

MINUTES

WATER BOARD PUBLIC HEARING
ON
THE PROPOSED WATER RATE SCHEDULES
FOR THE DEPARTMENT OF WATER SUPPLY OF THE COUNTY OF HAWAI‘I

Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo

July 27, 2010

MEMBERS PRESENT: Mr. Dwayne Mukai, Chairperson
Mr. Bob Meierdiercks, Vice-Chairperson
Mr. David Greenwell
Mr. George Harai
Mr. Kenneth Kaneshiro
Mr. Delan Perry
Mr. Joe Reynolds
Mr. Art Taniguchi
Mr. Milton Pavao, Manager (ex-officio member)

MEMBER ABSENT: Mr. Bryan Lindsey

DEPARTMENT OF WATER SUPPLY STAFF

Mr. Quirino Antonio, Deputy Manager
Mr. Kurt Inaba, Engineering Division Head
Mr. Daryl Ikeda, Chief of Operations
Mr. Rick Sumada, Waterworks Controller
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst
Mr. Keith Okamoto, Engineering Division

OTHERS PRESENT: Ms. Kathy Garson, Assistant Corporation Counsel
Mr. Tommy Goya
Mr. Chris English, Hawai‘i Cattlemen’s Council
Mr. Scott T. Spence, Hawai‘i Cattlemen’s Association
Mr. Grant Nakagawa, KPMG

CALL TO ORDER: 9:30 a.m.

CHAIRPERSON MUKAI: Good morning. Would the Public Hearing on the proposed water rate schedules for the Department of Water Supply please come to order. I am Dwayne Mukai, Chairperson of the Water Board, and the members of the Water Board who are here are: could you please introduce yourselves from left to right. First, Mr. Greenwell? *(Members introduce themselves in the following order: David Greenwell, Joe Reynolds, Art Taniguchi, Bob Meierdiercks, George Harai, Delan Perry, Ken Kaneshiro.)*

Thank you, gentlemen. We are here to accept testimony on the proposed water rate schedules. The Department of Water Supply is supervised by the Water Board as provided for in the Hawai‘i County Charter. Upon recommendation by the Department, the Water Board authorized the Manager to hire a water rate consultant to review the adequacy of the existing rates. R. W. Beck, Inc., of Seattle, Washington, was contracted for this purpose.

Section 63 of Part III, Chapter 54, Hawai‘i Revised Statutes, reads as follows:

“The board of water supply may fix and adjust rates and charges for the furnishing of water and for water services such that the revenues derived therefrom shall be sufficient to make the waterworks and water systems self-supporting and to meet all expenditures authorized by this part; the board may establish variable rates among the several districts of the county, or among the areas served by the individual water systems within the county, for the purpose of establishing charges as closely as possible to the necessary amount required for the maintenance and operation of the particular individual water systems; provided no rates and charges shall be fixed or adjusted prior to the holding by the board of a public hearing, public notice of which shall have been given not less than twenty days before the date set for the hearing. The notice shall state the time and place for the hearing and the proposed rates and charges to be considered thereat. The time within which the notice shall be given shall be computed by including the first day (the day of the notice) and excluding the last day.”

We are here to receive comments or testimony on the proposed rates. As stated in the hearing notice, all comments or testimony were to be filed in writing before the time of the hearing or are to be presented in person at the time of the hearing. We would like to follow this format as closely as possible. However, because there may be some of you who do not have any written statements but would like to testify or comment, we would like to accord you this opportunity to do so, but would like to limit such presentations to five minutes because of the time element. And Bob Meierdiercks here will be our timekeeper.

The hearing is now open for public testimony. Will you please wait until you are recognized by the Chairperson, myself, and for the record, please step forward, state your name and the organization which you represent, if any. I will give you a warning. Actually, Bob Meierdiercks will give you a warning at the 4-minute mark that you have 1 minute left to summarize.

For the record, we have received written testimony from, and I believe the Water Board members have received it, from Michelle Galimba, President of the Hawai'i Cattlemen's Association, and we received testimony from James S. Greenwell, Chairperson, Land Issues Committee of the Hawai'i Cattlemen's Council. At this time, we would like to enter it into public record.

We also have received testimony from Tommy Goya.

MS. GARSON: Did all members of the Board receive that this morning, and have a chance to review it?

CHAIRPERSON MUKAI: Yes.

