



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

December 19, 2003

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

Dear Mr. Speaker and Members of the House:

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, 2003, pursuant to Section 269-33(c), 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/Reports.htm.

Sincerely,

/s/

LINDA LINGLE

Enclosures



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

December 19, 2003

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

Dear Mr. President and Members of the Senate:

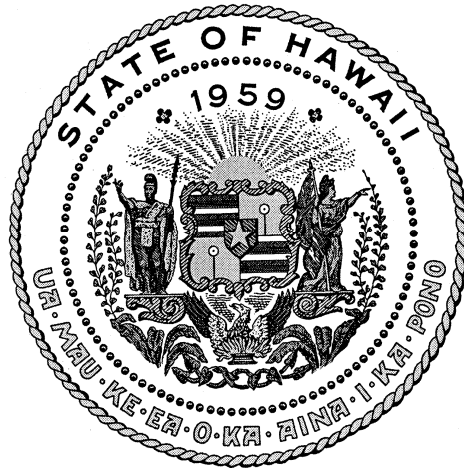
For your information and consideration, I am transmitting herewith two (2) copies of the Public Utilities Commission's Special Fund Report for fiscal year ending June 30, 2003, pursuant to Section 269-33(c), Hawaii Revised Statutes. Pursuant to Act 231, Session Laws of Hawaii 2001, I am also informing you that the report may be viewed electronically at www.hawaii.gov/budget/LegReports/Reports.htm.

Sincerely,

/s/

LINDA LINGLE

Enclosures



PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

SPECIAL FUND REPORT

FISCAL YEAR 2002-03

December 2003

Report on the
Public Utilities Commission Special Fund
Fiscal Year 2002-03 ("FY 2003")

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, established the Special Fund and 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 Commission's Special Fund starts with a \$1 million balance carried over from the prior year's fund balance. Pursuant to Section 269-33(d), 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.

All fees and other revenues collected by the Commission are deposited into its Special 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, subject to providing the alleged violators with notice and opportunity to be heard in accordance with Chapter 91, HRS. For motor carriers, we may impose civil penalties up to \$1,000 per violation of the Motor Carrier Law, Chapter 271, HRS, and its applicable rules, orders and regulations. For water carriers, we may impose various civil penalties for violating the Water Carrier Law, Chapter 271G, HRS, and its applicable rules, orders and regulations. For any other public utility violating Chapter 269, HRS, and its applicable rules, orders and regulations, we may impose various civil penalties not to exceed \$25,000 each day so long as such violation continues.

The Special Fund's revenues, expenditures, and transfers, for FY 2001-02 ("FY 2002"), for comparative purposes, and FY 2003 are shown in the table below.

	<u>FY 2002*</u>	<u>FY 2003*</u>
Beginning Balance	\$1,000,000	\$1,000,000
Revenues	12,194,467	12,778,421
Expenditures	5,084,451	5,369,390
Transfer to General Fund**	7,110,016	7,159,031
Transfer to DBEDT***	<u> </u>	<u>250,000</u>
Ending Balance	\$1,000,000	\$1,000,000

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

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

***This amount was transferred to the general fund for the Department of Business, Economic Development, and Tourism's (DBEDT) contract services, pursuant to Act 77, SLH 2002.

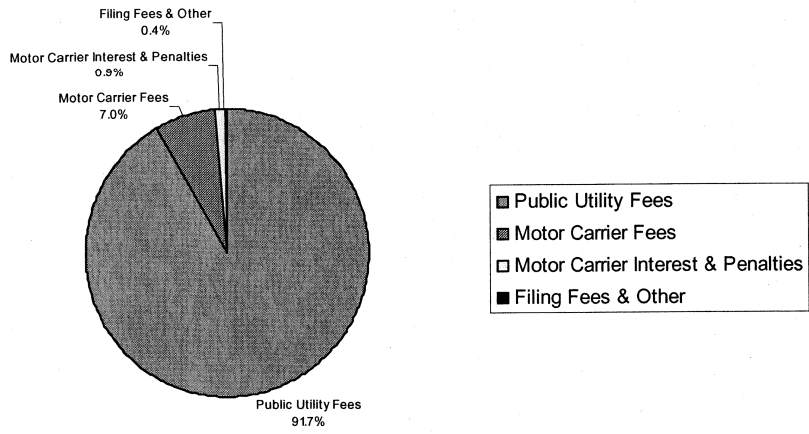
Total FY 2003 Special Fund revenues of \$12,778,421 reflect an increase of 4.8 per cent over FY 2002 revenues (see Attachment). The Commission collected \$11.7 million from public utility fees for FY 2003 or 5.3 per cent over FY 2002 public utility fees. Motor carrier fees of \$0.9 million in FY 2003 were 5.1 per cent over the fees collected in FY 2002. The revenues derived from each source of income are shown below:

