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COUNTY OF KAUAI
BOARD OF WATER SUPPLY
SPECIAL BOARD MEETING

Friday, November 4, 2011

9:12 - 10:10 a.m.

Second Floor, Microbiology Lab Building

Kauai County Department of Water

4398 Pua Loke Street

Lihue, Kahai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482

Registered Professional Reporter

APPEARANCES

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CHAIRMAN:

Roy Oyama

BOARD MEMBERS:

Clyde Nakaya

Randall Nishimura

Raymond McCormick

Daryl Kaneshiro

Michael Dahilig

Larry Dill

DEPUTY MANAGER:

William Eddy

1 SPECIAL BOARD MEETING

2 CHAIRMAN OYAMA: Good morning, this is
3 November the 4th, 2011, and the Board of Water Supply of
4 the County of Kauai, Special Board Meeting, Second
5 Floor, Microbiology Lab Building, Kauai County
6 Department of Water, 4398 Pua Loke Street, Lihue, Kauai,
7 Hawaii 96766.

8 Before we begin, I would like to introduce
9 directly Ms. Terri Hanson, Court Reporter, from Ralph
10 Rosenberg Court Reporters, who will be giving us -- do
11 you want to say what you call that? I'm not sure
12 because I haven't been familiar with it. So Carol will
13 conduct the role call, but Terri will be recording
14 today's meeting. Terri Hanson.

15 THE COURT REPORTER: I'm just recording
16 what everybody says. So if you can speak up and talk
17 one at a time, that would be great.

18 CHAIRMAN OYAMA: Okay. Very good. Thank
19 you very much in advance. Thank you very much.

20 So Carol, can we have the roll call, please.

21 MS. BEARDMORE: Roy Oyama.

22 CHAIRMAN OYAMA: Here.

23 MS. BEARDMORE: Mike Dahilig.

24 MR. DAHILIG: Present.

25 MS. BEARDMORE: Larry Dill.

1 MR. DILL: Here.

2 MS. BEARDMORE: Daryl Kaneshiro.

3 MR. KANESHIRO: Here.

4 MS. BEARDMORE: Raymond McCormick.

5 MR. McCORMICK: Here.

6 MS. BEARDMORE: Clyde Nakaya.

7 MR. NAKAYA: Here.

8 MS. BEARDMORE: Randall Nishimura.

9 MR. NISHIMURA: Here.

10 MS. BEARDMORE: We have quorum.

11 CHAIRMAN OYAMA: Thank you very much.

12 So the item, acceptance of agenda, what I'd
13 like to do is after the agenda is accepted more or less
14 for any public input if there is any because it's a
15 special meeting and a lot of information, so I think we
16 might have some response from the public.

17 So board members.

18 MR. KANESHIRO: I move to approve the
19 agenda.

20 MR. DAHLIG: Second that motion.

21 CHAIRMAN OYAMA: Move and second to accept
22 the agenda. Thank you very much.

23 Any discussion?

24 If not, all in favor say aye.

25 Opposed no.

1 And hearing none, motion carried. Thank you.

2 So we're open for public input at this time.

3 We have none. Thank you, Faith.

4 MR. NISHIMURA: Mr. Chairman.

5 CHAIRMAN OYAMA: Yes.

6 MR. NISHIMURA: I move that we receive into
7 the record the handout, Part 4, fixing rates for the
8 furnishing of water service in the County of Kauai.
9 There's no date on it, but this was handed out at the
10 meeting today.

11 MR. DILL: Second.

12 CHAIRMAN OYAMA: Seconded. Thank you,
13 Larry. We move and second it. Any discussion?

14 MR. NISHIMURA: Mr. Chair.

15 CHAIRMAN OYAMA: Yes.

16 MR. NISHIMURA: I would just like to
17 confirm for the record that this submission is not a
18 material violation that would require reposting and
19 setting up a new meeting for sunshine rule purposes.

20 MS. SUZUKI: It's not.

21 CHAIRMAN OYAMA: Thank you very much,
22 Andrea. All right. So we'll continue. If not, we'll
23 be voting to receive the amendment. Okay.

24 All in favor say aye.

25 Opposed no.

1 Hearing none, motion carried. Thank you.

2 So we proceed now to the old business. Item A,
3 Manager's Report 11-49, Revised R.W. Beck Report on
4 Financial Planning Analysis and Water Rate Study.

