

## LEGISLATIVE REPORT

**SUBJECT:** Relating to the State Budget

**REFERENCE:** Act 213, SLH 2007 (HB500, HD1, SD1, CD1, Section 79)

**ACTION REQUESTED:** Report on current and projected usage and costs of electricity, sewer, and water services.

**DOE REPORT:**

**Introduction:**

**Legislative Background.** Act 213, Session Laws of Hawaii 2007, provided the operating and capital improvement appropriations for State agencies for the fiscal biennium 2007-2009.

Section 79 of this Act pertains to the additional general fund appropriations to the Department of Education (DOE) for electricity, sewer, and water costs.

**FINDINGS:**

See attached spreadsheet. A review of the attached spreadsheet shows significant differences between the amounts appropriated, forecast, and actually incurred for utilities in FY 2007-2008. The actual utility costs for FY 2007-2008 are understated by approximately \$6 million, and exceeded our forecast by approximately \$4 million. The reason for this is that approximately \$6 million of FY 2007-2008 costs were encumbered at the end of FY 2006-2007, when electricity costs fell below our forecast. We used this surplus to encumber funds for electricity in the subsequent FY 2007-2008. Thus the apparent expense, as shown on the spreadsheet, is below the forecast for FY 2007-2008 while the actual amount exceeded our forecast.

The "FY 2008-2009 revised forecast" was made in mid-September 2008 and is based on a projected oil price of \$115 per barrel. If the average price of oil is below this amount for FY 2008-2009, our actual utility expenses will be below the forecast amounts.

**RECOMMENDATIONS:** Not applicable.

**Department of Education  
Utility Forecast**

**Fiscal Year 2007-2008**

<b>UTILITY</b>	<b>APPROPRIATION</b>	<b>FY 2007-2008 FORECAST</b>	<b>FY 2007-2008 ACTUAL COST</b>	<b>FY 2007-2008 ACTUAL USAGE (kwh, gallons)</b>
Electricity	\$38,348,543	\$36,866,491	\$34,371,774	147,302,646
Water	\$3,689,293	\$4,476,122	\$4,537,787	1,577,327,100
Sewer	\$3,949,355	\$4,853,313	\$4,660,074	n/a

**Fiscal Year 2008-2009**

<b>UTILITY</b>	<b>APPROPRIATION</b>	<b>FY 2008-2009 REVISED FORECAST</b>		<b>FY 2008-2009 FORECAST USAGE (kwh, gallons)</b>
Electricity	\$40,165,124	\$44,862,433		147,302,646
Water	\$3,893,186	\$4,989,440		1,577,327,100
Sewer	\$3,134,355	\$5,540,671		n/a