<u>Description of Revenues</u>	<u>FY 2002</u>	<u>FY 2003</u>
Public Utility Fees	\$11,126,621	\$11,717,267
Motor Carrier Fees	856,067	899,408
Motor Carrier Interest/Penalties	36,001	72,737
Hawaii Motor Carrier Act Penalties	34,350	40,415
Filing Fees & Other	81,302	46,884
Transfers*	<u>60,126</u>	<u>1,710</u>
Total	\$12,194,467	\$12,778,421

*FYs 2002 and 2003 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.)

Figure 1 shows a breakdown of the Special Fund revenues for FY 2003, including public utility fees, motor carrier fees, motor carrier interest and penalties (includes motor carrier interest/penalties and motor carrier act penalties), and filing fees and others (includes transfers).

Figure 1
Public Utilities Commission Special Fund
Fiscal Year 2002-03
Revenues



<u>Description of Revenues</u>	<u>FY 2003</u>
Public Utility Fees	11,717,267
Motor Carrier Fees	899,408
Motor Carrier Interest & Penalties	113,152
Filing Fees & Other	<u>48,594</u>
Total Revenues	12,778,421

As shown in the table below, expenditures for FY 2003 totaling \$5,369,390 included approximately \$2.1 million and \$3.3 million for personnel and other current expenses, respectively.

<u>Description of Expenditures</u>	<u>FY 2002</u>	<u>FY 2003</u>
Personnel Expenses	\$1,879,631	\$2,090,781
Other Current Expenses		
Commission*	805,586	810,900
Consumer Advocate	<u>2,355,529</u>	<u>2,453,275</u>
Total Other	3,161,115	3,264,175
Equipment	<u>43,705</u>	<u>14,434</u>
Total	\$5,084,451	\$5,369,390

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

Special Fund expenditures for FY 2003 increased 5.6 per cent over FY 2002 expenditures (see Attachment).

For FY 2003, the Special Fund's other current expenses totaling \$3,264,175 (including encumbrances) consisted of \$2,453,275 for the operations of the Consumer Advocate, \$638,899 for central services assessments, and \$172,001 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. For FY 2003, the major direct expenses of the Commission included charges for public notices, dues, and subscriptions, totaling \$70,934.

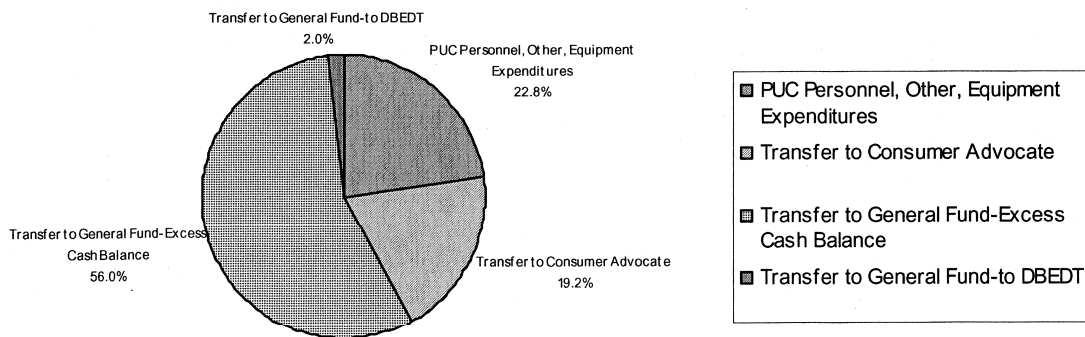
Pursuant to Section 269-33, HRS, in FY 2003, the Commission transferred the Special Fund's excess balances of \$7,159,031 to the general fund. Total general fund transfers of \$7,797,930 for FY 2003 included excess Special Fund balances plus assessments

for the central services expense. This transfer amount increased 1.1 per cent over FY 2002 total general fund transfers of \$7,716,733 (see Attachment).

For FY 2003, the Commission transferred \$250,000 from its Special Fund to the general fund for DBEDT to pay for the costs of contracting services with petroleum industry experts to assist DBEDT in its report to the 2003 Legislature, pursuant to Act 77, SLH 2002. DBEDT was required to report on matters relating to Hawaii's wholesale and retail gasoline markets and the potential effect of imposing gas price caps.

