

MINUTES

DEPARTMENT OF WATER SUPPLY COUNTY OF HAWAI‘I WATER BOARD MEETING

August 23, 2022

West Hawai‘i Civic Center, Room B2, 74-5044 Ane Keohokalole Highway, Kailua-Kona, HI

MEMBERS PRESENT: Mr. David De Luz, Jr., Chairperson
Mr. Michael Bell
Ms. Julie Hugo
Ms. Kea Keolanui
Mr. Stephen “Kawena” Lopez
Mr. Benjamin Ney
Mr. Keith K. Okamoto, Manager-Chief Engineer,
Department of Water Supply (ex-officio member)

ABSENT: Mr. Steven Hirakami, Vice-Chairperson
Mr. Pono Kekela, Water Board Member
Mr. Kenneth Sugai, Water Board Member
Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel
Mr. Sinclair Salas-Ferguson, Deputy Corporation Counsel
Mr. Mako Freitas, National Park Service
Mr. James Vasconcellos, Jr.

DEPARTMENT OF

WATER SUPPLY STAFF: Mr. Kawika Uyehara, Deputy
Mr. Kurt Inaba, Engineering Division Head
Ms. Candace Gray, Waterworks Controller
Mr. Gregory Goodale, Chief of Operations
Mr. Eric Takamoto, Operations Division
Mr. Warren Ching, Energy Management Specialist
Mr. William O’Neil, Jr., Water Service District Supervisor II, DWS Waimea
Ms. Kathleen Isherwood, Water Service Program Supervisor
Mr. Alvin Inouye, Water Plant Electrical/Electronic Equipment Repairer II

- 1) CALL TO ORDER – Chairperson De Luz called the meeting to order at 10:01 a.m. A quorum of six Board Members were in attendance.
- 2) STATEMENTS FROM THE PUBLIC - Pursuant to HRS §92-3, oral testimony may be provided entirely at the beginning of the meeting, or immediately preceding the agenda item. There were no statements from the public at this time.
- 3) APPROVAL OF MINUTES:

ACTION: Ms. Keolanui moved for approval of the Minutes of the July 26, 2022, Water Board Meeting; seconded by Ms. Hugo and carried unanimously by voice vote.

- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA – none
- 5) CONTESTED CASE HEARING (NOTICED FOR 10:00 A.M.):

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

Water Service Account No. 007-93006260-10

The above Contested Case Hearing is to take place in accordance with Chapter 91 of the Hawai‘i Revised Statutes and Rule 2-5 of the Rules and Regulations of the Department of Water Supply.

The issues involved in the above-referenced hearing will be Mr. J. Vasconcellos, Jr.’s, appeal of the proposed Shut-off Notice for Account No. 007-93006260-10 and the Department’s Findings of Fact, Conclusions of Law and Decision after the Administrative Hearing held on June 3, 2022.

This hearing is being set pursuant to Mr. Vasconcellos’ request of June 16, 2022, for the hearing to be held at the August 23, 2022, Water Board Meeting.

The following is transcribed verbatim.

Chairperson De Luz: So pursuant to the Contested Case Hearing, so it’s my understanding, Diana, that Mr. Vasconcellos can make his statement?

Ms. Mellon-Lacey: Yes, what we should do to start, Mr. Chair, is just have the appellant and the Department’s representatives state their names for the record.

Chairperson De Luz: Okay, if we could do that please.

Ms. Mellon-Lacey: Mr. Vasconcellos, you can sit here.

Chairperson De Luz: Oh, excuse me. Go ahead, Mr. Vasconcellos.

Mr. Vasconcellos: Good morning everybody. Thank you for giving me the chance to make my statement regarding my problem for 22 years with the Water Supply, which I know that they’re trying their best and maybe my background with working in the construction field almost all my life, except for the ending part I worked with the County for 21 years. But I did a lot of...I retired from Operators/Engineers after my 25 years, was a Superintendent for Royal Construction; and we did a lot of subdivisions, roadways, bridges, welding underwater pipes, service lines such as these. I mean, you name it, I’ve done it all. And it’s a true fact. I am not condemning the system that the Water Supply department has up at the Kaloko Mauka Subdivision, but it is in question that the location of my particular meter is over-pressurized. And when I say over-pressurized, a normal service lateral should deliver anywhere between 60 and 80 at the highest, with my experience. And 40 is acceptable. When you reset a pressure-relief valve at your house, everybody tells you between 40 and 60 and that’s enough for a two-story house. Well, my particular home that I have in Kaloko Mauka is a slope, and it’s close to 2,000 feet in elevation and the PRVs are far away that are above me. And that creates a problem with the head of the water. Let me explain what the head of the water means. It means that there is weight behind the water pushing down. They call this section, that’s the head of the water, which delivers approximately, well, close proximity of 1 pound per every two feet in elevation. One pound for every two feet in elevation is a gain going down or loss going up. My particular situation is, I don’t know if you would call it a loop, but we used to call it a loop where most of the lines are connected together. They are a loop. And the situation in Kaloko Mauka is that they

have water tanks, a lot of them. I think, if I'm not mistaken, something like seven water tanks, that they pump the water from the wells down below, and they fill up the water tanks, and these water tanks get filled up with water and as it goes up into the subdivision, that's what you call a transmission line. That's a bigger line; it's an 8-inch line, which I think is way too small, now because of the construction going on up there is tremendous. Anyway, that's not my call. That's not why I'm here, the size of the line; but it does have a play on the return line, which is a 4-inch line, which is pressure over volume, more pressure over volume. Volume, big line, over-pressure. That creates your pressure, pounds, plus or minus the two-foot elevation I was talking about earlier, if you can follow me. Hope you all can follow me. Okay, the closest PRV to my house is 100 feet difference in elevation. I got one on Kaloko Drive, and then Hao Street, I'm on Hao Place, got one on Hao Street. They are set at, if I'm not mistaken, 58 pounds so the origination of that PRV here and the origination of that PRV here, is 58, plus or minus--let's go with 58 because that's the norm. So 100 feet away, you would add, what--50 pounds of pressure, right? To that PRV. Anybody disagree? You agree right? So I'm getting over 100 pounds of pressure at my meter. I have three pressure regulators because my lot is sloped, like from end-to-end is like 40 maybe 50 feet so I'm picking up 30 pounds on my own down here. I've got one half way, I got one by the house, and I got one between me and my granddaughter's house. Anyway, they're old, but they're still good. They still work. I check 'em out. Day before yesterday, I have a snapshot that I took a reading on my pressure regulator (indiscernible) and I put it on my hose bibb that the water is coming out of my house, not into the house, coming out of the house at 110. You know how many times I had to bust out my drywall and fix my copper plumbing because of this? It's just too high. Now, the thing can handle 110. Copper, Type K, copper type, (indiscernible) copper...no matter what, the copper can handle 110 pounds within the household. Everybody likes water pressure, especially when you are taking a bath. You like good, strong water pressure, which is good; but sometimes too much is not that good and what I'm saying is that the cause of this is, I feel, is the location of the pressure relief valves that, not only, but also can result into a hammer action kind of thing. You know, like sometimes when you turn off your water real fast and you hear that 'puvooom' that pounding. There's an air chamber in there and when you plumb a residential house, you put air chambers here and there so then you don't get that hammering thing. Well, it does happen in the County line; it happens in any kind of a pressurized line or gravity line, any kind of line that has pressure, you're gonna have air in there. So, what do you do? How do you take care of that? You put what they call an air-relief valve. So now you got two valves that the County guys put in their lines. A pressure relief valve and an air relief valve. The air relief valve, some guys may call it a blow-out valve or whatever it is, that you eliminate this problem from the line to eliminate the hacking and the racking and the banging and the hammering, is the term they use for these lines. When that happens, your pressure in your line is uncontrollable. A lot of times, your PRVs gotta be reset when this happens. And I'm not saying that that is the cause, but it may be the cause--may be the probable cause of my problem. It states over here that, I don't know where these records come from, I really don't know; but you guys...I don't know where you guys get your information from; but Findings of Facts, No. 1 - December 16, 1993, I had applied for water service? I didn't even own the property in 1993. I bought it in '97...'96 and '97. But look my house in '98. No. 2, '98 is when I put in for the meter--not '93. It was somebody else. Another thing that I want to bring across is that my particular water service is off of the 4-inch line that was there when they created, when they built and they did the infrastructure of the Kaloko Mauka Subdivision; they did 'em in certain phases. Now, when they did one particular property, 22 acres, Daryl Fujimoto, the developer, he subdivided it and made 3-acre lots, which is now all CPR. I mean, how he got CPR, I don't know. Planning Department, not their problem, but somebody did something that not supposed to have been done; and I moved up there to have a 3-acre lot subdivision and I got houses closer to me than my 1-acre lot subdivision that I came from. But anyway, that lateral that I have, but no matter, it doesn't specify the size of the lateral, inch and a quarter copper tubing is the normal size, I guess, and you get one residential, you get one 5/8 meter, and of the 5/8 meter, the norm is a 3/4-inch service line to your property. My lateral is not connected to my subdivision, which, my subdivision was built maybe in 1993. That sounds more like it, that Mr. Fujimoto maybe had applied for a water meter because you need water to do the infrastructure. Daryl Fujimoto, the name of the subdivision is Ohia Estates. If you look at

