

PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

SPECIAL FUND REPORT

FISCAL YEAR 2005-06

November 2006

**Report on the
Public Utilities Commission Special Fund
Fiscal Year 2005-06 ("FY 2006")**

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 (1) 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 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, and penalty fees. Motor carrier penalties are assessed for 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 its 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 its applicable rules, orders and regulations. For any other public utility violating Chapter 269, HRS, and its 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.

Act 178, SLH 2005 (“Act 178”) appropriated \$8,505,197 for the Commission’s FY 2006 operating expenses. The Special Fund’s revenues, expenditures, and transfers for FY 2004-05 (“FY 2005”), for comparative purposes, and for FY 2006 are shown in the table below.

	<u>FY 2005*</u>	<u>FY 2006*</u>
Beginning Balance	\$1,000,000	\$1,000,000
Revenues	12,204,752	14,229,235
Expenditures**	6,588,390	7,780,702
Transfers to General Fund:***		
Appn. Acct. S-XX-352-O	5,248,970	6,448,533
Appn. Acct. S-05-341-O	300,000	-0-
Appn. Acct. S-05-353-O	<u>67,392</u>	<u>-0-</u>
Total Transfers	<u>5,616,362</u>	<u>6,448,533</u>
Ending Balance	\$1,000,000	\$1,000,000

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

**FY 2006 includes expenditures in Appropriation Account No. S-06-352-O.

***General fund transfers: FY 2006: Appn. Acct. S-06-352-O. Transfers of excess funds from prior year’s accounts are not included, e.g., the FY 2006 general fund transfer amount does not include transfer of the balance in the FY 2005 account. (Note: All figures rounded to nearest dollar.)

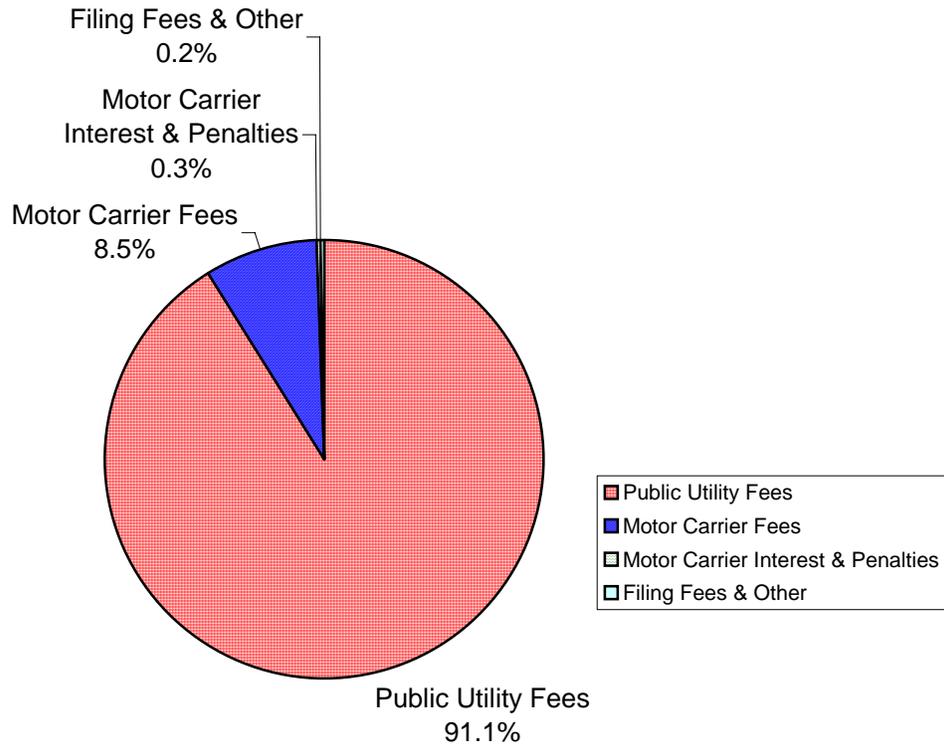
Total FY 2006 Special Fund revenues of \$14,229,235 reflect an increase of 16.6 per cent compared to FY 2005 revenues (see Attachment). The Commission collected \$13.0 million in public utility fees for FY 2006 or 16.6 per cent more than FY 2005 public utility fees. Motor carrier fees of \$1.2 million collected in FY 2006 were 16.2 per cent over the fees collected in FY 2005. The revenues derived from each source of income are shown below:

<u>Description of Revenues</u>	<u>FY 2005</u>	<u>FY 2006</u>
Public Utility Fees	\$11,112,105	\$12,959,079
Motor Carrier Fees	1,034,797	1,202,595
Motor Carrier Interest/Penalties	6,463	2,296
Hawaii Motor Carrier Act Penalties	6,700	42,850
Filing Fees & Other	<u>44,687</u>	<u>22,415</u>
Total Revenues	\$12,204,752	\$14,229,235

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

Figure 1 shows a breakdown of the Special Fund revenues for FY 2006, 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 other.