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

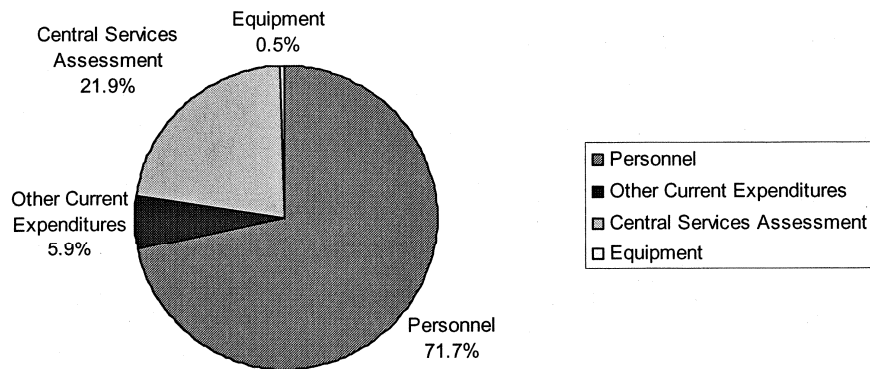
Figure 2
Public Utilities Commission Special Fund
Fiscal Year 2002-03
Total Expenditures and Transfers



	<u>FY 2003</u>
PUC Personnel, Other, Equipment Expenditures	2,916,115
Transfer to Consumer Advocate	2,453,275
Transfer to General Fund-Excess Cash Balance	7,159,031
Transfer to General Fund-to DBEDT	<u>250,000</u>
Total Expenditures (Incl. Transfers)	12,778,421

Figure 3 shows a breakdown of the Commission's expenditures of \$2,916,115 for FY 2003, including personnel, other current, central services assessments, and equipment expenses.

Figure 3
Public Utilities Commission Special Fund
Fiscal Year 2002-03
PUC Expenditures



<u>Description of PUC Expenditures</u>	<u>FY 2003</u>
Personnel	2,090,781
Other Current Expenditures	172,001
Central Services Assessment	638,899
Equipment	<u>14,434</u>
Total Expenditures (excluding Consumer Advocate)	2,916,115

PUBLIC UTILITIES COMMISSION SPECIAL FUND
 Fiscal Years 2002 & 2003
 Appn. Accts. S-02-352-O & S-03-352-O

	<u>FY 2002</u>	<u>FY 2003</u>	<u>% Change</u>
Beginning Balance	1,000,000	1,000,000	
Revenues (1)	12,194,467	12,778,421	4.8%
Expenditures (2)	5,084,451	5,369,390	5.6%
Transfer to General Fund			
Excess Cash Balance (3)	(7,110,016)	(7,159,031)	0.7%
Transfer to DBEDT (4)		(250,000)	n/a
Ending Balance	1,000,000	1,000,000	

REVENUES:

<u>Description</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>% Change</u>
Public Utility Fees	11,126,621	11,717,267	5.3%
Motor Carrier Fees	856,067	899,408	5.1%
Motor Carrier Interest/Penalties	36,001	72,737	102.0%
Hawaii Motor Carrier Act Penalties	34,350	40,415	17.7%
Filing Fees & Other	81,302	46,884	-42.3%
Transfers from DAGS (1)	60,126	1,710	-97.2%
Total Revenues	12,194,467	12,778,421	4.8%

EXPENDITURES (INCLUDING ENCUMBRANCES):

<u>Description</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>% Change</u>
Personnel	1,879,631	2,090,781	11.2%
Other Current Expenses:			
Commission Other Expenditures (2)	805,586	810,900	0.7%
Transfer to Consumer Advocate	2,355,529	2,453,275	4.1%
Total Other Current Expenses	3,161,115	3,264,175	3.3%
Equipment	43,705	14,434	-67.0%
Total Expenditures	5,084,451	5,369,390	5.6%

TRANSFERS TO THE GENERAL FUND:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Total</u>
Transfer of excess moneys (3)	7,110,016	7,159,031	14,269,047
Central services amount	606,717	638,899	1,245,553
Total	7,716,733	7,797,930	15,514,600
% Change		1.1%	

(1) FYs 2002 and 2003 revenues include transfers of unused cash balance returned from the DAGS for PUC renovation project.

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

(3) Does not include transfers from prior year's accounts.

(4) Transfer made to the Department of Business, Economic Development and Tourism (DBEDT) for contract services pursuant to Act 77, Session Laws of Hawaii 2002.

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