the map, you'll notice that the laterals feeding the properties in Ohia Estates has its own 4-inch waterline that's tapped off of the existing 4-inch waterline that runs down to Hao Place for the seven lots. But it only feeds six lots. My lot comes off of Hao Street, 4-inch water main where the PRVs are kind of far away. To me, it shouldn't be that far, but anyway...because of the slope. And um, that little road over there going down, they have a PRV right in front of that subdivision that these guys have very normal pressurized waterlines that service them. I'm the only one not tied into that line on that subdivision. And I think had I been tied into that line at that subdivision, I wouldn't have this problem because I'm not gonna have that kind of head that creates this over-pressurized problem that I have. I've changed my lines several times where first I used PVC. Some places I could bury, some places I cannot because the ground hard. And that didn't last too long. But a lot of times, I caught the broken pipes in time where my bill wasn't more than like what we're looking at now. And at that time, the water was way cheaper. Not to mention the fact that Kaloko residents pay a lot more for their water because of the fuel charge to pump that water up the hill. They pay way more than the guys down by Kealakehe Estates, that area. But, I mean, you wanna live up there, you're gonna pay the price, you pay the price, fine. But I've changed it from PVC to Drisco. I've changed it from Drisco to Schedule 80 grade pipes. And they disconnect at the glue joints. I cannot understand that. I go down to the supply guys at Kona Irrigation and they tell me 'No way, not supposed to happen. Is the sun sitting on it?' I said yeah, the sun is sitting on it, but it ain't sun like you get in Kailua town. I get more rain than sun up there. Everybody knows the rain belt over there; that's where they grow all the coffee. And um, I made a complaint. Water Supply crew guys went up there. I was at home. I was doing something, then I noticed some noise going on so I went out there. The crew was up the road on Hao Place playing with the T-wrench. I don't know, at the pressure release or whatever. I don't know what it was. I says, oh I wish I knew they were coming, otherwise I would have taken a meter reading now. I'm not accusing anything. I'm just saying that they were adjusting; they did adjust the pressure on that valve that comes down the hill and comes into my property. But usually, I get plus 50 pounds coming this way and I have plus 50 pounds coming this way, I got plus 50 pounds coming this way; and I'm the only guy on that lateral from PRV to PRV, and I cannot control the pressure. I just cannot. And I was even told by Alvin--and I knew Alvin for years, working with him with the County--Inouye; and he says 'why don't you put a pressure release right behind your meter so when the pressure does have a hammer or you have a problem, the thing gonna shoot the water back out to the road, which I think is a good idea--shoot the water back out so somebody can see it, rather than down in the bushes way down, that nobody knows and one driver go buy 'hey Kimo, your water running you know'. What? Boom, \$1,200.00. I told 'em, I thought I fixed the problem. Couple months later, boom here, boom there, boom there. Then they start changing the meters. Because I gotta admit, thousands and thousands of dollars I'm paying, I mean, the schedule that they show over here, something missing man. You know what I mean, when they say two thousand something, two hundred seventy-eight dollars, I mean that's a little high, but I don't think that's a broken line because the prices went up and whatever. But in between, I paid four hundred, seven hundred, eight hundred--doesn't show on here. I could have bought a brand new truck. So back to the water shooting out onto the roadside with my own PRV, which is water that I am responsible for because it's on my side of the meter. Your ruling states whatever water that goes on a residential side is the water that you consume. Whatever water you consume, you are responsible for. I thought I had my stuff together but...[shuffling through papers]. You know when you retire, you're more busy than when you're working [chuckles]. Um, you know, it states that um, try go look at Section, No. 4, Section 3-3, Elevation Agreement, Pressure Conditions: 'The Department shall make every effort to maintain sufficient pressure in his water main but accepts no responsibility for maintaining such pressure.' What kind of statement is that? Me, as a consumer, I'm looking at this and I'm saying, I mean, I buy one \$2.00 screwdriver, I get one warranty. Um, I don't want to try to sound like I'm an angry, crazy old stupid old man, but I'm just voicing my opinion here. And if you look at No. 13, Page 5, 'The Presiding Officer finds that DWS lacks any legal authority to waive consumption charges on the subject account as they represent charges for actual water consumed.' The key word right there is what... 'consumed'. So you have a broken waterline that you don't know about--I am consuming that water? I don't think so. Look up the meaning of the word 'consume'. If I put a pressure release on the

side of the road and fix the water out after my meter, who's gonna pay for that water? The customer, right? I'm consuming that water? I didn't create the problem for that to happen. I just want to be a normal guy, using normal water like everybody else. Give me a break, man. I'm retired; my wife retired. Everything else goes up around you but your income stays the same when you retire. Don't retire. Um, I guess that's all I have to say. I wish I had more time and did more research. There is a Kaloko Mauka Subdivision map when the thing was developed, and the map is very thorough and it has a graph of the changes of the elevation by every block, every road, and very, very informative; and I couldn't bring it up. I couldn't bring it up. Um, I'm not that good with this kind of stuff anyway. But that map really agrees and pinpoints the elevation differences that I was trying to explain to you guys earlier; and if you get the time, it's really interesting and worthwhile looking that up and I try to see what can become of that. But what I am asking for, my bottom, my epilogue, what I'm asking for is waive the fee and relocate my lateral to where it's supposed to be on the subdivision service line, at you guys expense, of course, because I already paid the expense of one meter. Or whatever you guys can try to come up with; some kind of...I'm asking for some kind of a compensation because I just think it's fair. That's all I got to say. Thank you.

Chairperson De Luz: Thank you Mr. Vasconcellos.

Mr. Salas-Ferguson: Chair, I am Deputy Corporation Counsel, Sinclair Salas-Ferguson. I represent the Department of Water Supply.

Mr. Vasconcellos: I cannot hear you.

Mr. Salas-Ferguson: Yeah, sorry, Mr. Vasconcellos. My name is Sinclair Salas-Ferguson. Can you hear me?

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: I'm an attorney for the County, and I represent the Department of Water Supply for this hearing. And, Chair, I ask that I be given an opportunity to cross-examine Mr. Vasconcellos.

Chairperson De Luz: Would it be more prudent to have the Department give their statement and then you cross, or?

Mr. Salas-Ferguson: Or I...I propose this to the Board. This is a contested case so the procedure that I propose is that I ask Mr. Vasconcellos some questions on behalf of the Department and then the Board can ask Mr. Vasconcellos any questions the Board may have. Mr. Vasconcellos has put on his case, and so I will ask him some questions and then the Board can ask him some questions, and then his case will be finished and then I have two witnesses and the Exhibit List. Mr. Vasconcellos, did you receive the Department of Water Supply's Witness and Exhibit List?

Mr. Vasconcellos: Yes I did.

Mr. Salas-Ferguson: So the Department has two witnesses, Ms. Isherwood and Mr. Inouye, and so I could call Ms. Isherwood first, ask her some questions, and then Mr. Vasconcellos will be given an opportunity to ask questions of the Department's witnesses and then the Board can ask questions of these witnesses; and then when all the testimony has been presented, I'd ask that each of the parties be given very limited time, a few minutes, to give some closing arguments, and then the Board can make a Motion and deliberate.

Chairperson De Luz: So, just for clarity, Mr. Vasconcellos, do you understand the process?

Mr. Vasconcellos: Yes.

Chairperson De Luz: Okay, good.

Ms. Mellon-Lacey: So just to be 100% clear, have you presented everything that you have to present today Mr. Vasconcellos?

Mr. Vasconcellos: I cannot hear you.

Ms. Mellon-Lacey: Sorry. Have you presented everything that you have to present today for your case?

Mr. Vasconcellos: Um, I pretty much feel I did. Yes.

Mr. Salas-Ferguson: Thank you. Mr. Vasconcellos, so I'm gonna ask you some questions and I would ask that you just say yes or no if I ask for a yes or no. Some of the questions might require more explanation, so I'll try to be very brief. So was the water leak on your property? Let me go back, sorry. So, um...

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: Okay, so did you get a bill for \$1,242.31 for the period January 20 to March 18, 2022?

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: And during that time, was there a leak on your property?

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: Where was the leak on your property?

Mr. Vasconcellos: The leak was 30 feet from my house on the downslope of the property.

Mr. Salas-Ferguson: 30 feet, okay. So, you have a water meter at your house right? In front, on your property?

Mr. Vasconcellos: No.

Mr. Salas-Ferguson: There's no water meter at your property?

Mr. Vasconcellos: It's on the County side. The meter is not on my property.

Mr. Salas-Ferguson: It's on the County right-of-way?

Mr. Vasconcellos: The County right-of-way, yes.

Mr. Salas-Ferguson: So from the meter, there's a lateral to the main line, right?

Mr. Vasconcellos: Explain that again?

Mr. Salas-Ferguson: So there's the meter in the County right-of way, and then there's a lateral that goes to the County main line.

Mr. Vasconcellos: Correct.

Mr. Salas-Ferguson: And from the meter...

Mr. Vasconcellos: It goes the other way.

Mr. Salas-Ferguson: Say that again?

Mr. Vasconcellos: You go with the flow of the water. It goes the other way. The main line to the lateral, to the meter. The meter don't feed the main line.

Mr. Salas-Ferguson: Right. We're just talking about the pipes, not the water. The flow, like you said, goes from the main and then it comes down to the lateral, and then it goes to the water meter. Is that right?

Mr. Vasconcellos: Correct.

Mr. Salas-Ferguson: From the water meter, do you have a supply pipe from the water meter that connects to your plumbing and everything on your property?

Mr. Vasconcellos: You're asking me if I have my own water meter? My own private water meter on my side?

Mr. Salas-Ferguson: No. Is there...do you have a supply pipe from the water meter that connects to your...?

Mr. Vasconcellos: I have a service line. Yes.

Mr. Salas-Ferguson: A service line.

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: And so, did you check the pressure at the water meter?

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: When did you check it?

Mr. Vasconcellos: When the water crew was up there.

Mr. Salas-Ferguson: So was that March 23, 2022?

Mr. Vasconcellos: Right. They went and they adjusted the PRV up at Hao Street, then they came down. I was there. We all saw the meter at 90-something.

Mr. Salas-Ferguson: So on that day, March 23, 2022, what was the PSI reading at the meter?

Mr. Vasconcellos: 90-something.

Mr. Salas-Ferguson: 90-something.

Mr. Vasconcellos: I think it's in here.

Mr. Salas-Ferguson: And then, so is there an elevation change from the water meter to your house?

Mr. Vasconcellos: Yes there is.

Mr. Salas-Ferguson: What is the elevation change?

Mr. Vasconcellos: About 10 feet.

Mr. Salas-Ferguson: Oh, so it's only 10 feet from the water meter down to your house?

Mr. Vasconcellos: Yes. At the most.

Mr. Salas-Ferguson: So based on your calculations, the pressure should increase by how much with the elevation change?

Mr. Vasconcellos: Five.

Mr. Salas-Ferguson: Five psi?

Mr. Vasconcellos: Five pounds, yes.

Mr. Salas-Ferguson: What did you say earlier? What was the psi at your house?

Mr. Vasconcellos: 109 right now.

Mr. Salas-Ferguson: One zero nine.

Mr. Vasconcellos: Yes. I have proof. You wanna see my picture?

Mr. Salas-Ferguson: No, I'm okay. I trust you. Your testimony...

Mr. Vasconcellos: As of yesterday, 109. And that's coming out of the house; not going into the house.

Mr. Salas-Ferguson: And so just...one more...where exactly was the leak on your property?

Mr. Vasconcellos: Which one? Which leak you talking about?

Mr. Salas-Ferguson: You said there was a leak from the time between January 20 and March 18, 2022. So we're talking about the water bill of from January 20 to March 18, which was \$1,242.31, and it's your testimony that there was a leak sometime during that time, right, that resulted in the high water?

Mr. Vasconcellos: 30 feet from my house, as I explained earlier. Yes.

