

PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

SPECIAL FUND REPORT

FISCAL YEAR 2011-12

December 2012

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 164, SLH 2011 (“Act 164”), as amended by Act 110, SLH 2012, appropriated \$11,049,409 for the Commission’s FY 2011-2012 (“FY 2012”) operating expenses. The Special Fund’s revenues, expenditures, and transfers for FY 2010-11 (“FY 2011”), for comparative purposes, and for FY 2012 are shown in the table below.

	<u>FY 2011*</u>	<u>FY 2012**</u>
Beginning Balance	\$1,000,000	\$1,000,000
Revenues	17,165,178	19,270,946
Expenditures	7,184,937	8,945,168
Transfers Appn. From Acct. S-XX-352-O		
To General Fund***	9,755,241	10,175,778
To PUC Specific Appn. Acct. S-356-O ¹	225,000	0
To DAGS Job #22-13-7475 ²	0	150,000
Total Transfers	<u>9,980,241</u>	<u>10,325,778</u>
Ending Balance	\$1,000,000	\$1,000,000

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

**Appropriation Account No. S-12-352-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.

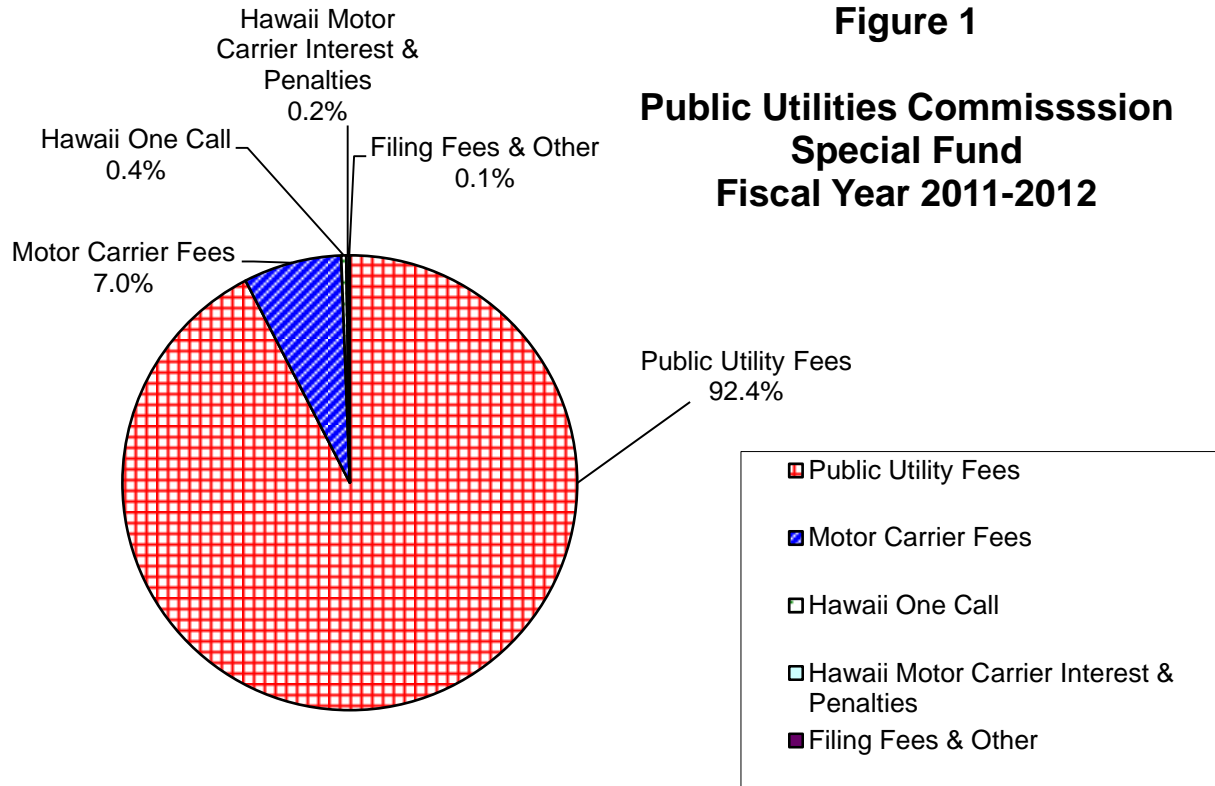
²Transfer of PUC Special Funds to DAGS for Job No. 22-13-7475 pursuant to the Commission’s April 19, 2012 Governor request to Initiate Office Space Renovations Work in the Kekuananoa State Office Building to Facilitate the Expansion of the Commission’s O`ahu Office, approved by Governor Abercrombie on April 26, 2012 (“DAGS Transfer”).