Figure 1
Public Utilities Commission Special Fund
Fiscal Year 2005-06
Revenues



<u>Description of Revenues</u>	<u>FY 2006</u>
Public Utility Fees	\$12,959,079
Motor Carrier Fees	1,202,595
Motor Carrier Interest & Penalties	45,146
Filing Fees & Other	<u>22,415</u>
Total Revenues	\$14,229,235

As shown in the table below, expenditures for FY 2006 totaling \$ 7,780,702 included approximately \$2,578,207 million and \$5,202,495 million for personnel and other current expenses (including equipment), respectively.

<u>Description of Expenditures</u>	<u>FY 2005</u>	<u>FY 2006</u>
Personnel Expenses*	\$2,306,256	\$2,578,207
Other Current Expenses:		
Commission	1,796,316	2,598,399
Consumer Advocate	<u>2,473,837</u>	<u>2,592,100</u>
Total Other	4,270,153	5,190,499
Equipment	<u>11,981</u>	<u>11,996</u>
Total Expenditures	\$6,588,390	\$7,780,702

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

Total Special Fund expenditures for FY 2006 increased 18.1 per cent over FY 2005 expenditures (see Attachment). This increase is primarily due to personnel expenditures increasing by 11.8 per cent in FY 2006, as a result of vacant positions being filled.

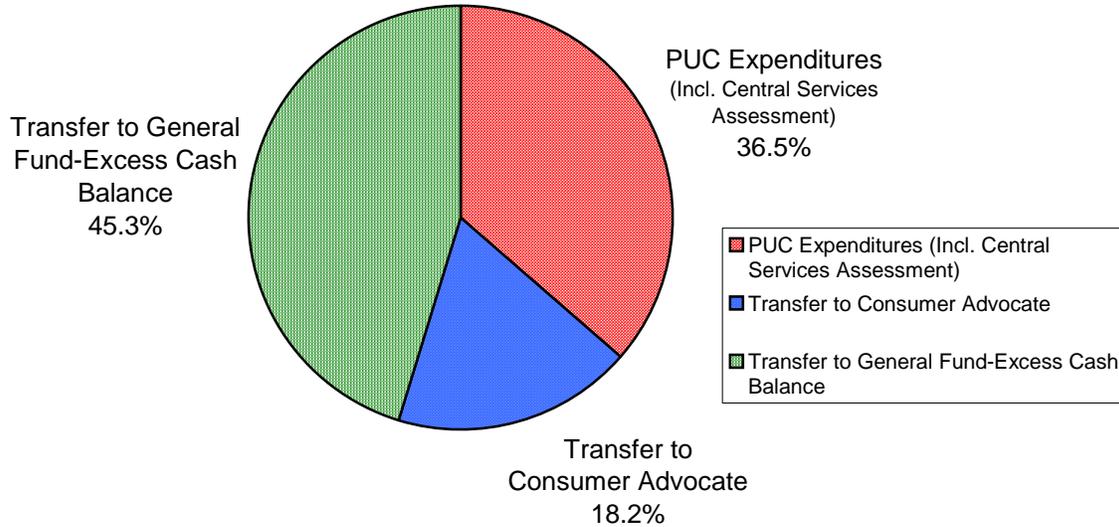
For FY 2006, the Special Fund's other current expenses totaling \$5,202,495 (including encumbrances and equipment) consisted of \$2,592,100 for the operations of the Consumer Advocate, \$680,451 for central services assessments, and \$1,929,944 for direct expenses of the Commission. Pursuant to Section 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 2006, the major direct expenses of the Commission included

charges for consultant services (including services on a fee basis), public notices (advertising), and fees associated with staff training totaling \$1,531,294.

Pursuant to Section 269-33, HRS, in FY 2006, the Commission transferred the Special Fund's excess balance of \$6,448,533 to the general fund. This amount is the total of excess balance in the special fund account established pursuant to Act 178, SLH 2005. 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 \$7,128,984 for FY 2006. This transfer amount increased by 14.4 per cent from FY 2005's total general fund transfers of \$6,232,266 (see Attachment).