Mr. Salas-Ferguson: Yes, so like, 30 feet from your house, was it...so was it in the supply line? Was it from the meter to your house? Is that where the leak was?

Mr. Vasconcellos: No. Incorrect. The leak was after my house.

Mr. Salas-Ferguson: So the water goes to your house and then you got another pipe coming off?

Mr. Vasconcellos: I have a line that goes from Point A to Point B.

Mr. Salas-Ferguson: And Point A is...

Mr. Vasconcellos: Let me finish. I have a line going from Point A to Point B, okay. Now, I have a tee-off going to my house and then I have a tee-off for my hose bibb for my animals, which is 30 feet from my house. That's where the line blew.

Mr. Salas-Ferguson: Okay, so, the water comes from the meter and goes to your house and then it comes off your house, and then it goes to your animals, or a faucet for your animals.

Mr. Vasconcellos: No. It doesn't come off my house. I just explained to you. Point "A" to Point "B," okay? You follow me?

Mr. Salas-Ferguson: No.

Mr. Vasconcellos: Okay. I have a line from Point A to Point B. Point A is coming from the meter...

Mr. Salas-Ferguson: Uh huh.

Mr. Vasconcellos: Okay. I have a tee-off that feeds my house...

Mr. Salas-Ferguson: Okay.

Mr. Vasconcellos: Okay. Now, from this tee-off, this line continues little further past my house where I have a hose bibb to water my animals.

Mr. Salas-Ferguson: So there's two lines coming off the meter?

Mr. Vasconcellos: No, no, no. Wasn't coming off the meter.

Mr. Salas-Ferguson: Okay, well, we'll move on from that.

Mr. Vasconcellos: Yeah, please.

Mr. Salas-Ferguson: So, your bill was due April 22, 2022, is that right, for the \$1,242.31?

Mr. Vasconcellos: Correct.

Mr. Salas-Ferguson: Did you pay that on or before April 22, 2022?

Mr. Vasconcellos: What was the question?

Mr. Salas-Ferguson: Were you able to pay that \$1,242.31 before or on April 22?

Mr. Vasconcellos: No.

Mr. Salas-Ferguson: And then you appealed that decision, right? You contested the...you didn't want to pay that, right? Because you thought there was a leak that was the Department's fault. Is that correct?

Mr. Vasconcellos: Because why?

Mr. Salas-Ferguson: You thought the leak was caused by something the Department did or did not do?

Mr. Vasconcellos: That's why I'm here.

Mr. Salas-Ferguson: Right. So have you received a leak adjustment in the past?

Mr. Vasconcellos: Yes I have. Several times.

Mr. Salas-Ferguson: Did you receive one on or about May 26, 2020?

Mr. Vasconcellos: May 26, 2020. That sounds very familiar.

Mr. Salas-Ferguson: So, yeah, let's take a look at Exhibit B, Mr. Vasconcellos. Exhibit B is that decision issued by the Department.

Mr. Vasconcellos: Findings and Facts.

Mr. Salas-Ferguson: Right. Let's just walk through this real quick. So, No. 3 says January 15, 1990's to 2020. Do you dispute that or would you agree that from 1999 to about April 20, 2020, the highest bill you received was about \$278.60?

Mr. Vasconcellos: I highly disagree.

Mr. Salas-Ferguson: Disagree with that. Okay. So on May 26, let's take a look at No. 4, 2020, were you billed \$1,242.00?

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: And on or about June 23, 2020, did you repair a broken pipe?

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: And did you apply for an agreement for adjustment of water leakage?

Mr. Vasconcellos: Yes I did.

Mr. Salas-Ferguson: And did you receive that adjustment if we take a look at No. 8, on or about September 24, 2020?

Mr. Vasconcellos: That's what it says.

Mr. Salas-Ferguson: For about \$542.00?

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: Okay. Chair, I have no further questions of Mr. Vasconcellos. Thank you Mr. Vasconcellos.

Chairperson De Luz: Thank you Mr. Vasconcellos. Will you be calling your witnesses now, Mr. Salas-Ferguson?

Mr. Salas-Ferguson: Yes.

Ms. Mellon-Lacey: The Board should have a chance to ask Mr. Vasconcellos their questions.

Chairperson De Luz: Does any Board Member have any questions?

Mr. Ney: Yeah, I got a couple questions. So when all these leaks started happening, which seems to be recurring problems, yeah, for you, why didn't you just put a PRV on your side of the meter to regulate the pressure down?

Mr. Vasconcellos: I have.

Mr. Ney: You do have one?

Mr. Vasconcellos: I've got three regulators on my property.

Mr. Ney: So what is the pressure on the entry line that you have it regulated down to now? You put one right by the meter?

Mr. Vasconcellos: Yeah.

Mr. Ney: So what's your pressure now?

Mr. Vasconcellos: 110, 109.

Mr. Ney: Well, the regulators have an operating range between 25 and 75 pounds of pressure.

Mr. Vasconcellos: Yes they do.

Mr. Ney: So if you were to get static pressure reading outside that parameter, your regulator is not working. Well, besides the point, I would suggest, you know, your money is best spent perhaps getting a plumber in Kona down here to maybe look at assisting you with maybe putting a new line in because the pressure rating of the piping, whether it's Drisco pipe, HDPE pipe, PVC, is well above 90/100 pounds of pressure.

Mr. Vasconcellos: Correct.

Mr. Ney: And we have entry lines that are subjected to well above that, that don't have problems. So, I mean, I feel for the bills you have; but the Department's responsibility stops right at the meter. Anything you need to do to mitigate your pressure issue has nothing to do with the Department. Most people would appreciate having higher pressure at the meter. On the flip side of that, we've had customers that get the bare minimum where they don't even have a pressure regulator on the house because they can't get more pressure. So, to me, it's a very easy issue to resolve, but maybe you need the assistance of a professional come up and assess it or maybe help you redesign your system accordingly. But from the standpoint of where responsibility lies, anything past the meter, that's the initiative you gotta take to resolve your own

issue, you know, and consumption means water that registers used through the meter. It costs money to bring that water up from the ground, and it costs money to distribute it. If we just absorb all the bills that people don't want to pay, it falls on every other rate payer; and that's not fair. The only other thing, too, I do have issue with is that this is not a one off event that you just had a leak. This shows a historical record of issues you've had, and it hasn't been brought to resolution if you keep having leaks. Again, talk to a professional; but I really don't see a case on your side that would point the finger or attribute blame to the Department. I just gotta be honest.

Ms. Mellon-Lacey: Mr. Chair, if I may, since this time is for the Board to ask questions, I think Mr. Ney is getting into summation and opinion, which will come; but at this time, we should take any questions from the Board and move on.

Mr. Ney: Last question I have. Have you had someone come up to assess your issue, whether it's a plumbing contractor or such?

Mr. Vasconcellos: Several times, yes. That is when I went to a Schedule 80 pipe. And even that, I had blow-outs. A lot of these blow-outs, I catch them in time; but when I'm not there, when I'm gone on vacation or something for like two weeks, I had a lady who was a house sitter, and she noticed and she said the pressure has been weak lately. I said, oh no, why didn't you tell me earlier. Two weeks--that's probably one of those twelve hundred dollar bills that...looking at two weeks of throwing water away.

Mr. Ney: Oh, I get you, I mean, if you are not home, shut the meter off, uh...

Mr. Vasconcellos: You get back to the design that I said earlier, if the water gonna be shooting on the road from the pressure relief valve that I put in, who's causing that? Not me.

Mr. Ney: Well, the pressure regulator is not...doesn't have an open/close...

Mr. Vasconcellos: No, a pressure relief valve. I put a relief valve, and it hammers or it overcomes before my pressure regulator, now...coming from your meter, and it shoots out. I'm not causing that. You guys causing that.

Mr. Ney: Well, if it's just a spring valve, it would pop open and close; but if that valve is not working properly...

Mr. Vasconcellos: Then again...

Chairperson De Luz: So, hang on guys. Let's limit the conversations to the questions, and not necessarily in the commentary, only because we'll have further discussion as a Board; and Ben, I'm sorry, not to inter...

Mr. Ney: No, no, I'm not trying to argument or anything but...

Chairperson De Luz: And I realize that, and, you know, because of your background, I think you were just getting deeper; but for that being said, do you have any further questions of Mr. Vasconcellos?

Mr. Ney: No, I don't at this time.

Mr. Bell: I would just like to say, the Power Cost Charge is the same, regardless of where you live, right?

Chairperson De Luz: Yes. That's my understanding.

Mr. Bell: I'd just like to state that as well.

Chairperson De Luz: Keith, could you...?

Manager-Chief Engineer: Yes.

Chairperson De Luz: I'm sorry, Kawena, did you have a question?

Mr. Lopez: Yes, and I don't know who is the right one to answer this so I'll just throw it out there. Correct me if I'm...is there any requirement on the part of the Department to regulate the pressure going to the meter?

Ms. Mellon-Lacey: If I may, that is not a question for this witness.

Mr. Lopez: So it would be, so questions, right now, are only directed to the witness?

Ms. Mellon-Lacey: Yes. You'll have a chance for that one later.

Mr. Lopez: Okay. Thank you. So what I haven't heard...well, alright, never mind. Thank you. I'll bring it up later.

Chairperson De Luz: Okay. Anyone else?

Ms. Keolanui: Yeah, one question. So the leak that was 30 feet from your house, that was after the meter, correct?

Mr. Vasconcellos: Correct.

Ms. Keolanui: Okay. Thank you.

Chairperson De Luz: Any other questions from members of the Board? Thank you, Mr. Vasconcellos. Mr. Sinclair (sic)?

Mr. Salas-Ferguson: Yes, Chair, thank you. I'd like to call our first witness. Department of Water Supply has two witnesses. The first witness is Kathleen Isherwood.

Mr. Salas-Ferguson: How many years have you worked with the Department? Hi, um, can you please state your name, for the record?

Ms. Isherwood: Kathleen Isherwood.

Mr. Salas-Ferguson: And who is your employer?

Ms. Isherwood: Department of Water Supply.

Mr. Salas-Ferguson: How long have you been there?

Ms. Isherwood: Approximately 28 years.

Ms. Mellon-Lacey: Mr. Vasconcellos, can you hear her?

Mr. Vasconcellos: No.

Ms. Mellon-Lacey: So, can you please speak up? Speak good and loud. Thank you.

Mr. Salas-Ferguson: So, Mr. Vasconcellos, I was just asking her what her name is, where she works, how long she has worked there. What is your current title at the Department of Water Supply?

Ms. Isherwood: I'm the Water Program Supervisor for Customer Service.

Mr. Salas-Ferguson: As part of your duties, do you oversee the billing, the water shut-offs, and the water adjustment agreements?

