

PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

SPECIAL FUND REPORT

FISCAL YEAR 2010-11

December 2011

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 Fiscal Year (“FY”) 1994-95. This amount provided for initial startup costs for the Commission at the beginning of the FY. Similarly, at the beginning of each subsequent FY, the Special Fund starts with a \$1 million balance carried over from the prior FY’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 FY 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, interest and penalties, and Hawaii One Call Center fees. Motor Carrier penalties are assessed for the 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. Pursuant to §269E-6, HRS, facility

operators are required to pay fees to finance the operation of the One Call Center established pursuant to §269E-5, HRS.

Act 180, SLH 2010 (“Act 180”) appropriated \$9,249,331 for the Commission’s FY 2010-2011 (“FY 2011”) operating expenses. The Special Fund’s revenues, expenditures, and transfers for FY 2009-10 (“FY 2010”), for comparative purposes, and for FY 2011 are shown in the table below.

	<u>FY 2010*</u>	<u>FY 2011**</u>
Beginning Balance	\$1,000,000	\$1,000,000
Revenues	21,782,763	17,165,178
Expenditures	7,088,495	7,184,937
Transfers Appn. From Acct. S-XX-352-O		
To General Fund Fund***	14,694,268	9,755,241
To PUC Specific Appn. Acct. S-356-O ¹	NA	225,000
Total Transfers	<u>14,694,268</u>	<u>9,980,241</u>
Ending Balance	\$1,000,000	\$1,000,000

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

**Appropriation Account No. S-11-352-O.

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

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

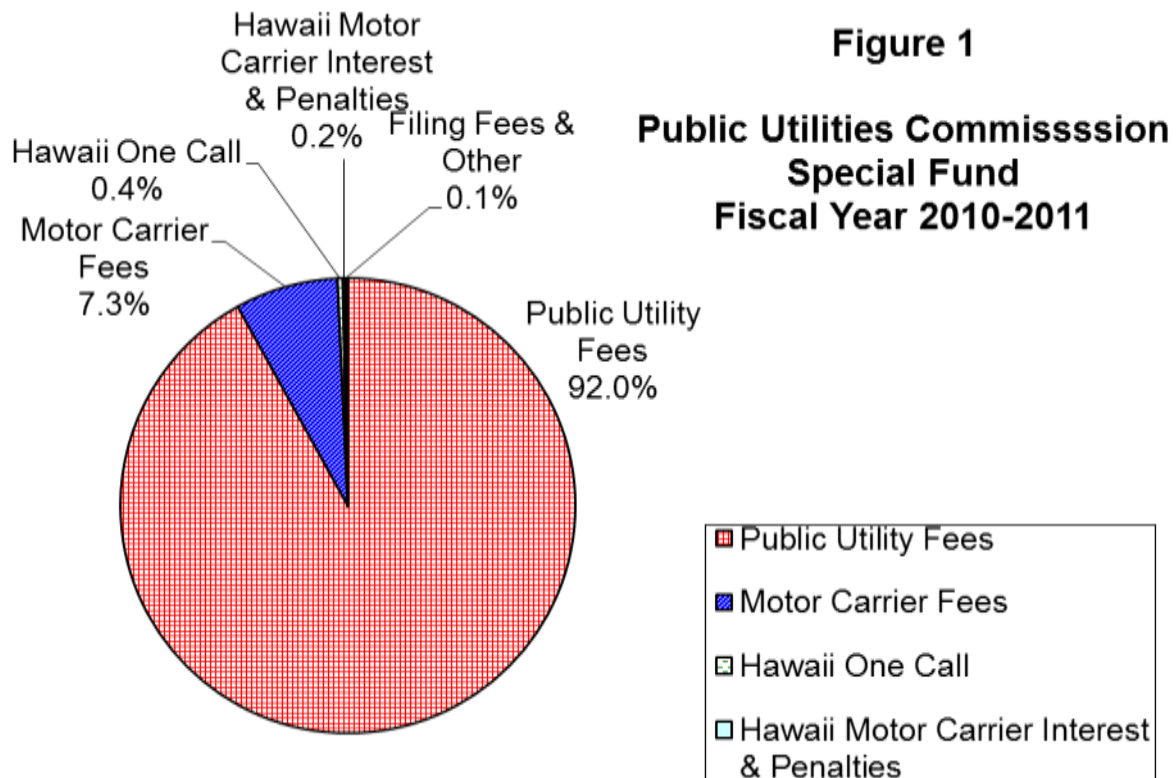
¹PUC Specific Appropriation Account S-11-356-O was established pursuant to Act 130, SLH 2010 for anticipated operating and personnel expenditures relating to the implementation of the reorganization that was begun by Act 177 and Act 183, SLH 2007.

