

MINUTES

**WATER BOARD
PUBLIC HEARING ON
PROPOSED AMENDMENT TO FREQUENCY AND METHOD
OF CALCULATING THE POWER COST CHARGE**

Hilo Operations Center Conference Room
December 16, 2008

PRESENT: Mr. Thomas Goya, Chairperson
Mr. George Harai
Ms. Millie Kim
Mr. Bernard “Malu” Konanui
Mr. Francis Kuailani
Mr. Robert Meierdiercks
Mr. Dwayne Mukai
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)
Mr. Quirino Antonio, Jr., Deputy Manager
Ms. Kris “Kanani” Aton, Public Information and Education Specialist
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations
Mr. Clyde Young, Operations Division
Ms. Julie Myhre, Operations Division
Mr. Kurt Inaba, Engineering Division
Mr. Larry Beck, Engineering Division
Mr. Ryan Quitarano, Engineering Division
Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Jason Armstrong, Hawaii Tribune-Herald

CALL TO ORDER: 9:08 a.m.

CHAIRPERSON GOYA: Good morning. I'd like to begin with reading a few things that were listed for me. The notice of this public hearing was published in the Hawai'i Tribune-Herald and in the West Hawai'i Today on November 26 and November 28, 2008. I am Tom Goya, Chair of the Water Board; and the Members of the Water Board and staff, could you pronounce your names, beginning with Francis.

BOARD MEMBERS: Francis Kuailani, Malu Konanui, George Harai, Robert Meierdiercks, Dwayne Mukai, Millie Kim.

CHAIRPERSON GOYA: And myself, Tom Goya. Riley Smith phoned in and said he is on his way and will be here in the next few minutes. (Mr. Smith arrived at 9:19 a.m.)

CHAIRPERSON GOYA: The Department of Water Supply is operated and controlled by this Water Board as provided by the Hawai'i County Charter. Section 63 of Part III, Chapter 54, Hawai'i Revised Statutes, reads as follows:

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

We are here to receive comments or testimony on the proposed amendment to the Power Cost Charge, from \$1.70 to \$2.38. As stated in the hearing notice, all comments or testimony were to be filed in writing before the time of the hearing or are to be presented in person at the time of the hearing. We would like to follow this format as closely as possible; however, because there may be some of you who do not have any written statements but would like to testify or comment, we would like to afford you this opportunity to do so but would like to limit such presentations to five minutes because of the time limit.

The hearing is now open for comments from the floor. Will you please wait until you are recognized by the Chair; and for the record, could you please step forward, state your name and the organization you represent, if any.

Is there anyone here to provide oral testimony? (No oral testimony). I think Board Members have before you written testimony provided by David A. Gardner of (address redacted) Kailua-Kona.

I think it's important that we read this at the public hearing. It's dated December 16, 2008.

(Mr. Goya reads text of Mr. Gardner's letter.)

“I am a rate payer in North Kona, Hawaii.

- 1 Water Supply should have rate increase hearings in both Hilo and Kona. It is not reasonable to expect Kona rate payers to devote a whole day to drive to Hilo and be there by 9 a.m. to speak for three minutes.
- 2 As an alternative, there could be a video link from Kona to Hilo to allow Kona rate payers to give comments without having to drive to Hilo.
- 3 I believe that the rates only need to be adjusted once a year. Water Supply will spend more money than is necessary to try to calculate what a fair rate is every month, and then defend that to the public.
- 4 Rate payers need to know what rates they can expect for a year so they can create a household or business budget with accuracy. This cannot be done if Water Supply is changing rates every month.
- 5 It is a well-established fact that rates go up faster than they come down. Rate payers should not have to pay more than is necessary for Water Supply to operate.
- 6 Water Supply should examine its expenses to determine what expense can be reduced or eliminated so as to reduce the need for rate increases. In these hard economic times, many if not all municipal services and commercial businesses are doing the same. Raising rates should be done only as a last step.
- 7 Water Supply should investigate the use of solar panels and other alternative methods of generating electricity at its facilities and implementing them before raising rates to pay HELCO. A large-scale shift away from HELCO to using green alternatives for electric generation could be funded by a bond issue, negating the need to raise or lower rates every month.
- 8 The rate increase proposed would increase my monthly residential bill by \$60. This is unreasonable in light of the fact that oil costs have come down 250% since July 2008.
- 9 Water Supply should provide a line item budget and an executive summary of their calculations showing in detail the need for such a large increase. This should include any cash surplus Water Supply has and how continued operations without a rate increase would affect that surplus.
- 10 As Water Supply is HELCO's largest customer, Water Supply should approach HELCO for a rate reduction that reflects their large usage. Water Supply should work with HELCO on green alternatives, possibly providing funding for such alternatives, and have HELCO pass on savings from such alternatives to Water Supply."