Ms. Isherwood: Yes I do.

Mr. Salas-Ferguson: Can you take a look at Exhibit A please? What is Exhibit A?

Ms. Isherwood: It's a shut-off letter for a delinquent amount.

Mr. Salas-Ferguson: So what was the date of this letter?

Ms. Isherwood: May 2, 2022.

Mr. Salas-Ferguson: And then the shut-off date is May 18, 2022, right?

Ms. Isherwood: Correct.

Mr. Salas-Ferguson: And is the Department required to give 15 days' notice before shut-off?

Ms. Isherwood: Yes they are.

Mr. Salas-Ferguson: And this is a delinquent amount of \$1,242.31, is that right?

Ms. Isherwood: Yes it is.

Mr. Salas-Ferguson: When was that amount due?

Ms. Isherwood: That was due...

Mr. Salas-Ferguson: Was it due on April 22nd, 2022?

Ms. Isherwood: Yes.

Mr. Salas-Ferguson: Was it paid on April 22nd, 2022 or before that?

Ms. Isherwood: No.

Mr. Salas-Ferguson: And this is for January 20 to March 18, 2022?

Ms. Isherwood: Yes.

Mr. Salas-Ferguson: So did Mr. Vasconcellos ask for a leak adjustment for this bill?

Ms. Isherwood: Yes he did.

Mr. Salas-Ferguson: Was he given a leak adjustment?

Ms. Isherwood: No, he was not because he did not qualify for it.

Mr. Salas-Ferguson: Did Mr. Vasconcellos receive one leak adjustment on or about May 26, 2020?

Ms. Isherwood: That's correct.

Mr. Salas-Ferguson: What are the rules for leak adjustments? How often can a customer get one?

Ms. Isherwood: Once every three years.

Mr. Salas-Ferguson: Okay, so within a three-year period, they are entitled to one leak adjustment. Is that right?

Ms. Isherwood: That's correct.

Mr. Salas-Ferguson: So, for this bill, the \$1,242.31, did Mr. Vasconcellos qualify for a leak adjustment for that bill?

Ms. Isherwood: No, he did not.

Mr. Salas-Ferguson: Okay. What happens when somebody doesn't pay their water bill?

Ms. Isherwood: The Department does try to work with the customer. We do give them notice of delinquency. They also can come in to the Department. We can make a payment arrangement with them. And if they fail to pay the water bill, then we proceed to shut-off.

Mr. Salas-Ferguson: Okay, so, how long does somebody have to pay their water bill?

Ms. Isherwood: 30 days after the bill is computed.

Mr. Salas-Ferguson: So, they have 30 days, if they don't pay within 30 days, they get this letter saying come pay it or we'll have to shut off your water, right?

Ms. Isherwood: Yes.

Mr. Salas-Ferguson: If they come back to the Department and they want to work with you guys, you guys work with them...it's not a...?

Ms. Isherwood: Yes we do.

Mr. Salas-Ferguson: It's not a black and white thing, you know, just shut it off because they didn't pay it on that day, right?

Ms. Isherwood: No. We are very willing to work with the customer.

Mr. Salas-Ferguson: So, unfortunately, Mr. Vasconcellos was not entitled to a water adjustment in this particular situation, is that right?

Ms. Isherwood: That is correct.

Mr. Salas-Ferguson: And, unfortunately, the bill wasn't paid on time; and that's why this letter was sent out.

Ms. Isherwood: Correct.

Mr. Salas-Ferguson: And is it your understanding that the Department of Water Supply supplies water to the meter, and then they have, I guess, they have responsibility over the water system up to the meter. Is that correct?

Ms. Isherwood: That is correct.

Mr. Salas-Ferguson: And is it your understanding that anything beyond the water meter, whatever happens beyond the water meter is the responsibility of the customer. Is that true?

Ms. Isherwood: Yes, that's true.

Mr. Salas-Ferguson: Chair, I don't have any further questions of this witness. If you would like to ask Mr. Vasconcellos if he has any questions.

Chairperson De Luz: Mr. Vasconcellos, do you have any questions that you would like to ask?

Mr. Vasconcellos: No I don't.

Chairperson De Luz: Thank you.

Mr. Salas-Ferguson: Thank you, Chair. I'd like to excuse Ms. Isherwood and call my second witness.

Ms. Mellon-Lacey: Does the Board have any questions for Ms. Isherwood?

Mr. Salas-Ferguson: Oh, I'm sorry.

Chairperson De Luz: Any questions from the Board? Hearing none, thank you.

Mr. Salas-Ferguson: Chair and Board Members, the Department of Water Supply's second witness is here. Can I begin?

Chairperson De Luz: Yes please.

Mr. Salas-Ferguson: Can you please state your name for the record?

Mr. Inouye: Alvin Inouye.

Mr. Salas-Ferguson: Are you...do you have a job Alvin? Sorry, Mr. Inouye. What's your title?

Mr. Inouye: Electrician/Mechanic DWS.

Mr. Salas-Ferguson: As part of your duties as an Electrician/Mechanic, do you maintain the public water supply system?

Mr. Inouye: Yes I do.

Mr. Salas-Ferguson: Are you familiar with Mr. Vasconcellos' property?

Mr. Inouye: Yes I am.

Mr. Salas-Ferguson: So have you inspected the water meter at Mr. Vasconcellos' property, or on the County right-of-way that services Mr. Vasconcellos' property?

Mr. Inouye: I've been at the meter.

Mr. Salas-Ferguson: When was the last time that you were at the meter?

Mr. Inouye: On March 22nd.

Mr. Salas-Ferguson: Was it March 23rd?

Mr. Inouye: Possibly.

Mr. Salas-Ferguson: So on or about March 23rd?

Mr. Inouye: I gotta check the notes. Yeah, 23rd.

Mr. Salas-Ferguson: On or about there, you inspected the meter. Have you been to that property before?

Mr. Inouye: Just at the PRV and fronting the property.

Mr. Salas-Ferguson: Were you there in January of 2022?

Mr. Inouye: Not at the property.

Mr. Salas-Ferguson: Okay, let's go back a little bit. So in January 2022, let me take a step back. So there's a main line that comes down and then there's a lateral that attaches to Mr. Vasconcellos' water meter, right?

Mr. Inouye: Right.

Mr. Salas-Ferguson: And on that main line on both sides of the main line that serves Mr. Vasconcellos' property, are there pressure-reducing valves?

Mr. Inouye: Yes.

Mr. Salas-Ferguson: What does a pressure-reducing valve do?

Mr. Inouye: It lowers the pressure from a higher upstream pressure to maintain a lower rate. So let's say 150 upstream, and we'll set the PRV to like 50, so anything downstream of that, you know, we'll have 50 pounds at the PRV; but based on the elevation going down, it will increase to whatever level we set.

Mr. Salas-Ferguson: So in January, you went and you checked the PRVs that fed Mr. Vasconcellos' property and were they functioning properly?

Mr. Inouye: Yes.

Mr. Salas-Ferguson: What were they set at when you went to check on it in January?

Mr. Inouye: January, it was 55 and 50 in the loop. So one side was 55 and the other end was 50.

Mr. Salas-Ferguson: And is that within the range?

Mr. Inouye: Our settings that we have.

Mr. Salas-Ferguson: Okay. So but in January, you didn't go and check the meter, what the pressure was on the meter?

Mr. Inouye: Not the meter. Maybe the field went. See, we do checks; we have the field go out and do checks and then verify and then I go out and then do the equipment if there is a problem.

Mr. Salas-Ferguson: Okay. So, in March though--March 23, 2022, you went out, and did you check the PRVs on that date too?

Mr. Inouye: Yes.

Mr. Salas-Ferguson: Were they functioning properly?

Mr. Inouye: Yes.

Mr. Salas-Ferguson: Did you check the...what were they set at in March?

Mr. Inouye: In March, I believe the settings held at 50...

Mr. Salas-Ferguson: 50 psi for each PRV?

Mr. Inouye: And 55, same, but it was reversed. The one that was 55 was 50.

Mr. Salas-Ferguson: So one PRV was 50 and one was 55?

Mr. Inouye: Yeah. We do...we change the settings in the loop sometimes just to balance out the system too. We go to a minimal and then see what happens. If somebody higher up loses pressure, then, yeah, we'll increase, but we try to keep it as low as we can.

Mr. Salas-Ferguson: So did you check the pressure at the meter on March 23, 2022?

Mr. Inouye: I was at the meter with the field crew and I seen the pressure at the meter.

Mr. Salas-Ferguson: What was the pressure at the meter?

Mr. Inouye: 90 pounds.

Mr. Salas-Ferguson: Ninety pounds. And what's...I mean, throughout the Department's water meters, what's the range for the PSI readings at the water meters?

Mr. Inouye: It depends on, geographically, what level we're in; but on the average, about 125 on average; and the extremes go to 150 and over, maybe. And then the low extremes would be like 30. But on the average, we have 125 at the highest pressure, usually; but it depends on where we are.

Mr. Salas-Ferguson: So, is it the Department's position that you guys...the Department tries to accommodate the consumers by adjusting the pressure, is that correct? Like if somebody calls and says hey my pressure is super low, would you guys go and try to...?

Mr. Inouye: Yeah. We go and check. And if need be, we overhaul controls and stuff like that.

Mr. Salas-Ferguson: But you also have to take into account the other customers that are serviced from those mains, right?

Mr. Inouye: Yes.

Mr. Salas-Ferguson: So if somebody down the line says my pressure is super low, you can accommodate them, but you have to take into account everyone else's?

Mr. Inouye: Yeah. We have to take into account if what we do, yeah, if we set too high, then that pressure is going to increase. If we set too low, then the guy on the upside, too, won't have pressure. It's a balance on...Kaloko Mauka is all hills, yeah, so it's really, you see the differentials in the pressures.

Mr. Salas-Ferguson: Yeah. But based on your experience and your job and everything, 90 psi at the meter is not anything...?

Mr. Inouye: No, it's not unusual.

Mr. Salas-Ferguson: It's not unusual. And, uh, so I just want to make sure I got these questions down, so in January and March of 2022 when you inspected the pressure reducing valves, they were both working properly. Is that right?

Mr. Inouye: Yes.

Mr. Salas-Ferguson: And is it your understanding that the Department maintains the public water supply system and is responsible for that system up to the water meter?

Mr. Inouye: Yes.

Mr. Salas-Ferguson: Anything beyond the water meter is in the control and discretion and responsibility of the consumer? Is that right?

Mr. Inouye: Yes it is.

Mr. Salas-Ferguson: Chair, I don't have any further questions of this witness. Thank you, Mr. Inouye.

