

PUBLIC HEARING MINUTES
BOARD OF WATER SUPPLY
Thursday, January 28, 2010

The Board of Water Supply, County of Kaua'i, met at a public hearing meeting at its office in Lihu'e on Thursday, January 28, 2010 at 10:00 a.m. Chairperson Randall Nishimura stated that this Public Hearing was for the purpose of receiving written and oral testimony and comments from interested persons regarding proposed amendments to the Rules and Regulations of Part 4, affecting Sections I, II, III, V, VI and X, of the Board of Water Supply, County of Kauai, State of Hawai'i.

DOW Deputy County Attorney Andrea Suzuki read the rules of procedure that applied to this hearing.

Chairperson Nishimura opened the hearing and stated that the purpose of this hearing was for the Board of Water Supply to hear testimony and take action relating to the proposed amendments to the Rules and Regulations of Part IV, Sect. I, II, III, V, VI, and X.

On roll call, the following Board members answered present:

BOARD: Mr. Randall Nishimura, Chairperson
Mr. Ian Costa (present at about 10:12 a.m.)
Mr. Dee Crowell
Mr. Donald Fujimoto
Mr. Leland Kahawai
Mr. Raymond McCormick
Mr. Roy Oyama

STAFF: Mr. David Craddick
Mr. Paul Ganaden
Mr. Gregg Fujikawa
Mr. William Eddy
Mr. Keith Fujimoto
Mr. Bruce Inouye
Ms. Faith Shiramizu
DOW Deputy County Attorney Andrea Suzuki
First Deputy County Attorney Amy Esaki

GUESTS: Mr. Ken Taylor
Mr. Alan Muraoka
Mr. Mike Tresler, Grove Farm Company
Mr. Dave Hinazumi, Grove Farm Company

The secretary also read the following Public Hearing notice:

NOTICE OF PUBLIC HEARING

The Board of Water Supply of the County of Kauai ("Board") will hold a public hearing at its Board Room located on the second floor of the Kauai County Department of Water's Microbiology Lab Building, 4398 Pua Loke Street, Lihue, Kauai, Hawaii, on Thursday, January 28, 2010 at 10:00 a.m., or soon thereafter, for purposes of hearing and receiving public testimony and comments from all interested persons regarding the following item:

PROPOSED AMENDMENTS TO THE RULES AND REGULATIONS OF THE BOARD OF WATER SUPPLY, COUNTY OF KAUAI, STATE OF HAWAII

- I. Amendment to Part 4 Section I, General Use Rates Paragraph 1 - Adding minimum consumption to each block
- II. Amendment to Part 4 Section I, General Use Rates Paragraph II – Decreasing consumption block thresholds and adding 4th block and rate.
- III. Amendment to Part 4 Section II, Bulk Rates - Paragraph 1 - Change applicability date for bulk rates. Paragraph 2 - Establish Wharfage Fee
- IV. Amendment to Part 4 Section III, Bulk Rates - Paragraph 3 - Requiring Back Flow Preventer to qualify for Agricultural Rates.
- V. Amendment to Part 4 Section V, Private Fire Service Charges - Volume charge will be multiplied by the area ratio of the detector check meter and the line size
- VI. Amendment to Part 4 Section VI, Public Fire Service Charges - deleting old rates.
- VII. Amendment to Part 4 Section X, Cost of Power Adjustment – Adding new projected power costs for July 1, 2010 through July 1, 2014

A copy of the proposed rule amendment will be mailed to any interested person who requests a copy and pays the required fees for the copy and the postage. Requests may be made by calling the Water Manager's Office at (808) 245-5408, or by submitting facsimile requests to (808) 246-8628. Requests may also be made up to and including the date of the public hearing.

The proposed rule amendments may be reviewed in person between the hours of 7:45 a.m. to 4:30 p.m., Mondays through Fridays (excluding State of Hawaii holidays), at the Water Manager's Office, 4398 Pua Loke Street, Lihue, Kauai, Hawaii. Proposed rule amendments may be reviewed any time up to and including the date of the public hearing.

All interested persons may submit data, views, arguments, or other testimony orally or in writing, or both, concerning the proposed rule amendments. Data, views, arguments, or other testimony may be submitted to any time up to and including the date of the public hearing, or at the public hearing itself. Data, views, arguments, or testimony may be submitted by e-mail to rmiura@kauaiwater.org, by facsimile to

(808) 246-8628 or by U.S. mail to the Water Manager's Office, whose address is Kauai Department of Water, 4398 Pua Loke Street, Lihue, Kauai, Hawaii 96766.

The Board may impose a time limit for each person presenting testimony at the hearing. Should you have any questions, please do not hesitate to call the Water Manager's Office at (808) 245-5408. The Water Manager's facsimile number is (808) 246-8628.

BY ORDER OF THE BOARD: Leland K. Kahawai, 2009 Chairperson

[This notice was published in The Garden Island Newspaper on December 29, 2009.]

Manager Craddick gave a Powerpoint Presentation on the background of the proposed rule amendments.

Proposed Block Changes:

He presented that the DOW's goal is to support the majority of its Water Plan 2020 projects now when construction costs are down and there is a possibility of saving about 20-30% in construction costs. In order to fund these projects, the DOW need to borrow monies by floating bonds, which need to be paid back. Payment of the monies could be delayed for awhile; however, we cannot wait too long as the cost may increase.

