



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

December 13, 2002

The Honorable Robert Bunda
and Members of the Senate
Twenty-Second State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

For your information and consideration, I am transmitting herewith two (2) copies of the Public Utilities Commission's Special Fund Report for fiscal year ending June 30, 2002 pursuant to Section 269-33, Hawaii Revised Statutes.

Pursuant to Act 231, Session Laws of Hawaii 2001, I am also informing you that the report may be viewed electronically at www.hawaii.gov/budget/LegReports/reportslist.htm.

Very truly yours,

LINDA LINGLE

Enclosures



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

December 13, 2002

The Honorable Calvin K.Y. Say, Speaker
and Members of the House
Twenty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Mr. Speaker and Members of the House:

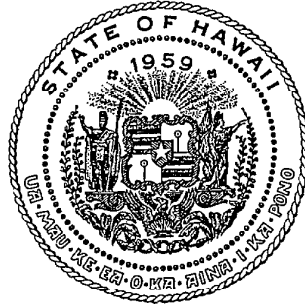
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Very truly yours,

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PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

SPECIAL FUND REPORT

FISCAL YEAR 2001-02

December 2002

Report on the
Public Utilities Commission Special Fund
Fiscal Year 2001-02

Section 269-33, Hawaii Revised Statutes (HRS), establishes the Public Utilities Commission (Commission) 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, established the special fund and 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 fiscal year. Similarly, at the beginning of each subsequent fiscal year, the Commission's special fund starts with a \$1 million balance carried over from the prior year's fund balance. Pursuant to Section 269-33, HRS, special fund 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.

Public utilities are required to pay an annual fee of one-half of one per cent of the gross income of the public utility's previous year's business. The fee is paid semi-annually, in July and December, and is deposited into the special fund. Motor carriers pay annual fees based on one-fourth of one per cent of gross revenues of the previous year's business. Other special fund revenues include filing fees, document reproduction fees, and any penalty fees. Motor carrier penalties are assessed for the late payment of annual fees. The Commission also may assess civil penalties, typically \$500 or \$1,000

per violation, through motor carrier citations for violations of the Motor Carrier Law, Chapter 271, HRS. Any public utility violating Chapter 269, HRS, or order of the Commission is subject to a civil penalty not to exceed \$25,000 each day as long as such violation continues. These civil penalties are assessed by the Commission after a hearing. During FY 2002, the Commission did not assess civil penalties against any public utility.

The Public Utilities Commission Special Fund's revenues, expenditures, and transfers, for FY 2002 (and FY 2001 for comparative purposes) are shown in the table below.

	<u>FY 2001*</u>	<u>FY 2002*</u>
Beginning Balance	\$1,000,000	\$1,000,000
Revenues	10,320,467	12,194,467
Expenditures	5,243,309	5,084,451
Transfer to General Fund**	<u>5,077,128</u>	<u>7,110,016</u>
Ending Balance	\$1,000,000	\$1,000,000

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

**This amount does not include transfers from prior year's accounts. For example, FY 2002 general fund transfer amount does not include the transfer of remaining balance in the FY 2001 account.

Total FY 2002 special fund revenues of \$12,194,467 reflect an increase of 18.2 per cent over FY 2001 revenues (see Attachment). The Commission collected \$11.1 million from public utility fees for FY 2002 or 20.2 per cent over FY 2001 public utility fees. Motor carrier fees of \$0.9 million in FY 2002 were 6.8 per cent below the fees collected in FY 2001. The revenues derived from each source of income are shown below:

<u>Description of Revenues</u>	<u>FY 2001</u>	<u>FY 2002</u>
Public Utility Fees	\$9,260,491	\$11,126,621
Motor Carrier Fees	918,630	856,067
Motor Carrier Interest/Penalties	38,015	36,001
Hawaii Motor Carrier Act Penalties	66,900	34,350
Filing Fees & Other	36,401	81,302
Transfers*	<u>-0-</u>	<u>60,126</u>
Total	\$10,320,437	\$12,194,467

*FY 2002 transfers include transfers of unused cash balance from the Department of Accounting and General Services (DAGS) for the Commission's office renovation project. (Note: Revenues are rounded to the nearest dollar.)