Chairperson De Luz: Excuse me, Mr. Vasconcellos, do you have any questions for Mr. Inouye?

Mr. Vasconcellos: Yeah. You mentioned that you do have readings of 125 up there?

Mr. Inouye: On the higher extremes, yeah.

Mr. Vasconcellos: On the higher extremes that there are, up to the meter?

Mr. Inouye: Up to the meter.

Mr. Vasconcellos: 125?

Mr. Inouye: 125. We had some people, 200.

Mr. Vasconcellos: Yeah, one time my reading was well over 200 and um, that's when Richard Ono guys was there; but what I wanna ask is that, you know when the contractor pressurizes a new waterline, it goes through chlorination and all this stuff, at what point of PSI is acceptable to you guys?

Mr. Inouye: The PSI is rated, based on the demographic area, yeah, you know, when they put the infrastructure in. So when they...

Mr. Vasconcellos: When they test, they pressure test for the line...

Mr. Inouye: They pressure test to about 250.

Mr. Vasconcellos: 250?

Mr. Inouye: Yeah.

Mr. Vasconcellos: For how long a period?

Mr. Inouye: Maybe about one hour.

Mr. Vasconcellos: One hour. Okay.

Mr. Inouye: That's when we go on the highway stuff and you go...

Mr. Vasconcellos: Yeah, yeah, yeah...on the new line.

Mr. Inouye: On the new lines.

Chairperson De Luz: Any other questions to Mr. Inouye, Mr. Vasconcellos?

Mr. Vasconcellos: No.

Chairperson De Luz: One moment, Mr. Inouye. Uh, Board Members?

Mr. Lopez: Yes, I want to ask a question. So, just for clarification, what I heard you say is that the relief valve is set at 50 to 55?

Mr. Inouye: Yeah, it's a reducing valve.

Mr. Lopez: And then because of the elevation drop from there to his meter, you said it could go up?

Mr. Inouye: Yeah, it increases 40 pounds.

Mr. Lopez: And so there's the 90.

Mr. Inouye: Yes.

Mr. Lopez: And that's well within your pounds?

Mr. Inouye: Yes.

Chairperson De Luz: Any other questions?

Mr. Ney: Just a quick question. Just regarding the PRVs you have along the way to step down the pressure, what is the total water column or elevation difference from top to bottom on that run?

Mr. Inouye: At his source?

Mr. Ney: Correct.

Mr. Inouye: It equates to 190 pounds at the meter, so it's about, I think that is 2180. If you need the exact number, I can...

Mr. Ney: I don't need the exact number. One other question, are you familiar with the max in that rating on just a residential PRV is?

Mr. Inouye: Residential PRV or regulator?

Mr. Ney: Just a regular Watts or Wilkins house PRV.

Mr. Inouye: Well, they vary from 75 to 150, and you can have...

Mr. Ney: No, but I mean in the pressure, what the max rating is that that regulator can take. It's 300 pounds of pressure, so I was just...

Mr. Inouye: Well, there are regulators, heavy-duty ones, where you can have 300 pounds and people put them in series sometimes.

Mr. Ney: So, even if you have...what I'm trying to get at...in that pressure, well above even 200, that regulator should be rated to take it.

Mr. Inouye: It should be rated, yes.

Mr. Ney: Okay, thanks.

Chairperson De Luz: Any other questions from the Board? Thank you Mr. Inouye.

Mr. Salas-Ferguson: Mr. Inouye, you can stay inside. We're done with the witnesses. The Department doesn't have any more witnesses.

Chairperson De Luz: So, it's my understanding, Diana, that Mr. Vasconcellos, if he wishes to, he can call witnesses.

Ms. Mellon-Lacey: Well, he had the opportunity, earlier, to call them.

Chairperson De Luz: Understand.

Mr. Mellon-Lacey: If he has any witnesses at this time, he could call them.

Chairperson De Luz: Mr. Vasconcellos, do you have anyone?

Mr. Vasconcellos: No, I don't have any.

Chairperson De Luz: Okay. I just want to make sure we afford Mr. Vasconcellos every opportunity we can.

Ms. Mellon-Lacey: At this point, I think the parties could be given opportunity to make any closing argument or statement if they wish to, before the Board deliberates.

Chairperson De Luz: Okay. Shall we start with Mr. Vasconcellos?

Ms. Mellon-Lacey: Yes.

Chairperson De Luz: Okay. Mr. Vasconcellos, if you wouldn't mind coming back, please, and any last-minute thoughts in regards to your...you'd like to address to the Board please?

Mr. Vasconcellos: Um, I have a home on the Hilo side of the island where I have a catchment system and it's a water pump that receives the water from the water tank. Back up a little bit. It rains, the roof, the gutters, fills up the water tank and goes into my (indiscernible), which is set at 40 psi...plenty for a 4-bedroom 3-bath home. I just wish I had the same type of entrance pressure in the Kaloko area; but unfortunately, cannot because the difference in elevation is the major problem that we're looking at, the difference in elevation. And it seems like there's nothing that the board can do. The kind of feeling that I have and kind of information you're throwing at me is that there's nothing you guys can do. I gotta eat it. And 22 years of eating it, to me, is enough. Gotta do something, otherwise, I'm gonna take this further. And I did make a \$500.00 payment toward that bill just recently, maybe three or four weeks ago. And I am trying to pay this bill off whenever I get extra money; but, unfortunately, in today's day and age with the cost of everything, everything, going up...I don't have to say this to you guys; but when you retire, your paycheck doesn't get any bigger. I mean, I can't pay myself the overtime that I used to get paid for, you know. And um, there's no leftover money for things that I cannot control. I try to control and I'm just asking you guys for help to see if there, I mean, what we can do. I mean...I know, uh, my credit is excellent. I'm in the 800% bracket. I get excellent credit, and when I receive one letter, water shut-off, kind of raised my eyebrows, man. You know, that's kind of a strong letter, man. I'm not a scrub. All my kids went college. My two girls are PhDs. And the money doesn't come from the trees. Doesn't come from grants. Comes from my pocket. Like I said, I can pay this bill, but I can't pay it all one time. I like to do some recreation too, you know. I like to go travel and stuff like this once in a while. And I don't want something like this to interfere in my 73 years of my lifestyle. So I'm just asking you guys if you can try to come up with something, like I mentioned earlier, if can waive 'em, be great, and relocate my water lateral, which I really, really feel 100% that that will solve the problem. Because the guys below me have no problem. The guy way below me has a major problem, worse than mine. And he told me that Water Supply told him that...I was trying to get hold of him to come here today, but I wasn't successful. But he said that they did waiver his bill, but there's nothing that they can do. That's the way it is. So, nothing else I can do or I can say. I can try, but I'm at the end of my rope.

Chairperson De Luz: Thank you, Mr. Vasconcellos. Does the Department have any last-minute comments?

Mr. Salas-Ferguson: Yes, Chair. You know, it's a very unfortunate situation that Mr. Vasconcellos finds himself in. Unfortunately, the rules are the rules and the rules state in multiple places that, unfortunately, the Department maintains and is responsible for the water supply system up to the meter. Anything that happens beyond the meter is the responsibility of the consumer. The rules say they only allow an adjustment every 36 months. Unfortunately, Mr. Vasconcellos falls outside of that; and, you know, the Board can change the rules and change it to 24 months, or 18 months, or, uh, you know, we're stuck with those rules and I submit on that. Thank you.

Chairperson De Luz: If I could have a suggestion before we take this action, as far as the Board. Could I ask for a 10-minute recess and what I'd like to suggest is that the Chief-Engineer and his team could take one last opportunity, try to see if there is any way to work with Mr. Vasconcellos to see if there is that capacity. And so, unless there's an objection, I'd like to take a 10-minute recess. Diana, is that possible?

Ms. Mellon-Lacey: Yes.

Chairperson De Luz: Okay, so we'll be back in 10 minutes. So Keith, if you could, please have a discussion with Mr. Vasconcellos and see where we can go with this. So, 10-minute recess.

RECESS: The Board recessed from 11:07 a.m. to 11:17 a.m.

Chairperson De Luz: Call all this meeting back to order, please. So we're coming out of recess and I'm calling this meeting to order, and so what we have on the agenda is this contested case hearing. During the recess, Mr. Vasconcellos, were you able to come up to some type of agreement with the Water Supply to hopefully work on your bill and your situation? And the reason I'm asking that question is if you haven't, then the Board will need to take action on this matter. If not, then if you're able to at least continue the conversation and the Department is satisfied with that, we can defer this to the Department's purview as far as how they will work it out with you. So in other words, we won't have to take action for the shut-off notice--the Board won't have to.

Mr. Vasconcellos: Yeah. Um, kind of like this short 10-minute recess, that Mr. Okamoto and I was talking about one easy payment plan and also, this is what...to me, one follow-through, the engineering department to do a further investigation in that area because we went over the map, and it is in question--why is my meter off of that line? It is in question, and we discussed the 90 pound pressure. Yeah, 90-pound pressure is good, but what happens when it goes over that? Probably, if I tie in to the subdivision line, Ohia Estates line, I know my pressure gonna drop plenty. Gonna be maybe 60 pounds, 70 pounds at the most; but it's something that I don't need worry; I can sleep at night where I don't have to be worried about the damn lines blowing; and when I stay in Hilo, I raise cattle in Hilo, I spend a lot of time in Hilo and then the house sitter watching the house and they don't know, ho, Kimo, your water weak, you know lately. Two weeks the water run, you know what I mean? So, if we can...give me the assurity (sic) that you going do the investigation and pay attention to this situation that I'm presenting and go on easy payment plan, it's better than doing nothing. And it's better than not solving the problem that my...you know, this is the first step in solving the problem. Hopefully, we can come to an agreement and come to a situation where I going be normal as far as water deliverance.

Chairperson De Luz: So, and I apologize...I'm not interrupting. So at this particular time, are you at least comfortable working with the Department and we deferring this decision to the Department on your water bill?

Mr. Vasconcellos: Yes, yes.

Chairperson De Luz: Okay.

Manager-Chief Engineer: Yeah, so just some clarifications. What I was conversing with Mr. Vasconcellos about is, you know, to prevent a water shut-off, the immediate option is to get on a payment plan. And what we can do is we can look at switching his service...what would result from switching his service from where it is now to a different location; but right now, I don't know what that pressure is, if that falls within our acceptable amounts. You know, we did talk about 90 pounds is, personally, I would prefer that over lower pressure. But until we have our engineers take a look and what the resulting pressure situation gonna be if the lateral was relocated, we cannot really commit to anything.

