

NOTICE OF PUBLIC HEARING
COUNTY OF KAUAI

The Board of Water Supply of the County of Kauai (“Board”) will hold a public hearing and receive 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 HAWAII

PART 2 WATER SERVICE CONNECTIONS
SECTION IX - ADJUSTMENT OF BILLS FOR UNDETECTED LEAKS
AND UNFORESEEN DAMAGES

(Section revisions for adjustment of bills for undetected leaks and unforeseen damages to
use the second tier rate pursuant to the Department’s General Use Water Rates)

The Public hearing will be held at the following location, date and time given below:

Thursday, May 22, 2014
5:00 p.m.
Kauai County Department of Water’s Microbiology Lab Building
2nd floor,
4398 Pua Loke Street, Lihue

A copy of the proposed recommendation will be mailed to any interested person who requests a copy and pays the required fees for the copy and the postage. The rule proposed to be repealed may also be reviewed in person from Monday through Friday, 8 am to 4:15 p.m. Requests may be made by calling the Water Manager’s Office at (808) 245-5406, or by submitting facsimile requests to (808) 246-8628. Requests may also be made 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 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 eineumiller@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.

Special Accommodations for persons with disabilities are available upon request five (5) days prior to the meeting date. Please call the Department of Water, County of Kauai, at 245-5406 or drop by at 4398 Pua Loke Street, Lihue, Kauai. Our mailing address is PO Box 1706, Lihue, HI 96766.

BY ORDER OF THE BOARD: Clyde Nakaya, 2014 Chairperson

(Published in The Garden Island & Department of Water’s Website at www.kauaiwater.org on April 22, 2014, May 22, 2014)

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT NO. 13-7

May 22, 2014

Re: Board Discussion and Possible Action on Part 2 Section IX, Adjustment of Bills for Undetected Leaks and Unforeseen Damages of the DOW's Rules & Regulations, Public Hearing

RECOMMENDATION: It is recommended that the Board adopt the proposed revisions of Part 2 Section IX of the DOW's Rules & Regulations as recommended by the DOW.

BACKGROUND: Every year, \$300,000 - \$400,000 leak rebates are given. Initially in 2012, the DOW has recommended the Board to eliminate Part 2 Section IX in its entirety but instead, the DOW plans to keep this rule with the amendments as proposed.

After many revisions with the Rules Committee, the attached proposal has been moved to the full board for review and action.

The Rules Committee has revised the Rule to strictly limit the number of rebates for a consumer and have narrowed the allowable justification to strictly underground leaks.

Through internal SOP guidelines, the proposed amendment would require the consumer to sign an affidavit attesting to their submitted documents that their claim is true. If their claim for underground leak is found and proven to be false, the DOW will have the rights to recover the rebate under claims of perjury.

On November 21, 2013, the Board approved a motion to send the revised Part 2 Section IX of the DOW's Rules and Regulations to the Small Business Regulatory Review Board. On November 27, 2013, the Department sent the revised Part 2 Section IX to the Small Business Regulatory Review Board. In a letter dated December 13, 2013, the Small Business Regulatory Review Board informed the Department that their members unanimously agreed that the proposed rules may proceed to public hearing.

In January 2014, the board also approved the Department to amend Part 4, Section 1 to change the term "block" into "tier" to make the DOW's terminology consistent with our Customer Care & Billing (CC&B) program. With this amendment, the DOW has removed the "0" block notation to start with "Tier 1."

Current Calculation:

An adjustment is based on the consumer's 6-month average bill (**dollars**) minus the "high bill" divided in $\frac{1}{2}$. The consumer is responsible for 50% of the charges.

Proposed Calculation:

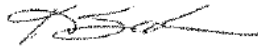
An adjustment is based on the consumer's 12-month average consumption (**usage consumption in gallons**) minus the "high bill" (**usage consumption in gallons**). The difference is charged at the Tier 2 rate applicable to the meter size in the Department's General Use Rates.

Options:

1. **Approve Recommendation** – The Department will finalize amendment.
2. **Amend Recommendation** – If the Board amends the proposed rule, the DOW will continue to work with the Board to incorporate proposed changes.
3. **Disapprove Recommendation/Table Item** – The Department will continue to use the DOW's current rule and administer adjustments to those who are eligible.

Thank you for your attention to this matter.

Respectfully submitted,



Kirk Saiki, P.E.
Acting Manager and Chief Engineer

Attached: DOW Revised Proposed Changes on Part 2 Section IX, Adjustment of Bills for Undetected Leaks and Unforeseen Damages of the Rules (05-22-14)

KS:mjg

Mgrrp/May 2014/13-7 Board Discussion & Possible Action on Part 2 Section IX of the Rules (approved to SBRRB 10/17/13) (approved to public hearing 1-23-14)mjg

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

Administrative rule material to be repealed is bracketed. New material is underscored. Deleted material is ~~stricken through~~ or [bracketed.] In printing this rule amendment, the brackets, bracketed material, underscoring, strikes need not be included.

SECTION IX - ADJUSTMENT OF BILLS FOR UNDETECTED

UNDERGROUND LEAKS AND UNFORESEEN DAMAGES

1. The Department will reduce high water bills caused by undetected underground leaks in the consumer's supply pipe provided, however, that no ~~by one half of the excess over the consumer's normal bill based on the previous six months' average.~~ Adjustments will also ~~reduction in a water bill shall~~ be allowed where the high water bill underground leak was caused by some unforeseen circumstance such as resulted from storm damage, flood, explosion, fire, and or acts of nature.
 2. Before adjustment is made under this section, the ~~owner~~ consumer shall first request an adjustment and submit substantiating evidence and data ~~to warrant such an adjustment required as may be requested~~ by the Department to justify an adjustment in the water bill. The Department ~~shall make their determination based on the data presented and any other evidence as collected by the Department, if necessary.~~ may, but shall not be required, to conduct its own investigation of the high water bill.
 2. 3. An Adjustment in a high water bill will be allowed only if the consumer exercises diligence in repairing and stopping the leak within ~~the period of one week after knowledge that the consumer knew or should have known of an undetected underground leak.~~ age. A consumer's knowledge of the leak may be inferred by the Department from a high water bill or notification from the Department.
 3. 4. No adjustments will be made for leakage due to faulty plumbing fixtures, or for leakage from exposed waterlines within ~~his property~~ the consumer's premises.
 4. 5. Before adjustment is made under this section, the owner shall first request an adjustment and submit substantiating data to warrant such an adjustment if required by the Department. The Department shall make the determination based on the data presented and any other evidence as collected by the Department, if necessary.
If a consumer's request for adjustment is allowed, the newly adjusted amount due shall be calculated by determining the difference of the high bill consumption in gallons and the average consumption in gallons of the previous 12 months, multiplied by the tier two (2) rate in the Department's General Use Rates. (See equation below)
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- Tier 2 rate * (in gallons on high bill – (average gallons of previous 12 months)) = newly adjusted amount due
- Where the consumer has had water service for less than 12 months, the Manager shall make a good faith determination of the reduction.
6. A reduction in high water bills resulting from underground leaks shall be allowed only once in every two-year period, provided that the Department may, in its discretion, and for good cause, may consider and allow a request for reduction more frequently than once in a 2-year period.