MR. GOYA: Good morning, Chairman Mukai. Milton, good morning. I am again here before you to ask for your consideration of my proposal in your deliberation later today on the proposed water use rate options that were presented to the Board at its June 15, 2010, meeting. As mentioned in my previous communications, the use of water has always been a part of my long-term interest in sustainability. And I'm speaking for myself here. I have embraced it as my kuleana, and my responsibility, as water is truly our most precious resource. In the interest of your time, I have summarized my comments as follows:

1. I'm asking you to keep the current rates as was proposed as Option B that were approved at your June 15, 2010, meeting for at least the current fiscal year.
2. This is so the Board can begin member education on long range rate options and capital budget scenarios in conjunction with strategic planning that will lead to the lowest reasonable rates over a longer-term planning horizon.
3. As previously mentioned, to investigate the addition of a new Sustainability and Energy Efficiency Surcharge to the current rates to fund specific Board-approved sustainability and energy efficiency budgeted line items.

The Sustainability and Energy Efficiency Surcharge would be managed separately and only dedicated to specific Board-approved budgeted line items. Collection can be based on the water consumption per thousand gallons. Application and approval would be similar to the Power Adjustment Clause and modified based on the annual budget. Some of the example of projects that we currently have that could be funded are: 1. additional in-line

hydro generators, 2. water efficiency and energy efficiency measures and new technology, 3. customer education on water conservation, water saving appliances, watershed protection, water resource management, etc., 4. transportation efficiencies in vehicles, GPS systems to monitor use and location and to use for emergency purposes, procurement of hybrid vehicles, 5. technical and hands-on training in these matters, 6. energy audits, 7. customer outreach programs. As an example, if a \$0.05 per thousand gallon rate were approved and the forecast is for 9,500,000 gallons of customer consumption, approximately \$475,000 could be collected in the first year of implementation. This could potentially fund two in-line hydro projects with two- or three-year payback periods – and that’s very significant – and still have monies available for customer education. This would truly be in the best long-range interest of our customers, the Department, and the vital and precious resource you are chartered to manage. Mahalo for your time and attention. I am available to discuss the surcharge option proposal, maybe at a later meeting. Thank you for your time and interest.

CHAIRPERSON MUKAI: Thank you, Mr. Goya. Next we have Mr. Chris English.

MR. ENGLISH: Good morning. Thank you, gentlemen. I’m here on behalf of the Hawai’i Cattlemen’s Council. First of all, I’d like to thank everybody for considering our proposal. I know it’s time-consuming but I’m here to state support for either one of the Cattlemen’s Proposals for the rates. Jimmy Greenwell apologizes for not being here, but I’m here on his behalf. Thank you again for your time and attention.

CHAIRPERSON MUKAI: All right. Thanks, Chris. Next we have Mr. Scott Spence.

MR. SPENCE: Good morning. I’m Scott Spence. I’m Vice President of the Hawai’i Cattlemen’s Association, and as Chris said, I’m here to show support for the Cattlemen’s Proposal or the Modified Proposal..

CHAIRPERSON MUKAI: You’re with the Hawai’i Cattlemen’s Association.

MR. SPENCE: Yeah, and this is my first time going up against any kind of Board, so I’m a little nervous.

CHAIRPERSON MUKAI: Anything else?

MANAGER: Like anything else, the more you do, the more you get used to it.

CHAIRPERSON MUKAI: Do we have any further testimony at this time? Seeing or hearing none... Hearing no further questions or testimony, I thank all of you for coming to provide testimony on the proposed water rates schedule. I hereby declare this Hearing closed. Thanks for coming.

(Public Hearing closed at 9:42 a.m.)

Senior Clerk-Stenographer

Anyone who requires an auxiliary aid or service for effective communication or a modification of policies or procedures to participate in this Water Board Meeting should contact Doreen Shirota, Secretary, at 961-8050 as soon as possible, but no later than five days before the scheduled meeting.

The Department of Water Supply is an Equal Opportunity provider and employer.

Notice to Lobbyists: If you are a lobbyist, you must register with the Hawai’i County Clerk within five days of becoming a lobbyist. {Article 15, Section 2-91.3(b), Hawai’i County Code} A lobbyist means “any individual engaged for pay or other consideration who spends more than five hours in any month or \$275 in any six-month period for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.” {Article 15, Section 2-91.3(a)(6), Hawai’i County Code} Registration forms and expenditure report documents are available at the Office of the County Clerk-Council, Hilo, Hawai’i.