As shown in the table below, expenditures for FY 2002 totaling \$5,084,451 included approximately \$1.9 million and \$3.2 million for personnel and other current expenses, respectively.

<u>Description of Expenditures</u>	<u>FY 2001</u>	<u>FY 2002</u>
Personnel Expenses	\$1,863,223	\$1,879,631
Other Current Expenses*	3,336,284	3,161,115
Equipment	<u>43,802</u>	<u>43,705</u>
Total	\$5,243,309	\$5,084,451

*Other current expenses include \$13,070 in FY 2002 and \$309,000 in FY 2001 transferred to DAGS for the Commission's office renovation project.

Special fund expenditures for FY 2002 decreased 3.0 per cent below FY 2001 expenditures (see Attachment). Expenditures were higher in FY 2001 due to the one-time costs for the Commission's office renovation project incurred in FY 2001.

For FY 2002, the special fund's other current expenses totaling \$3,161,115 (including encumbrances) consisted of \$2,355,529 for the operations of the Consumer Advocate, \$609,317 for central services assessments, \$183,199 for direct expenses of the Commission and \$13,070 for the office renovation project. 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. The major direct expenses of the Commission included charges for public notices, dues, and microfilm services, totaling \$70,652.

Pursuant to Section 269-33, HRS, in FY 2002, the Commission transferred the special fund's excess balances of \$7,110,016 to the general fund. Total general fund transfers of \$7,716,733 for FY 2002, included excess special fund balances plus assessments for the central services expense. This transfer amount increased 38.0 per cent over FY 2001 total general fund transfers of \$5,593,150 (see Attachment).

PUBLIC UTILITIES COMMISSION SPECIAL FUND
 Fiscal Years 2001 & 2002
 Apn. Acct. S-01-352-O, & S-02-352-O

	<u>FY 2001</u>	<u>FY 2002</u>	<u>% Change</u> <u>2001-02</u>
Beginning Balance	1,000,000	1,000,000	
Revenues (1)	10,320,437	12,194,467	18.2%
Expenditures (2)	5,243,309	5,084,451	-3.0%
Transfer to General Fund (3)	<u>(5,077,128)</u>	<u>(7,110,016)</u>	40.0%
Ending Balance	1,000,000	1,000,000	

REVENUES:

<u>Description</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>% Change</u> <u>2001-02</u>
Public Utility Fees	9,260,491	11,126,621	20.2%
Motor Carrier Fees	918,630	856,067	-6.8%
Motor Carrier Interest/Penalties	38,015	36,001	-5.3%
Hawaii Motor Carrier Act Penalties	66,900	34,350	-48.7%
Filing Fees & Other	36,401	81,302	123.3%
Transfers from DAGS (1)	---	<u>60,126</u>	n/a
Total Revenues	10,320,437	12,194,467	18.2%

EXPENDITURES (INCLUDING ENCUMBRANCES):

<u>Description</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>% Change</u> <u>2001-02</u>
Personnel	1,863,223	1,879,631	0.9%
Other (2)	3,336,284	3,161,115	-5.3%
Equipment	<u>43,802</u>	<u>43,705</u>	-0.2%
Total Expenditures	5,243,309	5,084,451	-3.0%

TRANSFERS TO THE GENERAL FUND:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>Total</u>
Transfer of excess moneys (3)	5,077,128	7,110,016	12,187,144
Central services amount	<u>516,022</u>	<u>606,717</u>	<u>1,122,739</u>
Total	5,593,150	7,716,733	13,309,883
% Change		38.0%	

(1) FY 2002 revenues include transfers of unused cash balance returned from the Department of Accounting and General Services (DAGS) for PUC's renovation project.

(2) FY 2001 and FY 2002 "Other" expenditures include \$309,000 and \$13,070, respectively, transferred to DAGS for expenses of the PUC renovation project.

(3) 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.