Total FY 2012 Special Fund revenues of \$19,270,946 reflect an increase of 12.3 per cent compared to FY 2011 revenues (see Attachment). The Commission collected \$17.8 million in public utility fees for FY 2012 or 12.8 per cent more than FY 2011 public utility fees. Motor carrier fees of \$1.3 million collected in FY 2012 were 7.2 per cent more than the fees collected in FY 2011. The revenues derived from each source of income are shown below:

<u>Description of Revenues</u>	<u>FY 2011</u>	<u>FY 2012</u>
Public Utility Fees	15,785,126	17,809,902
Motor Carrier Fees	1,253,281	1,344,118
Hawaii One Call Center Fees	68,530	68,186
Motor Carrier Interest/Penalties	17,298	23,815
Hawaii Motor Carrier Act Penalties	15,364	12,731
Filing Fees & Other	<u>25,579</u>	<u>12,914</u>
Total Revenues	\$17,165,178	\$19,270,946

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

Figure 1 shows a breakdown of the Special Fund revenues for FY 2012, 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

	<u>FY 2012</u>
Public Utility Fees	17,809,902
Motor Carrier Fees	1,344,118
Hawaii One Call Center Fees	68,186
Motor Carrier Interest & Penalties	36,546
Filing Fees & Other	<u>12,194</u>
Total Revenues	19,270,946

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

As shown in the table below, expenditures for FY 2012 totaling \$8,945,168 included approximately \$3,206,522 and \$5,738,646 for personnel and other current expenses (including equipment), respectively.

<u>Description of Expenditures</u>	<u>FY 2011</u>	<u>FY 2012</u>
Personnel Expenses	\$2,821,736	\$3,206,522
Other Current Expenses:		
Commission	2,092,141	2,598,874
Consumer Advocate	<u>2,169,331</u>	<u>3,003,599</u>
Total Other	4,261,472	5,602,473
Equipment and software licenses	<u>101,729</u>	<u>136,173</u>
Total Expenditures	7,184,937	8,945,168

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

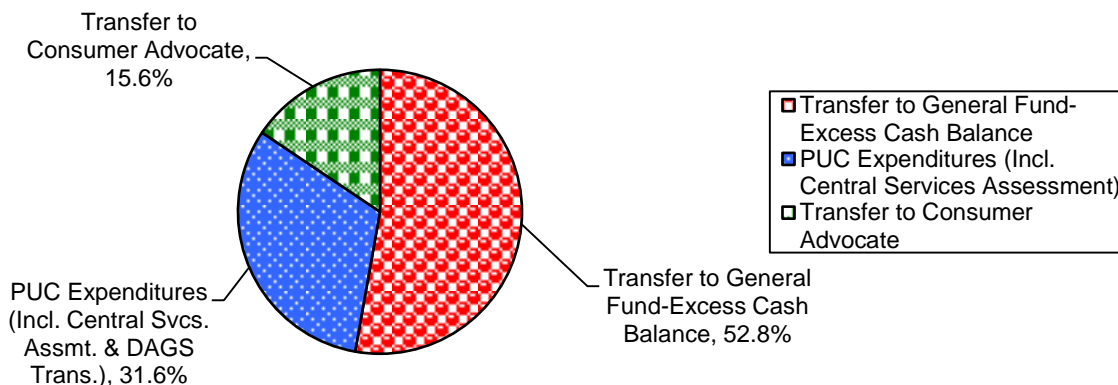
Total Special Fund expenditures for FY 2012 increased 24.5 per cent over FY 2011 expenditures (see Attachment). This increase is primarily due to the 31.5 per cent increase in “Commission Other Expenditures” in FY 2012 over FY 2011. The other major expenditure, “Personnel”, reflected a 13.6 per cent increase FY 2012 over FY 2011.

For FY 2012, the Special Fund’s other current expenses totaling \$5,738,646 (including encumbrances and equipment) consisted of \$3,003,599 for the operations of the Consumer Advocate, \$951,573 for central services assessments, and \$1,783,474 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 2012, the Commission transferred the Special Fund's excess balance of \$10,175,778 to the general fund. This amount is the total of excess balance in the Special Fund account established pursuant to Act 164, SLH 2011, as amended by Act 110, SLH 2012. 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 \$11,127,351 for FY 2012. This transfer amount increased 4.8 per cent from FY 2011's total general fund transfers of \$10,613,500 (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 2011 - 2012
Total Expenditures and Transfers**