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

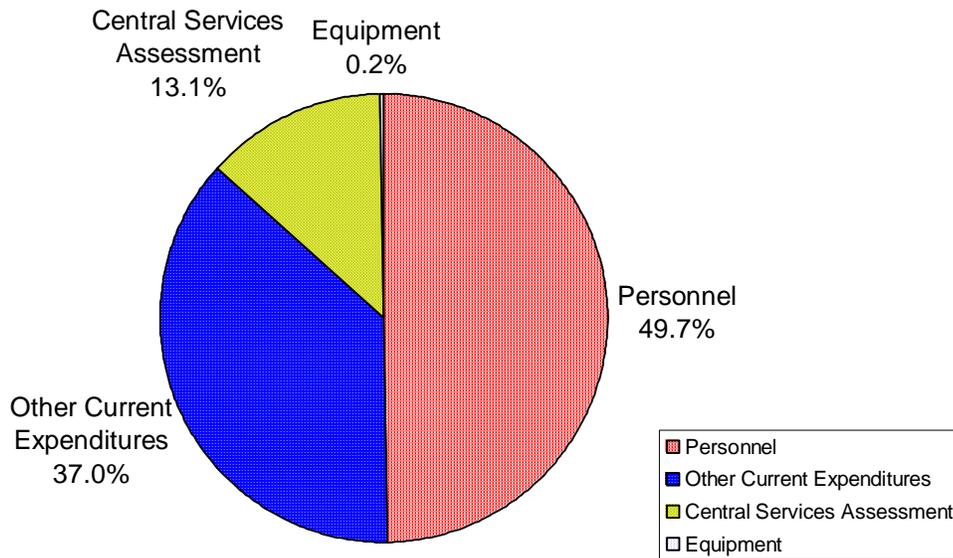
Figure 2
Public Utilities Commission Special Fund
Fiscal Year 2005-06
Total Expenditures and Transfers



Description of Total Expenditures and Transfers	<u>FY 2006</u>
PUC Expenditures (Incl. Central Services Assessment)	\$5,188,602
Transfer to Consumer Advocate	2,592,100
Transfer to General Fund-Excess Cash Balance	<u>6,448,533</u>
Total Expenditures and Transfers	\$14,229,235

Figure 3 below shows a breakdown of the Commission’s expenditures of \$5,188,602 for FY 2006, including those related to personnel, other current, central services assessment, and equipment expenses.

Figure 3
Public Utilities Commission Special Fund
Fiscal Year 2005-06
PUC Expenditures



<u>Description of PUC Expenditures</u>	<u>FY 2006</u>
Personnel	2,578,207
Other Current Expenditures	1,917,948
Central Services Assessment	680,451
Equipment	<u>11,996</u>
Total Expenditures (excluding Consumer Advocate)	5,188,602

PUBLIC UTILITIES COMMISSION SPECIAL FUND

Fiscal Years 2005 & 2006

Appn. Accts. S-05-352-O, S-05-341-O, S-05-353-O, S-06-352-O

	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Change</u>
Beginning Balance	\$1,000,000	\$1,000,000	
Revenues	12,204,752	14,229,235	16.6%
Expenditures (1)	6,588,390	7,780,702	18.1%
Transfers to General Fund (2)			
Appn. Acct. S-XX-352-O	(5,248,970)	(6,448,533)	22.9%
Appn. Acct. S-05-341-O	(300,000)	-0-	n/a
Appn. Acct. S-05-353-O	<u>(67,392)</u>	<u>-0-</u>	n/a
Total Transfers	<u>(5,616,362)</u>	<u>(6,448,533)</u>	14.8%
Ending Balance	\$1,000,000	\$1,000,000	

REVENUES:

<u>Description</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Change</u>
Public Utility Fees	\$11,112,105	\$12,959,079	16.6%
Motor Carrier Fees	1,034,797	1,202,595	16.2%
Motor Carrier Interest/Penalties	6,463	2,296	-64.5%
Hawaii Motor Carrier Act Penalties	6,700	42,850	539.6%
Filing Fees & Other	<u>44,687</u>	<u>22,415</u>	-49.8%
Total Revenues	\$12,204,752	\$14,229,235	16.6%

EXPENDITURES (INCLUDING ENCUMBRANCES):

<u>Description</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Change</u>
Personnel (1)	\$2,306,256	\$2,578,207	11.8%
Other Current Expenses:			
Commission Other Expenditures	1,796,316	2,598,399	44.7%
Transfer to Consumer Advocate	<u>2,473,837</u>	<u>2,592,100</u>	4.8%
Total Other Current Expenses	4,270,153	5,190,499	21.6%
Equipment	<u>11,981</u>	<u>11,996</u>	0.1%
Total Expenditures	\$6,588,390	\$7,780,702	18.1%

TRANSFERS TO THE GENERAL FUND:

	<u>FY 2005</u>	<u>FY 2006</u>	<u>Total</u>
Transfer of excess moneys (2)	5,616,362	6,448,533	12,064,895
Central services amount	<u>615,904</u>	<u>680,451</u>	<u>1,296,355</u>
Total Transfers	\$6,232,266	\$7,128,984	\$13,361,250
% Change		14.4%	

(1) FY 2006 includes expenditures in Appn. Acct. S-06-352-O

(2) FY 2006 transfers include moneys appropriated from the Special Fund through Appn. Acct. S-06-352-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.