5 Mr. Eddy.

6 MR. EDDY: Thank you, Chair.

7 First of all, I want to thank all of you board
8 members for your hard work over the past year
9 deliberating the finances of the department. And I
10 thank you for being here today for the special board
11 meeting.

12 The Department of Water is unlike any other
13 agency in the county government in that it is an
14 enterprise-funded agency that operates solely on revenue
15 from rates.

16 The board is tasked under the Hawaii revised
17 statutes in the county charter with the immense
18 responsibility to set reasonable rates to ensure the
19 efficient and effective operations of the water works of
20 the county.

21 The board met that responsibility and last year
22 engaged a financial consultant to look at the current
23 finances of the department and to chart a course for the
24 next five years. The consultant conducted the financial
25 analysis using the established method of AWWA, American

1 Water Works Association's rate setting standards.

2 Six objectives emerged as key for developing
3 the water rate options and water rate structure. The
4 objectives are; debt service coverage, cost of service,
5 system replacement, user pays principle, adequate
6 working capital, and the leak rebate program.

7 A total of 18 models were prepared by our
8 consultant and deliberated by this board. The option
9 No. 10D was moved forward by the finance committee based
10 on its ability to meet the stated objectives.

11 The first objective, debt service coverage,
12 refers to the amount of available cash on hand to pay
13 for principal and interest owed. The industry standard
14 for triple A rated utilities and the recommendation of
15 the consultant is to maintain the minimum debt service
16 coverage ratio of 1.5. The rate structure that we
17 recommend today provides that coverage.

18 The second objective is cost of service, which
19 AWWA defines as the operating and capital costs incurred
20 in meeting the various aspects of providing water
21 service.

22 The option we recommend today will meet the
23 cost-of-service needs and the general use rate as
24 determined by our consultant is \$3.48 per thousand
25 gallons.

1 The third objective is to meet the water system
2 replacement needs. There are in excess of \$500 million
3 worth of water plan 2020 projects yet to be completed.
4 The recommended rate structure provides for cash funding
5 of capital projects in the amounts ranging from \$4
6 million to \$7 million per year over the next five years.
7 The recommended rate structure also allows for borrowing
8 in similar amounts.

9 The fourth objective is to be mindful of the
10 user pays principle which requires the user of the
11 service to carry the financial burden for that service.
12 Our existing customers are not to bear the financial
13 burden of future customers. However, it is incumbent on
14 this department to plan for natural population growth.
15 The recommended rate option would provide sufficient
16 amounts of cash and debt carrying capabilities.

17 Fifth objective is to provide sufficient
18 amounts of working capital. The Government Financial
19 Officers Association's best practices define that as
20 adequate levels of fund balance to mitigate current and
21 future risks.

22 The financial consultants recommended that the
23 department maintain enough working capital to cover at
24 least three months of operating costs and establish an
25 emergency reserve fund in the amount of 25 percent of

1 operating revenue.

2 The recommended rate structure will allow the
3 department to meet both of these objectives by the year
4 2016. Option 10D the department feels is the best
5 option. It affords the ability to maintain the water
6 system, it affords the ability to replace the aging
7 system components, and affords the ability to increase
8 system capacity in anticipation of natural population
9 growth, but most importantly it provides the least
10 financial risk to our customers.

11 It is imperative that we fulfill our mission of
12 providing safe, sufficient, and affordable drinking
13 water by maintaining and in some cases replacing this
14 aging system. In order to do that, we must increase
15 rates.

16 The alternative is that our system will
17 deteriorate beyond our ability to maintain it properly
18 and we will have to borrow money to repair it, paying
19 interest to lenders.

20 The best strategy is to put the money into our
21 system directly and take care of it properly.

22 The current difficult economic conditions make
23 it hard for our families. Imposing a rate hike at this
24 time might seem inopportune. However, allowing the
25 water system to continue to deteriorate will only

1 increase the future financial burden on our current
2 customers and the next generation.

3 Acknowledging the difficult current financial
4 burdens on your community, the department recommends an
5 annual review of revenues and receivables to determine
6 whether the scheduled rate increases can be reduced or
7 deferred.

8 To summarize, the department strongly
9 recommends investing in our water system today to bring
10 about the changes we know need to occur.