Total FY 2011 Special Fund revenues of \$17,165,178 reflect a decrease of 21.2 per cent compared to FY 2010 revenues (see Attachment). The Commission collected \$15.8 million in public utility fees for FY 2011 or 22.3 per cent less than FY 2010 public utility fees. Motor carrier fees of \$1.3 million collected in FY 2011 were 0.8 per cent less than the fees collected in FY 2010. The revenues derived from each source of income are shown below:

<u>Description of Revenues</u>	<u>FY 2010</u>	<u>FY 2011</u>
Public Utility Fees	\$20,325,575	15,785,126
Motor Carrier Fees	1,262,806	1,253,281
Motor Carrier Interest/Penalties	16,455	17,298
Hawaii Motor Carrier Act Penalties	69,100	15,364
Hawaii One Call Center Fees	68,226	68,530
Filing Fees & Other	<u>40,601</u>	<u>25,579</u>
Total Revenues	\$21,782,763	\$17,165,178

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

Figure 1 shows a breakdown of the Special Fund revenues for FY 2011, 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

	FY 2011
Public Utility Fees	15,785,126
Motor Carrier Fees	1,253,281
Hawaii One Call Center Fees	68,530
Motor Carrier Interest & Penalties	32,662
Filing Fees & Other	25,579
Total Revenues	17,165,178

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

As shown in the table below, expenditures for FY 2011 totaling \$7,184,937 included approximately \$2,821,736 and \$4,363,201 for personnel and other current expenses (including equipment), respectively.

<u>Description of Expenditures</u>	<u>FY 2010</u>	<u>FY 2011</u>
Personnel Expenses	\$2,944,589	\$2,821,736
Other Current Expenses:		
Commission	1,918,675	2,092,141
Consumer Advocate	<u>2,169,331</u>	<u>2,169,331</u>
Total Other	4,088,006	4,261,472
Equipment and software licenses	<u>55,900</u>	<u>101,729</u>
Total Expenditures	\$7,088,495	7,184,937

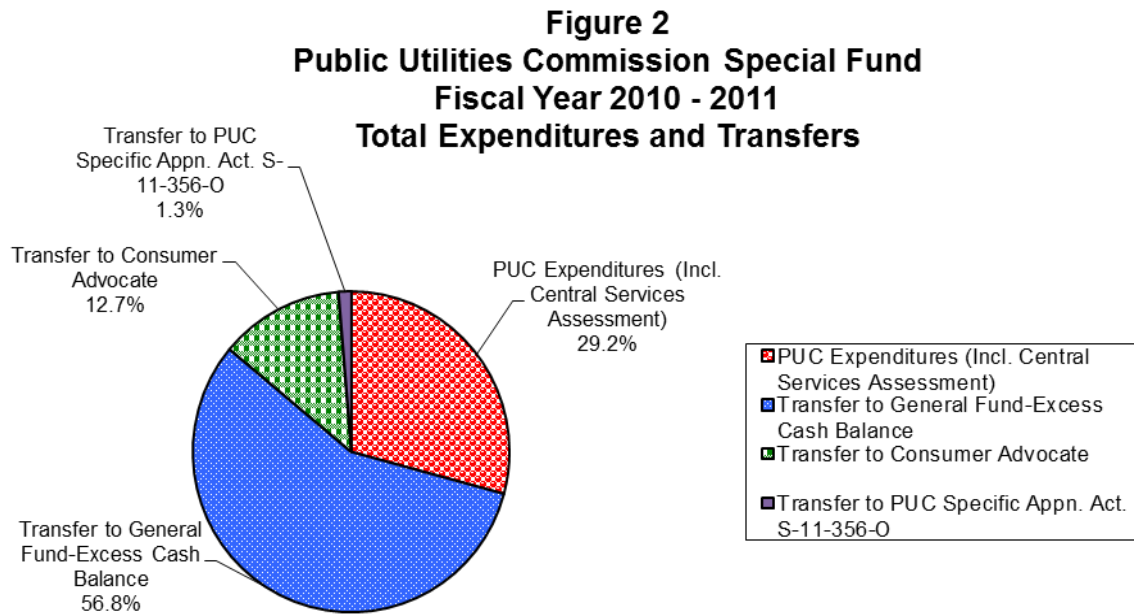
(Note: All figures are rounded to the nearest dollar.)

Total Special Fund expenditures for FY 2011 increased 1.4 per cent over FY 2010 expenditures (see Attachment). This increase is primarily due to the 9.0 per cent increase in “Commission Other Expenditures” in FY 2011 over FY 2010. The other major expenditure, “Equipment and software licenses”, reflected an 82.0 per cent increase FY 2011 over FY 2010.

For FY 2011, the Special Fund’s other current expenses totaling \$4,363,201 (including encumbrances and equipment) consisted of \$2,169,331 for the operations of the Consumer Advocate, \$858,259 for central services assessments, and \$1,335,611 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 2011, the Commission transferred the Special Fund's excess balance of \$9,755,241 to the general fund. This amount is the total of excess balance in the Special Fund account established pursuant to Act 180, SLH 2010. 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 \$10,613,500 for FY 2011. This transfer amount decreased by 32.8 per cent from FY 2010's total general fund transfers of \$15,783,358 (see Attachment).

