	\$ -	\$ 727,442	-	\$ 113,693	\$ 113,693	3	\$ 213,595	\$ 213,595	51	\$ 8,695,562	\$ 9,929,994
Total Ceiling Increase				7	\$ -	\$ 506,990	-	\$ -	\$ 727,442	-	\$ 113,693	\$ 113,693	3	\$ 213,595	\$ 213,595	10	\$ 327,288	\$ 1,561,720

¹ Temporary positions to be converted to permanent.
 Note: 14 new (FTE (P)) positions includes 7 new positions and 7 temporary to permanent position conversions (3, Act 78, SLH 2006; 4, Act 242, SLH 2004).

FB10-11			Act 143 Restructuring			Act 143 Relocation ¹			Convert Temporary Gas Cap Positions		TOTALS ²			
Positions	FY 09	Base	FY10		FY11	FY10		FY11	FTE (P)	FTE (T)	FY10		FY11	
			FTE (P)	\$ Amount	\$ Amount	FTE (P)	\$ Amount	\$ Amount	FTE (P)	FTE (T)	FTE (P)	\$ Amount	\$ Amount	
A	51	4	\$ 4,148,577	7	\$ 458,483	\$ 458,483	-	\$ -	\$ -	4.00	(4.00)	62	\$ 4,607,060	\$ 4,607,060
B			\$ 5,770,217		\$ 47,339	\$ 39,815		\$ 124,796	\$ 124,796				\$ 5,942,352	\$ 5,934,828
C					\$ 11,200	\$ -		\$ -	\$ -				\$ 11,200	\$ -
Totals	51	4	\$ 9,918,794	7	\$ 517,022	\$ 498,298	-	\$ 124,796	\$ 124,796	4.00	(4.00)	62	\$ 10,560,612	\$ 10,541,888
Total Ceiling Increase				7	\$ 517,022	\$ 498,298	-	\$ 124,796	\$ 124,796	4.00	(4.00)	11.00	\$ 641,818	\$ 623,094

¹ Cost estimates include annual office lease.
² Cost estimates do not include additional CA funding requests and any other budgetary requests that may be necessary as a result of future requirements.

Act 143 Estimated Funding Availability (Restructuring and Relocation)

	Actual FY 2006	Est. FY 2007	Est. FY 2008	Est. FY 2009	Est. FY 2010	Est. FY 2011
Revenues ¹	\$ 14,229,235	\$ 14,772,419	\$ 15,345,382	\$ 15,942,854	\$ 15,942,854	\$ 15,942,854
Expenditures ²	\$ 7,780,702	\$ 8,368,274	\$ 8,368,274	\$ 8,368,274	\$ 8,368,274	\$ 8,368,274
Total General Fund Lapse	\$ 6,448,533	\$ 6,404,145	\$ 6,977,108	\$ 7,574,580	\$ 7,574,580	\$ 7,574,580
PUC Estimated Funding Requirements as Detailed Above			<u>\$ 327,288.00</u>	<u>\$ 1,561,720</u>	<u>\$ 641,818</u>	<u>\$ 623,094</u>
Estimated General Fund Lapse Less Proposed Act 143 Funding			\$ 6,649,820	\$ 6,012,860	\$ 6,932,762	\$ 6,951,486

¹ Revenue estimates based on October 2006, update of revenue estimate report dated October 27, 2006.
² Expenditures based on FY 2007 operational expenditure plan.