(CHAIRPERSON GOYA RESUMES TESTIMONY):

Again, this is from David A. Gardner from Kona. I guess we tried to address some of his comments in a public release. Again, I've stated a number of times we really need to be proactive in trying to extend our communications and provide information to all of our customers, so they appropriately understand the operations of the department, number one,

and the things we are doing to be proactive in meeting the challenges in these more difficult economic times. I think we're on the right track; it's just that the need for information sometimes is more challenging for the Department. I'll have comments later regarding some of the initiatives that I hope the Department can undertake in the near term so all of you in responsible positions can step forward and meet the challenges and be aware that our customers really need to be educated and that we need to improve our communications.

We thank David Gardner for providing these comments. Millie?

- MILLIE KIM: Mr. Chair, I'd just like to comment that maybe a video link is a good idea when the Board and the Department heads hold hearings like this relating to adjusting the rates. But you know at the same time, I agree, the Board and Department heads have really done a lot as far as improving outreach. But you know, at the same time, I think the customer has a certain level of responsibility, and Mr. Gardner has also, at his disposal...he could write a letter or email or fax the Department, I think, as he did here. You just don't have the personal contact, but at least the comments would be on record. So it isn't like he's totally precluded from having input.
- CHAIRPERSON GOYA: I think we should address his concerns directly in a response, in a letter, or you know, a follow-up, saying the next time we're in Kona we'd like him to come to our meeting.
- GEORGE HARAI: Mr. Chairman, may I also make one comment on this matter; it's that, it's unfortunate Mr. Gardner is not here, because one of the comments he made was about the rate increase once a year like that and the power adjustment. It's to his benefit that we do it more often. That's number one, and secondly, about us cutting expenses and like that; I think because we don't have meetings in Kona and the whole staff don't have to go to Kona. This will cut expenses by having it in Hilo. So that's the comments I wanted to make.
- CHAIRMAN GOYA: Thank you, George. Any other comments from the Board?
- KATHERINE GARSON: Actually...the public...
- CHAIRPERSON GOYA: We're in a public hearing to make policy here so I just wanted to make sure that we addressed the public input to the process here at this time.
- DWAYNE MUKAI: So what was that... the public?
- KATHERINE GARSON: I was just going to say, you know, to actually discuss the substance of the rate increase -- you have that in the Meeting. This is the public hearing. I'm just reminding you that public testimony should give comments about the nature of the public testimony, or how it comes in...That would be appropriate...

DWAYNE MUKAI: Mr. Chairman, I like his idea in Suggestion No. 2, that we look at possibly doing a video link with Kona...

MILLIE KIM: Like the Council does.

DWAYNE MUKAI: Like the County Council does.

MILLIE KIM: It's all set up.

DWAYNE MUKAI: That might be something we could look into, particularly for something like a public hearing. That might be something we could look into in the future. It's a point well taken.

CHAIRPERSON GOYA: Any other comments regarding the public hearing from the Board here? If not, the Chair would like to entertain a Motion to close the public hearing.

DWAYNE MUKAI: So move.

MILLIE KIM: Second.

CHAIRPERSON GOYA: Any discussion? All in favor of closing the public hearing say Aye.

BOARD MEMBERS: Unanimous ayes.

CHAIRPERSON GOYA: Opposed? None. Motion carried.

(Public Hearing adjourned at 9:18 a.m.)

Senior Clerk-Stenographer

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