He added that the DOW did not want to do a rate increase to support our projects, especially in these tough economic times, therefore, we have tried to be creative and instead lower the range of amount of gallons of water used in our current block rates ranges, which would hopefully, first of all, encourage our customer to conserve water and to secondly, not go into the higher block ranges with a higher water rate per 1,000 gallons and have a higher water bill. Each of the block rates would be based on the usage of a lesser amount of gallons of water; e.g., the first block rate will be reduced from a maximum of 20,000 gallons to a maximum of 14,000 gallons used, the second block rate would be reduced from 20,001-40,000 gallons to 14,001-28,000 used, etc. Also, a 4th block rate is proposed. These adjustments were suggested in hopes of encouraging our customers to conserve water; if not, the DOW would receive additional revenues.

Manager Craddick discussed that the DOW has had several 8-1/2% rate increases over the past few years; however, studies do not clearly show that our customers have reduced and conserved water to address the rate increases.

Manager Craddick added that upon the Board's request to see how many of our customers would be negatively affected by our proposed revised block water rates, it was found that out of our 18,400 customers, 3,650 would be negatively affected

Manager Craddick also added that the service charge was also recommended to be revised because there are a number of meters not being used so we are not getting depreciation for our meters and service lines, so it would be addressed with the monthly service charge increase.

Manager Craddick discussed that it was figured that if our customers chooses to upsize their meter to address their water usage, it would take about 6 years to recoup the required difference between their existing and new facilities reserve charge payment.

Agriculture Rateholders Require Installation of Backflow Preventer Devices:

He also added that there are no changes to the agricultural water rates. The only change will be that all customers who qualify to have agricultural water rates would now also need to install a backflow preventer device to qualify. This would help to ensure protection of the County's water supply.

Private Water Fire Flow Rate Changes:

Manager Craddick also added that presently the DOW bills the customer the amount that is on the meter if there is consumption on the fireline. However, on the detector check meter, if water goes through the meter and that detector check opens, there is a lot more water going into the customer's line then what the meter registers. Each meter has a curve of how much water that is, but it would apply each curve to each type of meter manufactured and the different type of meter sizes would be an impossibility. Therefore, we are taking the area ratio of the incoming line size and the meter and multiplying the meter reading times that area ratio. Another addition to the rule is that these services cannot be canceled without the approval of the Fire Chief.

Mr. Costa was present at the meeting at about 10:12 a.m.

Cost of Power Adjustment:

Manager Craddick also discussed that since the cost of power adjustment is based on a formula that is in our Rules; it was felt that the cost breakdown should not have been included in this proposed rule amendment so the Board can decide to not include this section in this rule revision process. He added that this item was included in the public hearing notice that was notice awhile ago; however, apologized as it was since noted that it should be deleted.

Mr. D. Fujimoto clarified for the public that there is already an automatic allowance for power adjustment in the Rules so regardless of whether that table is in the proposed rule amendment or not, the DOW is allowed to adjust the power fee to reflect the actual charges.

On the Board's concurrence, Chair Nishimura so ordered that this item not be included in this public hearing as the Board did not act on it previously.

Testimony:

On query by Chair Nishimura, it was noted that there were no written testimony submitted. There was one member from the public that signed up to give oral testimony.

Mr. Ken Taylor:

Mr. Taylor testified that his address is 1720-A Makaleha Place, Kapahi, he does not represent any group or organization, and he is not a registered lobbyist.

Mr. Taylor thanked the Board for having community meetings on the proposed rule amendments; however, it was not well attended. He suggested that the Department do better outreach to inform the community about these meetings. Once he learned about the meetings, he got our press release from our website and emailed to his email distribution list. Therefore, he got 3 more people to attend the last community meeting in Kalaheo. He added that there was another community meeting in Koloa that night so he could have gotten more people to attend.

Mr. Taylor felt that the Department should start over with better advertising.

Mr. Taylor discussed that no one knew which ag properties with ag meters had residences on it. He suggested that for those properties with ag meters with residences on it should have possibly 35,000 gallons at the regular rate and the rest of the water usage should be at the ag rate.

Mr. Taylor stated that for the cost of power adjustment, that we know that fuel costs will be going up and we also know that there will be a lot of fluctuations and rather than have a firm number, there should be a 6-month flow of what is the actual cost running. He also stated that if the numbers floated based on current numbers, he thought that it would be more realistic to the ratepayers and to the district.

Mr. Taylor discussed that these changes were to support Water Plan 2020 projects; however, his issue on the plan was that it was based on the population projections for the late 90's that may not be accurate today. Therefore, capital improvement needs might not be as great early on as one might have thought if the population growth would have continued. Mr. Taylor stated that Water Plan 2020 is like having a Cadillac and everyone wants a Cadillac. He understood that there is a need to replace old waterlines, but in these bad economic times in the community, do we need to buy a Cadillac?

Mr. Taylor added that there are so many rate increases happening in our communities including our water rate increase, KIUC electric rate increase, and also the County wants to now charge for trash pickup. With all of these different increases, he felt that it would be 'the straw that broke the camel's back' situation.

Mr. Taylor summarized that he felt that the economy would not be recovering any time soon; therefore, he felt that it would help our customers if the Department did not rush with all of our projects when he felt that the low construction costs would be available longer. So the spending of monies could be spread over a longer period of time.

On query by Mr. D. Fujimoto, Mr. Taylor stated that he randomly selected 35,000 gallons of water used to be at the regular water rate, with the excess being on an ag rate.

Chair Nishimura verified that there were no other testifiers.

Chair Nishimura noted that the results of this Public Hearing will be forwarded to the SBRRB for their next meeting. If all goes well, Chair Nishimura stated that the Board

will make its decision regarding the adoption of this rule amendment at either its April or May, 2010 Water Board Meeting.

Chair Nishimura thanked Mr. Taylor for his testimony.

ADJOURNMENT

There being no other testifiers present, Chair Nishimura closed the public hearing at 10:38 a.m.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

David R. Craddick, P.E.
Manager and Chief Engineer

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