11 With that, Honorable Board Members, our report
12 is before you, and I humbly ask for your approval of the
13 recommended rate structure.

14 Thank you, Mr. Chair.

15 CHAIRMAN OYAMA: Thank you. Board Members,
16 any questions? Discussion, debate?

17 MR. NISHIMURA: Chair.

18 CHAIRMAN OYAMA: Sure.

19 MR. NISHIMURA: Just for the record, I want
20 to make sure that everybody understands that the rate
21 increases that have been purported do not match with the
22 rate increases that I see put before us.

23 If we look at page 1 of 10, we are moving from
24 -- and I'll focus primarily on the 5/8" meter because
25 that is where the department has focused their

1 presentations to the board.

2 We are going from a \$10 service charge to a
3 \$17.75 service charge, which equates to a 78-percent
4 increase as opposed to an 11-percent increase that has
5 been suggested to us. This equates to roughly 22
6 percent per year over the three and a half year time
7 frame of the increase.

8 And I'm hoping that where this increase is
9 coming about is based on the consumptive values that
10 they are reporting. And even there we're going from --
11 on the first block from 5 percent to 11 percent per
12 year, and that's just on the consumptive value.

13 So if you are going to support this rate
14 structure, just be aware of what you are voting in favor
15 of.

16 I agree that there is a need to keep up with
17 the replacement of the system, and I would like to point
18 out to the other members that we have borrowed
19 significantly in the past, and that if we are going to
20 cash fund some of these things that it is coming
21 primarily out of the pockets of our rate holders.

22 I believe that although that this option 10D is
23 a conservative one, and I would like to correct the
24 record that the finance committee voted two to one to
25 recommend this option to the full board as opposed to

1 being unanimous as reported in the papers, too.

2 And to that extent, I cannot support the
3 current proposal, and I'll leave it at that. Thank you.

4 CHAIRMAN OYAMA: Thank you. Will.

5 MR. EDDY: Chairman, maybe I can shed a
6 little bit of light --

7 CHAIRMAN OYAMA: Please.

8 MR. EDDY: -- on how the revenue increase
9 is calculated and how the water use rates and service
10 charges were revised to reflect the increased revenue.

11 If you could please turn to the financial
12 analysis, page 16 of 34. This is the table that we
13 really focused on over the past year. Once you get to
14 the page 16, you'll see on the left-hand column is where
15 we show the 11.2 percent over four years.

16 Yeah, the numbers are very small on the bottom
17 right-hand corner, the page numbers. It will be page 16
18 of 34. Right here.

19 CHAIRMAN OYAMA: It's too small.

20 MR. EDDY: Yes. I'm sorry. It's so small.

21 So now when we say we're increasing revenue,
22 the proposal is to increase revenues by 11.2 percent.
23 It's done in the broad fashion of taking our historical
24 revenue figures and then increasing those figures by
25 11.2 percent.

1 Now, how that's translated into our use rates
2 and service charges is a method that is a standard
3 method in the AWWA manual M1 for cost-of-service
4 analysis. And that cost-of-service analysis is in this
5 financial package. So the cost-of-service analysis
6 determines where we are currently in the different
7 categories of service charge, use rates, agricultural
8 use rates, private fire protection, and public fire
9 protection.

10 And then they use that to distribute this 11.2
11 percent revenue increase fairly and equitably among
12 those use rate service charges, private fire service
13 lines, and public service lines.

14 So the proposed rates that we see in the Part 4
15 are not even 11.2 percent in each category. They're
16 weighted more heavily in some categories than others
17 because the financial consultant has determined that
18 different categories mean different factors to bring
19 them to cost of service.

20 So our service charge increase is indeed more
21 than 11.2 percent per year. And likewise, our use
22 charges, which are on the second page of Part 4 are less
23 than 11.2 percent. And again, that was as determined by
24 the consultant and actually is a variable that we can
25 adjust if desired.

1 MR. DILL: Mr. Chair.

2 CHAIRMAN OYAMA: Yes.

3 MR. DILL: As chair of the finance
4 committee, I can tell you that we labored long and hard
5 over this proposal, and I personally do support this
6 proposed increase.