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

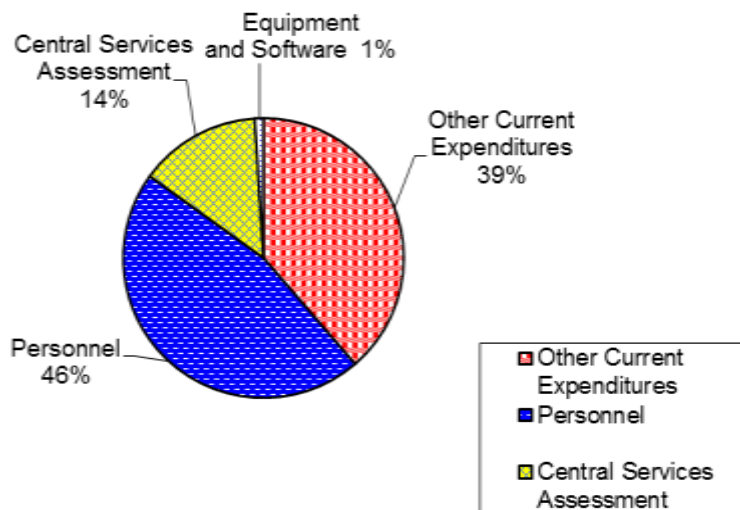


<u>Description of Total Expenditures and Transfers</u>	<u>FY 2011</u>
PUC Expenditures (Incl. Central Services Assessment)	\$ 5,015,606
Transfer to PUC Spec. Appn. Act. S-11-356-O	225,000
Transfer to Consumer Advocate	2,169,331
Transfer to General Fund-Excess Cash Balance	<u>9,755,241</u>
Total Expenditures and Transfers	\$17,165,178

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

Figure 3 below shows a breakdown of the Commission’s expenditures of \$5,015,606 for FY 2011, including those related to personnel, other current, central services assessment, and equipment expenses.

Figure 3
Public Utilities Commission Special Fund
Fiscal Year 2010 - 2011
PUC Expenditures



<u>Description of PUC Expenditures</u>	<u>FY 2011</u>
Personnel	2,821,736
Other Current Expenditures	1,233,883
Central Services Assessment	858,258
Equipment	<u>101,729</u>
Total Expenditures (excluding Consumer Advocate)	<u>5,015,606</u>

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

ATTACHMENT

PUBLIC UTILITIES COMMISSION SPECIAL FUND

FYs 2010 & 2011

Appn.Accts. S-10-352-O, S-11-3522-O

	<u>FY 2010</u>	<u>FY 2011</u>	<u>% Change</u>
Beginning Balance	\$1,000,000	\$1,000,000	
Revenues	21,782,763	17,165,178	-21.20%
Expenditures (including encumbrances) (1)	-7,088,495	-7,184,937	1.36%
Transfers Appn. Acct. S-XX-352-O			
To General Fund (2)	-14,694,268	-9,755,241	-33.61%
To PUC Specific Appropriation Acct. S-11-356-O	NA	-225,000	
Total Transfers	<u>-14,694,268</u>	<u>-9,980,241</u>	<u>-32.08%</u>
Ending Balance	1,000,000	1,000,000	

REVENUES:

<u>Description</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>% Change</u>
Public Utility Fees	20,325,575	15,785,126	-22.34%
Motor Carrier Fees	1,262,806	1,253,281	-0.75%
Motor Carrier Interest/Penalties	16,455	17,298	5.12%
Hawaii Motor Carrier Act Penalties	69,100	15,364	-77.77%
Hawaii One Call Center Fees	68,226	68,530	0.45%
Filing Fees & Other	<u>40,601</u>	<u>25,579</u>	<u>-37.00%</u>
Total Revenues	\$21,782,763	\$17,165,178	-21.20%

EXPENDITURES (INCLUDING ENCUMBRANCES):

<u>Description</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>% Change</u>
Personnel	2,944,589	2,821,736	-4.17%
Other Current Expenses:			
Commission Other Expenditures	1,918,675	2,092,141	9.04%
Transfer to Consumer Advocate	<u>2,169,331</u>	<u>2,169,331</u>	<u>0.00%</u>
Total Other Current Expenses	4,088,006	4,261,472	4.24%
Equipment and software licenses	<u>55,900</u>	<u>101,729</u>	<u>81.98%</u>
Total Expenditures	\$7,088,495	\$7,184,937	1.36%

TRANSFERS TO THE GENERAL FUND:

<u>Description</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>% Change</u>
Transfer of excess moneys (2)	14,694,268	9,755,241	-33.61%
Central services amount	<u>1,089,090</u>	<u>858,259</u>	<u>-21.19%</u>
Total Transfers	15,783,358	10,613,500	-32.76%

(1) FY 2011 includes expenditures in Appn. Acct. S-11-252-O.

(2) FY 2011 transfers include moneys appropriated from the Special Fund through Appn. Acct. S-11-352-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.)