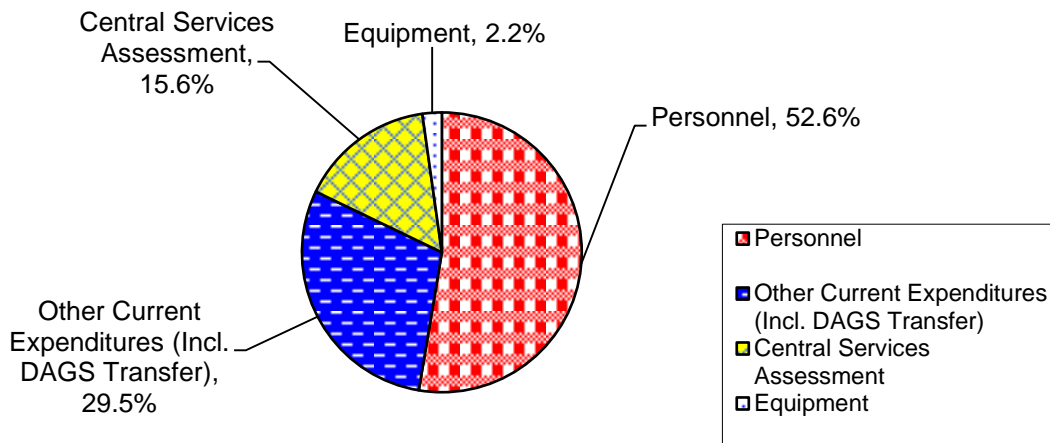


<u>Description of Total Expenditures and Transfers</u>	<u>FY 2012</u>
Transfer to General Fund-Excess Cash Balance	\$10,175,778
PUC Expenditures (Incl. Central Svc. Assmt. & DAGS Transfer)	6,091,569
Transfer to Consumer Advocate	<u>3,003,599</u>
Total Expenditures and Transfers	\$19,270,946

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

Figure 3 below shows a breakdown of the Commission’s expenditures of \$6,091,569 for FY 2012, including those related to personnel, other current, central services assessment, and equipment expenses.

**Figure 3
Public Utilities Commission Special Fund
Fiscal Year 2011 - 2012
PUC Expenditures**



<u>Description of PUC Expenditures</u>	<u>FY 2012</u>
Personnel	3,206,522
Other Current Expenditures (Incl. DAGS Transfer)	1,647,301
Central Services Assessment	951,573
Equipment	<u>136,173</u>
Total Expenditures (excluding Consumer Advocate and transfer to DAGS Job #22-13-7475)	5,941,569

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

ATTACHMENT

PUBLIC UTILITIES COMMISSION SPECIAL FUND

FYs 2011 & 2012

Appn.Accts. S-11-352-O, S-12-3522-O

	<u>FY 2011</u>	<u>FY 2012</u>	<u>% Change</u>
Beginning Balance	\$1,000,000	\$1,000,000	
Revenues	17,165,178	19,270,946	12.3%
Expenditures (including encumbrances) ⁽¹⁾	-7,184,937	-8,945,168	24.5%
Transfers Appn. Acct. S-XX-352-O			
To General Fund ⁽²⁾	-9,755,241	-10,175,778	4.3%
To PUC Specific Appropriation Acct. S-11-356-O ⁽³⁾	-225,000	-----	
To DAGS Job #22-13-7475 ⁽⁴⁾	-----	-150,000	
Total Transfers	<u>-9,980,241</u>	<u>-10,325,778</u>	<u>3.5%</u>
Ending Balance	1,000,000	1,000,000	

REVENUES:

<u>Description</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>% Change</u>
Public Utility Fees	15,785,126	17,809,902	12.8%
Motor Carrier Fees	1,253,281	1,344,118	7.2%
Hawaii One Call Center Fees	68,530	68,186	-0.5%
Motor Carrier Interest/Penalties	17,298	23,815	37.7%
Hawaii Motor Carrier Act Penalties	15,364	12,731	-17.1%
Filing Fees & Other	<u>25,579</u>	<u>12,194</u>	<u>-52.3%</u>
Total Revenues	\$17,165,178	\$19,270,946	12.3%

EXPENDITURES (INCLUDING
ENCUMBRANCES):

<u>Description</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>% Change</u>
Personnel	2,821,736	3,206,522	13.6%
Other Current Expenses:			
Commission Other Expenditures	2,092,141	2,598,874	24.2%
Transfer to Consumer Advocate	<u>2,169,331</u>	<u>3,003,599</u>	<u>38.5%</u>
Total Other Current Expenses	4,261,472	5,602,473	31.5%
Equipment and Software Licenses	<u>101,729</u>	<u>136,173</u>	<u>33.9%</u>
Total Expenditures	\$7,184,937	\$8,945,168	24.5%

TRANSFERS TO THE GENERAL FUND:

<u>Description</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>% Change</u>
Transfer of excess moneys ⁽²⁾	9,755,241	10,175,778	4.3%
Central services amount	<u>858,259</u>	<u>951,573</u>	<u>10.9%</u>
Total Transfers	10,613,500	11,127,351	4.8%

⁽¹⁾FY 2012 includes expenditures in Appn. Acct. S-12-352-O.

⁽²⁾FY 2012 transfers include moneys appropriated from the Special Fund through Appn. Acct. S-12-352-O and does not include transfers from prior year's accounts.

⁽³⁾FY 2011 S-11-356-O PUC Specific Appropriation Account established pursuant to Act 130, SLH 2010 for the funding of operations & staffing of reorg. positions begun by Act 177 & 183, SLH 2007.

⁽⁴⁾DAGS Transfer.

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