Chairperson De Luz: So let me just sum it up so there's clarity for both the Department and for Mr. Vasconcellos. One, to at least continue not to have a shut-off. Mr. Vasconcellos will work with the Department on a payment plan that can work for both parties, with the understanding, by Mr. Vasconcellos, that the Department will undertake further investigation of the situation, although at this particular time, the Department is not able to commit, they are at least willing to say let's go take a look, let's work with you, see what we come up with, and hopefully you don't have to come back; but this will defer action on a shut-off and/or having to pay the entire bill right now. So with that, are the two parties satisfactory, okay, with how this particular situation needs to move forward? And we understand it's not a complete resolution but it's a way to moving forward?

Mr. Vasconcellos: Um hum.

Chairperson De Luz: Okay. So if, so it's my understanding, Diana, is we are deferring this action to the Department or to mitigate this to the Department?

Ms. Mellon-Lacey: If the parties are in agreement and I would say if...

Chairperson De Luz: No action on this, right?

Ms. Mellon-Lacey: Well generally, if you do something like this and it's deferral, then it would be with prejudice so that he, Mr. Vasconcellos, couldn't bring this same matter back to the Board and dispute the payment again.

Chairperson De Luz: Okay so, in plain language, Mr. Vasconcellos, at the minimum would be obligated to fulfill his commitment for that payment...

Ms. Mellon-Lacey: Correct.

Chairperson De Luz: Regardless of the solution or non-solution as he discussed with the Department? I just want to make sure there's clarity, Mr. Vasconcellos.

Ms. Mellon-Lacey: I think with that clarification, it would be okay for the Department to agree. I'm not representing the Department so I don't know if Mr. Sinclair wants to speak with Mr. Okamoto before anything goes from here.

Mr. Ney: Mr. De Luz...

Chairperson De Luz: Yes.

Mr. Ney: So just to be clear, if we defer this, he relinquishes his right to have this contested before the Board again?

Ms. Mellon-Lacey: For the payment part.

Mr. Ney: For the payment.

Ms. Mellon-Lacey: If he wanted to bring back about the water issue or something else, that would be a separate matter from this. But this action is specifically regarding the payment.

Mr. Salas-Ferguson: So can I just say something?

Ms. Mellon-Lacey: Yes.

Mr. Salas-Ferguson: So if the parties have come to an agreement for this appeal and if Mr. Vasconcellos and the Department are okay basically withdrawing and agreeing to dismiss this particular appeal based on the agreement that they just stated, then it would take it out of the Board's purview and it would done-- this particular appeal will be done. Are you okay with that, Mr. Okamoto?

Manager-Chief Engineer: Yeah, so again, I'm not a lawyer. This is not my area of expertise; but our understanding is Mr. Vasconcellos was asking to waive the water bill. So we're not accepting that request. We're gonna be okay, from the Department's side, if that's no longer on the table, that he's responsible for that full bill, through a payment plan, but we will try and accommodate his request to evaluate his lateral location.

Mr. Salas-Ferguson: Okay, so the settlement agreement would be...Mr. Vasconcellos, if you're okay with this, would be that...can you hear me Mr. Vasconcellos?

Mr. Vasconcellos: Yes.

Mr. Salas-Ferguson: Yeah, so in exchange for you withdrawing this appeal and it being dismissed with prejudice, meaning this particular appeal cannot be brought again, you would enter into a payment plan with the Department and then the Department would agree to look into the lateral issue, whether the lateral can be moved or any type of other resolution. Is that what the agreement is? Do both of you...is that the agreement that you understand?

Mr. Vasconcellos: Um, let me clarify something that I just thought of. If I have a reoccurrence of another broken line, am I able to do an appeal?

Mr. Salas-Ferguson: Yes. That would be a separate appeal.

Mr. Vasconcellos: A separate issue.

Mr. Salas-Ferguson: Yes.

Ms. Mellon-Lacey: It would be a new matter.

Mr. Vasconcellos: Okay. And also, I want to ask that I be notified when they do their findings of the proposed...if anything, relocation of the service lateral.

Manager-Chief Engineer: Yup. We'll be in communication, for sure.

Mr. Salas-Ferguson: So are you okay with that agreement, Mr. Vasconcellos?

Mr. Vasconcellos: Yes I am.

Mr. Salas-Ferguson: And Mr. Okamoto, on behalf of the Department, you're okay with that? (Manager-Chief Engineer nodded yes.) And then, on behalf of the Department, I'd ask to move that, per the agreement, that this appeal be dismissed with prejudice.

Chairperson De Luz: Okay. All the parties consenting, is there a motion?

Mr. Ney: I move.

Ms. Keolanui: Second.

Chairperson De Luz: Moved by Ben, seconded by Kea. Is there any further discussion? Okay, all in favor? (Board Members – unanimous ayes) Any opposed? None. Motion carried. Thank you, Mr. Vasconcellos. I'm sorry it took so much time, but we wanted to give every opportunity to see if we could work something out.

Mr. Vasconcellos: No, no, I appreciate you guys' time and effort. Thank you very much.

Chairperson De Luz: Thank you.

(Mr. Vasconcellos and Mr. Salas-Ferguson left the meeting at 11:27 a.m. Ms. Isherwood left shortly thereafter.)

6) **POWER COST CHARGE:**

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

Departmental power costs from all power sources increased since the last Power Cost Charge rate was determined. The Department proposes to increase the Power Cost Charge from \$2.48 to \$2.75 per thousand gallons as a result of this increase. Power cost charges over the past two years were as follows:

<u>Effective</u>	<u>PCC</u>
July 1, 2022	\$2.48
May 1, 2022	\$2.34
March 1, 2022	\$2.02
November 1, 2021	\$2.15
June 1, 2021	\$1.85
December 1, 2020	\$1.71

A Public Hearing will have been held prior to this Board meeting to accept public testimony on this change.

The Manager-Chief Engineer recommended that the Board approve the increase of the Power Cost Charge from \$2.48 to \$2.75 per thousand gallons, effective September 1, 2022.

ACTION: Mr. Bell moved for approval of the recommendation; seconded by Ms. Keolanui and carried unanimously by voice vote.

7) SOUTH HILO:

A. JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT – REQUEST FOR ADDITIONAL FUNDS:

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

At the May 24, 2022, Water Board meeting, a request for additional funds of \$107,839.00 was approved. The Total Revised Contract Amount was misstated as \$1,572,763.00 and should have been \$1,572,865.00. This is for informational purposes.

The Manager-Chief Engineer stated that for the sake of transparency, it is being reported that there was a mathematical error; but the amount approved by the Board is correct.

B. JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT - REQUEST FOR TIME EXTENSION:

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

The Contractor, Isemoto Contracting Co., Ltd., is requesting a contract change time extension of 162 calendar days. The Contractor was delayed due to changes to the project scope and the reasons noted below. These delays were beyond the control of the Contractor.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	8/12/2021	4/20/2022	251	Delays in receiving the building permit during transition to new permitting system.
2	4/21/2022	7/11/2022	82	Delays in receiving the building permit during transition to new permitting system.
3	7/12/2022	12/20/2022	162	Additional work associated with Change Order #4 and Change Order #5 for replacement of metal paneling; additional disconnect switches; and replacement of circuit breaker and new surge protection device for caretaker's cottage.
Total Days (including this request)			495	

Staff reviewed the request for contract time extension and the accompanying supporting documents and found the 162 calendar days justified. *Note: The additional costs associated with this time extension was approved at the May 24, 2022, Water Board meeting.*

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 162 calendar days to Isemoto Contracting Co., Ltd., for JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT. If approved, the contract completion date will be revised from July 11, 2022, to December 20, 2022.

MOTION: Ms. Hugo moved for approval of the recommendation; seconded by Mr. Ney.

Mr. Ney asked for clarification if this extension was due to supplemental permitting for these extra items.

Mr. Goodale replied that permitting, plus supply chain issues for materials, is typical for what is being seen across the board.

Mr. Ney recalled that when the additional funding request was approved, it was due to delays in getting certain things that were specified in the plans.

ACTION: Motion to approve was carried unanimously by voice vote.

8) NORTH KOHALA:

A. **JOB NO. 2021-1177, HĀWĪ #2 BOOSTER C REPAIR – REQUEST FOR TIME EXTENSION:**

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

The contractor, Derrick’s Well Drilling & Pump Services, LLC, is requesting a contract time extension of 59 calendar days due to unforeseen motor manufacturer delays. This is the first time extension request for this project.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	8/30/2022	10/28/2022	59	Motor manufacturer delays.
Total Days (including this request)			59	

Staff reviewed the request for the contract time extension and the accompanying supporting documentation and finds the 59 calendar days justified. *Note: There are no additional costs associated with this time extension.*

The Manager-Chief Engineer recommended that the Board approve this contract time extension of 59 calendar days to Derrick’s Well Drilling & Pump Services, LLC, for JOB NO. 2021-1177, HĀWĪ #2 BOOSTER C REPAIR. If approved, the contract completion date will be revised from August 30, 2022, to October 28, 2022.

ACTION: Ms. Hugo moved for approval of the recommendation; seconded by Ms. Keolanui and carried unanimously by voice vote.

9) SOUTH KOHALA:

A. **CONSTRUCTION RIGHT OF ENTRY FOR THE LĀLĀMILO 10-MG RESERVOIR IN THE DISTRICT OF SOUTH KOHALA, TAX MAP KEY (3) 6-8-001:001:**

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

The Water Board at its July 26, 2022, meeting, approved the Construction Right of Entry Agreement for the reservoir site as well as the staging area that is currently under the ownership of

PR Puu Pa LLC. A request has been made to add a provision ensuring invasive or noxious weeds or pests are not transported to or used on the property. All other provisions of the Agreement remain the same and the revised Construction Right of Entry Agreement will supersede the previous version.

The Department of Water Supply (DWS) is continuing to work with the owners to acquire rights to the proposed reservoir lot. In order to begin construction work for the project prior to the completion of the acquisition, the DWS intends to execute a Construction Right of Entry Agreement with the land owner.

Staff has reviewed the added provision and finds it acceptable.

The Manager-Chief Engineer recommended that the Water Board approve the subject Construction Right of Entry Agreement (superseding the previous version approved at the July 26, 2022, Water Board meeting) for the Lālāmilo 10 MG Reservoir site, including the construction staging area in the District of South Kohala, Tax Map Key (3) 6-8-001:001, subject to the review and approval of Corporation Counsel, and that either the Chairperson or the Vice-Chairperson be authorized to sign the document.

MOTION: Mr. Ney moved for approval of the recommendation; seconded by Ms. Keolanui.

The Manager-Chief Engineer stated that the added language can be found on Page 2 under No. 1c.(v).

Ms. Mellon-Lacey added that this kind of language is really on the increase in all of their rights-of-entries with different parties now. People are very concerned about making sure that evasive species do not come in on other people's equipment or the undersides of trucks, etc. It seems a little onerous but is not unusual now, and the Department supports it.

ACTION: Motion to approve was carried unanimously by voice vote.

10) NORTH KONA:

A. **JOB NO. 2021-1181, KEAUHOU BOOSTER A REPAIR:**

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

This project consists of furnishing all labor, materials, tools and equipment necessary to remove the existing booster pump assembly; install Contractor furnished vertical turbine pump, discharge head, and all appurtenant materials; chlorinate the suction can and pumping assembly; complete an efficiency and vibration test; daily clean-up of the job site at the conclusion of each work day; and perform all incidental work necessary to complete repair in accordance with the specifications.

Bids for this project were opened on August 11, 2022, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik/Energetic A JV	\$72,950.00
Derrick's Well Drilling and Pump Services, LLC	\$117,000.00
ALPHA Inc.	NO BID

Project Costs:

1) Low Bidder (Beylik/Energetic A JV)	\$72,950.00
2) Contingencies (10%)	<u>\$7,295.00</u>
Total Cost:	<u>\$80,245.00</u>

Funding for this project will be from DWS' CIP Budget under Deepwell Pump Replacement. The contractor will have 180 calendar days to complete the well repair with the Contractor's furnished equipment. The Engineering estimate for this project was \$146,850.00.

Booster History:

Keauhou Booster A:

Original Installation: June 1989

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2021-1181, KEAUHOU BOOSTER A REPAIR, to the lowest responsible bidder, Beylik/Energetic A JV, for their bid amount of \$72,950.00, plus \$7,295.00 for contingencies, for a total contract amount of \$80,245.00. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

MOTION: Mr. Ney moved for approval of the recommendation; seconded by Ms. Hugo.

Ms. Hugo stated that the engineering estimate was \$146,850.00. That is a lot of money on the table--twice the amount. She asked what the reason was.

Mr. Goodale replied that from the Department's standpoint, from the engineer's estimate on this, it has to do with the price of materials going up significantly, especially in the last year. Engineer's estimates have been on the high side, trying to give the best estimate for what is believed the cost would be. In this case, if you look at it, it seems the Department got a deal; but when trying to do the estimating, the engineers are looking at what future increases for parts may be. The Department would like to be slightly higher than not to have estimated enough.

Mr. Ney asked if there is an inflation adjustment clause in the contracts.

Mr. Goodale replied that it would be the contingency.

Mr. Ney asked if, beyond that, they could come back with twice as much for a part.

Mr. Goodale replied that was not the case. It is in some of the service contracts but not in the contract for a project like this.

Ms. Hugo stated that she was concerned for exactly that reason.

Chairperson De Luz stated that, as a side note, hopefully there will be opportunity for Board Members, especially newer members, to attend an American Water Works Association conference as he had. One of the most eye opening things for him was to learn that other municipalities go through similar things. With the Department of Water Supply having 23 individual, unique water systems, it is important to have some appreciation and background to understand the difficulty and that the Department has worked very diligently on redundancy. Mr. Inouye would probably appreciate that

the field is a totally different deal when you are trying to get some of the equipment repaired. Aside from that, this is a welcomed change to have some savings.

ACTION: Motion to approve the recommendation was approved unanimously by voice vote.

11) MISCELLANEOUS:

A. **MEMORANDUM OF AGREEMENT (MOA) FOR THE HARDENING OF PARKER NO. 2, WAI'AHA AND LĀLĀMILO B WELLS – AMENDMENT NO. 1:**

Chairperson De Luz noted that for this item, there is a superseding attachment 5, handed out earlier, which is an update which replaces what is in the Board packet. He asked if there was any testimony for this item. There being none, he continued with the agenda item.

The Hawai'i Emergency Management Agency has requested to amend the Memorandum of Agreement (MOA) for the Hardening of Parker No. 2, Wai'aha, and Lālāmilo B Wells (executed March 7, 2022), in accordance with the Amendment No. 1. This amendment corrects the Period of Performance end date from February 15, 2024, to February 10, 2024, and incorporates required documents to be made a part of the MOA.

The Manager-Chief Engineer recommended that the Board approve the Amendment No. 1 to the Memorandum of Agreement with the Hawai'i Emergency Management Agency for the Hardening of Parker No. 2, Wai'aha, and Lālāmilo B Wells, and that either the Chairperson or the Vice-Chairperson be authorized to sign the document, subject to review as to form and legality by Corporation Counsel.

MOTION: Ms. Hugo moved for approval of the recommendation; seconded by Ms. Keolanui.

The Manager-Chief Engineer stated that this is brought to the Board today because of an error in the completion date as well as including documentation that FEMA and HIEMA require. Besides that, they had provided the wrong Attachment 5 when it was on the agenda in March.

Ms. Mellon-Lacey stated that she has carefully gone through this document and there is nothing in it that is not already understood or something that the County or the Department does not follow.

ACTION: Motion to approve the recommendation was carried unanimously by voice vote.

B. **MONTHLY PROGRESS REPORT:**

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

Mr. Inaba noted there was a quick turnaround from last month and offered to answer any questions the Board may have.

With reference to the Hala'ula Well Development, Mr. Ney stated that he has been getting questions from people thinking they are going to get extra meters now that it is opening up for capacity; but he informs them to hold on until he could get a firm answer on that.

Mr. Inaba stated that it will be a little while before it is put in service. The Department has to see how the system operates.

The Manager-Chief Engineer added that it only adds capacity to that end of the system and not throughout the whole system.

Mr. Ney asked about the Kapaau side, if Hala'ula is separate from Hāwī and Kapaau.

The Manager-Chief Engineer replied it is not physically separate, but it is, hydraulically.

Mr. Inaba stated that there are some improvements that can be looked at to interconnect it a little better.

The Manager-Chief Engineer stated that you cannot push water all the way back to the Kapaau side.

Mr. Ney asked if it was just where the reservoir is placed.

The Manager-Chief Engineer replied that it would be in that general vicinity.

Mr. Inaba added that for the reservoir, they made it match; but down below, because there are PRVs, you cannot go back through the PRVs.

C. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

Ms. Gray noted that the Board received two sets of financial statements, the June 2022 financial statements after closing out the fiscal year, and the July 2022 financial statements. For the June statements, notations are shown on the cover sheet for items that have changed \$10,000 or 20% or more from the prior fiscal year. She pointed out that she felt the fiscal year ended with good news. The net position is positive, as shown on the balance sheet, which is actually in red font but is not intended to be red. In these financial statements, a new accounting requirement is included, called GASB 87. There is a change on the balance sheet in the trade receivables. She noted on the cover sheet that the trade receivables increased \$6.3 million from prior year and that includes pending external funds, federal grant funds for a few projects, as well as accounting for leases where the Department is a lessor. She noted that Chairperson De Luz had mentioned in a previous meeting about the reserves for water receivables. That is included in the trade receivables and was decreased from \$1.6 million to \$1.3 million based on evaluation of historical delinquencies. Another significant item is construction work in progress which decreased 56% because of projects that are now in service and are now assets which will start to depreciate. Another significant change would be the deferred inflows, which is also on the balance sheet, and that has to do with the pension and health care benefits. These adjustments are changes based on audit reports that were received from the EUTF and the ERS systems. The Department also ended the fiscal year with a positive cash balance. The prior year was -\$2.4 million and is now in the positive, \$10.2 million. As mentioned in the cover sheet, this is due to external funding as well as water bill receipts.

Mr. Ney hoped that we are beyond the headwinds of COVID and are kind of coming out of that. His question, in terms of borrowing ability, had to do with being able to get loans at very low interest rates. He wondered if the ability to borrow was possibly going to change, now with the federal reserve increasing rates. If the Department were to borrow money in the future, he wondered if that rate would look a lot different or if it looked like the Department could still borrow money at a very low rate.

Ms. Gray replied that the rates may change, but the Department does have favorable rates for government, and the primary lender is the Department of Health, which gets their funding through the federal government.

Mr. Ney thought there was some funding for pension fund providers that did not fund their pensions correctly and wondered if that was something the Department could get money from.

The Manager-Chief Engineer was not aware of any, and Ms. Gray noted that the Department is on schedule and does contribute regularly to the pension fund.

Chairperson De Luz noted that a lot of major projects are coming to fruition (only \$19 million in that area right now) and assets increased by \$45 million over the previous year. The good news is the Department is getting the CIP projects completed, and he will be interested to see what the depreciation account is going to be now. He gave kudos on two things, one being the auditor's report. When he read it, he had no idea of how they compute the ERS and the EUTF. It must be between the contributions and the Department's current reserve balance (Ms. Gray noted that was correct.) After they reconcile, they felt the Department overpaid by \$2 million (Ms. Gray noted it was based on assumptions of the investments.) Next year it could go the opposite way, and it is a tough one to manage. The other good news, and something the Department controls because it is self-insured, is the worker's compensation. On the reconciliation, he gave kudos because that is tough, especially with the type of work the Department does. Another area for accolades is that the Department decreased its receivables by 20% on its open accounts from previous year by \$297,000. That is significant, in his opinion, so whatever Ms. Gray and her staff are doing is working (Ms. Gray thanked him for that comment.) Those are things that go to the efficiency side of the balance sheet that sometimes do not get looked at, and cash reserves are very healthy. Another situation is, although the Department does not use General Obligation Bonds right now, this may be more of an in-depth discussion, and maybe the Permitted Interaction Group could take a look at it, because the burden of capacity and distribution falls on the Department. This becomes a difficult scenario for the Department because, universally, the Department's philosophy has been to socially have one rate for the entire coverage area. Although the Department tracks its cost per water system, it may be something to share with the Board, only so that communities can appreciate what the true cost is, the true cost of maintaining those individual water systems. If it was actually broken down to cost per water meter, people would be pleasantly surprised that some of those water bills could be 10 times more than they are. If a system goes down or there is not enough capacity and there are not enough reserves, that is something to think about and have an understanding of. Aside from that, he would like to prepare everyone for next year when there will be discussions in regard to a more comprehensive water rate study, so this may help coincide with that as far as this internal information to share during the meeting. He commended Ms. Gray for a job well done as far as tightening up and ensuring that the cash comes in when need be.

Ms. Gray mentioned that the next audit for this past fiscal year will most likely come out in January or February next year.

For the July statements, Ms. Gray noted that most of the highlights are very similar, only because it is leading to the next month. The balance sheet is a snapshot at a point in time and is cumulative, moving forward. She asked if there were any questions on the July financial statements.

Chairperson De Luz suggested another thing to consider is to monitor the correlation of the rate change in water rates as it reflects to where those funds are going and to show the public that, based on a rate increase, what you are doing is you are giving an update in performance on how that rate increase has substantiated in supporting the mission of the Department.

Ms. Gray commented that for the rate study and the financials, going forward, operations and maintenance expenses are primary, but depreciation, as well as funding for the capital assets or capital projects, is something that is taken into consideration, and finding a way to fund projects and take care of expenses is through the water receipts.

The Manager-Chief Engineer added that it also includes maintaining adequate and appropriate reserve amounts for various situations.

D. MANAGER-CHIEF ENGINEER'S REPORT:

Chairperson De Luz asked if there was any testimony for this item. There being none, he continued with the agenda item.

The Manager-Chief Engineer provided an update on the following:

1. North Kona Wells – Deputy Uyehara reported that, the same as last month, there are 12 of 14 wells operating or available to use. As far as the repairs, for Makalei Well, Engineering Division is still working with the developer. He took this time to introduce the Board to Mr. Alvin Inouye, who was here today for the contested case hearing. When he sends kudos to the Kona electricians, it is Alvin who leads his crew and assists the engineers to make sure the system runs; and when there are issues, they are resolved. He is always open to practical, pragmatic fixes to make sure the system operates as it is supposed to. Mr. Goodale added that during the Kona Low wind storm, he thought Alvin must have been in a helicopter because of how fast he went from one site to the next, checking and resetting the systems as needed. He is “the man.”
2. COVID-19 Update – the Manager-Chief Engineer reported that the Department, like everyone else, continues to deal with COVID. Mostly, it is an impact to human resources with exposures or actual positives but the Department is managing. There is nothing new to report.
3. Update on Establishment of Permitted Interaction Group, Re: Capacity Expansion – Mr. Lopez gave an update on his activities as a member of that group. What he did not understand, though, is regarding capacity expansion because he did not see it as part of our Charter.

Ms. Keolanui and Mr. Ney recalled it being discussed during the first (organizational) meeting, with Ms. Mellon-Lacey. Ms. Keolanui said it was to see what other possibilities would benefit the Department and the community.

Mr. Lopez stated that he would investigate it further. Capacity, to him, is adding water delivery and he thought the Permitted Interaction Group was targeting existing water sources.

Mr. Ney thought it was two-prong in a sense that the group would be looking at the two--existing infrastructure and future infrastructure, which Chairperson De Luz hits upon about providing more and thought it is something they have to look at as far as tailoring finances in order to do it.

Mr. Lopez stated that he would pursue that some more. He had been working the month of August in contacting Council Members of Districts 6, 7, and 8, and is pursuing two areas in Districts 6 and 7 and will be presenting the Board with information. He has done one site visit, three telephone meetings, and one in-person meeting and has gathered information. He has some that seem viable in his opinion.

Ms. Keolanui stated that she believed Mr. Hiramami was also speaking with Council Members and the Board could expect an update on that.

Mr. Ney asked Ms. Mellon-Lacey when a normal meeting time and schedule would get going.

Ms. Mellon-Lacey replied that she had participated in the initial formative meeting with the understanding that at any time, the group could call her or schedule a time if she could help in any way. She has not had anyone reaching out to her, but she is available.

Ms. Keolanui offered to email the group and Ms. Mellon-Lacey to get that going. September should be a good month to continue.

Chairperson De Luz suggested two things to take into consideration. One is to make sure the Group reviews the Department's Rules with Ms. Mellon-Lacey to see if there is any contradiction to the rules which may mean they need to be reviewed within this process. The second is to find out if the Manager-Chief Engineer and his staff have a strategic long-term plan and share what the Group's goals are where he may be able to interject if it has not been transposed to a budget; but in looking further down the line to see how to create more resilience and capacity. One of the things to address is that conservation is probably the least looked at opportunity to figure out how to leverage capacity. It is becoming even more prevalent, as seen, for the first time, the federal government has mandated the Colorado river use. It is coming down the pipe, but this may be an opportunity to stay ahead of that curve.

As a maintenance item, the Manager-Chief Engineer asked if this item should continue to be under his report or to have the Permitted Interaction Group indicate when they want it to be on the agenda for an update to the Board.

Chairperson De Luz suggested keeping it on, only because the Group may have a meeting that is short notice to posting requirements, and they can always indicate at the meeting if there is no report. It gives them the flexibility. Ms. Keolanui agreed.

4. Department of Water Supply Energy Report - Mr. Ching reviewed the Energy Report. For the second quarter of 2022, the total power cost was a little over \$6.1 million, which is up 44.3% from the same quarter last year. Compared to the previous quarter, it was up 12.5%. Customer water consumption and total energy use for the second quarter of 2022 was a little over 2.2 billion gallons, which was up 6.1% from the same quarter 2021; and compared to the previous quarter, it was down 1.3%. Total energy use for the second quarter 2022 was a little over 14.6 million kilowatt hours, which is up 9.4% from the same quarter of 2021. Compared to the previous quarter, it was down a little under 1%. For Hawaiian Electric rates, the Department still has the same amount of accounts, 158, broken down into three different rate schedules as shown in Table 1. The average Hawaiian Electric energy rate for the second quarter of 2022 was about 42.5 cents per kilowatt hour, up 44.5% from the same quarter of 2021. Compared to the previous quarter, it was up about 19%. This is alarming but kind of in line with what Hawaiian Electric put out back in March, which was an increase in the order of 20% for the coming months. Hopefully, this is the apex and we can begin to see some downward trend following oil prices. The average demand rate was the same and did not change from last year or the previous quarter. Getting to the current Power Cost Charge, it is \$2.48 cents per thousand gallons, which will change to \$2.75 starting September 1. Figure 4 shows the history of the Power Cost Charge. Getting into the fiscal year, the energy summary for FY2022 shows total power cost a little over \$21.7 million, which was an increase of about 34% from the previous fiscal year. Total energy use for the fiscal year

2022 was a little over 58.4 million kilowatt hours, which was an increase of 9.2% from the previous year. Page 4 includes a pie chart where he broke down total energy use by public water system. Also included are the DWS offices and baseyards. He thought it might be interesting to see what that breakdown looks like. This is simply total energy use and not an efficiency graphic. Kona is a large piece of this pie, but Kona is also a large piece of the Department's total water production and water consumption pie, so it does make sense. The last two pages show the ongoing power savings projects. The first one is the solar PV project, including a Power Purchase Agreement (PPA) at five of the Department's facilities. Four of them are complete, and the one remaining is the Hilo Baseyard for which construction is being scheduled and should be completed by the end of the year if there are no unforeseen changes. He pointed out that this PPA comes with a stable 19 cent per kilowatt hour rate, which will benefit the Department going forward, and is fixed for a 20-year term. Pi'ihonua #3 Booster A replacement is a project for energy savings and also to replace aging infrastructure. The same goes for Hāwī #2 Booster C, which was on today's agenda. Materials are on island and it is just a matter of scheduling work. Pi'ihonua #1 Well C VFD Installation will result in power factor and demand savings.

Chairperson De Luz made some observations. The west side of the island consumes 2/3 of our energy cost but is not 2/3 of all our meters. This goes to why it is so important that as a Department, we let the public understand what the advantage is to a one rate and why, on the Kona side, the area has the most opportunity for efficiency and water conservation. It also puts a burden on Mr. Inouye and his team to keep up because the system runs pretty much full time all the time. This dramatically shows that the correlation between increase in water usage, there is not a direct correlation in energy cost. In some instances, it increases energy cost disproportionately higher. This is where the Department and the Board can better educate the public that if they continue to want to be able to turn that pipe on, it comes at a tremendous cost, and we need to make them appreciate one of the ways they have the ability to help is to conserve. Also, and it may not be in his lifetime, but he can almost see time-of-day use charts coming into play that will directly correlate with the energy cost. He suggested to Mr. Ching that the PV contract should be reviewed to see if the provider keeps all of the tax credits. He has a strong feeling they do. For the Hilo one, they may have additional tax credits because of the inflationary reduction act. It may be a good idea to have Corporation Counsel check on that in the contract to see if there is opportunity to take advantage of that.

**E. EXECUTIVE SESSION REGARDING POTENTIAL DISPUTED SETTLEMENT -
JOB NO. 2016-1056, WAI'AHA DEEPWELL REPAIR, DISTRICT OF NORTH KONA:**

The Board anticipates convening an executive meeting for the purposes of an attorney-client confidential discussion regarding the above-entitled matter.

Pursuant to Section 92-5(a)(4) Hawai'i Revised Statutes, the purpose of the executive meeting is to consult with the Board's attorney on questions and issues pertaining to the Board's duties, privileges, immunities, and liabilities. A two-thirds vote is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the Board.

ACTION: Ms. Hugo moved that the Board enter Executive Session; seconded by Ms. Keolanui and carried by roll call vote (Ayes: 6 - Mr. Bell, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz; Absent: 3 - Messrs. Hirakami, Kekela, and Sugai.)

(The Board entered Executive Session at 12:24 p.m. and returned at 12:46 p.m.)

Chairperson De Luz announced that this matter is deferred back to the Department's administration to deal with appropriately.

F. **CHAIRPERSON'S REPORT:**

Chairperson De Luz reminded the Board to make every effort to be here in the next four meetings for some annual items coming up. The first one will be the annual evaluation of the Manager-Chief Engineer, likely to be on the agenda for September. November will be scheduled for holding elections of the Chairperson and Vice-Chairperson for the year 2023. Two members of the Board will have their terms end this year, himself and Mr. Sugai, Districts 3 and 6, respectively. It will be important to understand what the balance of the terms are for current members when nominations are done so there is an idea of successorship and leadership for transitioning and Board business.

12) **ANNOUNCEMENTS:**

1. **Next Meeting:** - September 27, 2022, 10:00 a.m., at the Liquor Control Conference Room, Hilo Lagoon Centre, 101 Aupuni Street, Room 230, Hilo, Hawai'i.
2. **October meeting** – the Manager-Chief Engineer announced that October's meeting is being planned for Waimea instead of Hilo, with a corresponding site visit to the Waimea Treatment Plant. Mr. Ney said he might be away but has not finalized his plans yet. He will let the Board Secretary know if there is a conflict. Ms. Hugo stated that she will not be here for October.

13) **ADJOURNMENT**

ACTION: Ms. Hugo moved to adjourn the meeting; seconded by Ms. Keolanui and carried unanimously by voice vote.

(Meeting adjourned at 12:50 p.m.)

Recording Secretary

APPROVED BY WATER BOARD
SEPTEMBER 27, 2022