7 I'd like to address Mr. Nishimura's comments
8 and also clarify perhaps what the deputy manager was
9 saying. If you could look at page 17 of 34, down at the
10 bottom, it shows you based upon the proposed rate
11 increases in line 80 what the average 5/8" meter bill
12 will be per month. And if you look at those numbers, it
13 goes from estimated 2011 44.40, 49.37, 54.90, et cetera.
14 Each of those increases on the average bill is exactly
15 11.2 percent. So that's where the 11.2 percent comes
16 from.

17 As pointed out by the deputy manager, that's a
18 combination of many factors, what we call the standby
19 charge. Or what do we call it?

20 MR. EDDY: The service charge.

21 MR. DILL: The service charge is going up
22 more significantly than that, but the consumption
23 charge, the volume charge, is much less significant,
24 11.2. So the combination of all those factors when you
25 dial it down to the average monthly bill for a 5/8"

1 meter it works out to 11.2 percent over four years.

2 And I support this because I feel that the
3 department over the last several years has begun to make
4 a conservative effort to catch up on the infrastructure
5 needs that are required to be addressed out there after
6 many years of neglect, and this will continue that
7 effort.

8 And I'll also note that as we have discussed
9 previously that if a rate increase is not warranted in
10 any particular year of these scheduled increases, the
11 board can also choose to defer them for a period of time
12 until it is deemed to be necessary.

13 But I believe this is necessary to generate the
14 necessary funds to do the work that the department needs
15 to do.

16 CHAIRMAN OYAMA: Thank you, Mr. Dill.

17 Any more? Any action? Make the motion to act
18 on it?

19 MR. DILL: I'll make a motion,
20 Mr. Chairman, that we move to adopt this as presented.

21 CHAIRMAN OYAMA: Second?

22 MR. McCORMICK: Second.

23 CHAIRMAN OYAMA: Very good. Thank you.

24 Any more discussion on this motion?

25 MR. KANESHIRO: I have a question.

1 CHAIRMAN OYAMA: Sure.

2 MR. KANESHIRO: You know, there's a part
3 that our deputy talked about deferral, that there will
4 be a certain point that we could defer the rates. How
5 are you going to really come to that point? I mean, is
6 there a system in place that you can be able to do that?
7 I mean, it sounds great, but is there a system in place
8 where you can come to that point? Because actually
9 you're going to have to come to a point sometime if
10 you're going to make the deferral. So do we have a
11 system in place? Do we have a procedure in place to be
12 able to identify that situation?

13 MR. EDDY: Well, we could certainly make
14 one if we wanted. But the system that is in place is
15 our budget process that we start every year and that we
16 go through our finances tooth and comb. And so I
17 propose that during the budget process that we review
18 our finances.

19 MR. KANESHIRO: So only during the budget
20 process, so it will be a yearly process that we will do
21 that. So we perhaps after the first year or the second
22 year, maybe in the second year or third year in the
23 first quarter we already hit your goals, you know. So
24 are we still going to continue to collect the fees, the
25 rate structure we have set before us at that point or is

1 there a red flag that's going to be pointed out that,
2 you know, we've hit it in the first quarter?

3 I mean, these are things that, you know, that
4 obviously you wait until the end of the year again, you
5 may have gone 8 months or 10 months or even 11 months
6 collecting these fees. So at that point if you say, Oh,
7 I think we're okay. We're good.

8 Now, what do we do? Do we reimburse the
9 customers? Or I mean, you know, have there been talks
10 about what that also involved?

11 MR. EDDY: Well, our budget deliberations,
12 these start early. We start in March, sometimes even
13 February. So we're just beyond half the year. Now,
14 we're past two quarters, so we're in the third quarter,
15 let's say. So that would give us a good glimpse of what
16 happened in the first two quarters and give us the time
17 to make adjustments. And the department is making that
18 commitment today to do that review. And we can talk
19 about how it's done and give you more details if that's
20 what's desired.

21 CHAIRMAN OYAMA: Yes, Daryl.

22 MR. KANESHIRO: As stated here, we
23 recommend after review on a -- probably an annual basis
24 and that was some of the concerns I had, because you're
25 just reviewing on an annual basis. We may reach some of

1 the goals previous to that, you know, previous to the
2 last quarter and so forth.

3 CHAIRMAN OYAMA: Mr. Eddy, I assume this
4 has been the past practice, right, that you mentioned?

5 MR. EDDY: It is our practice to review the
6 budget yearly and starting in the third quarter.

7 MR. KANESHIRO: So what I'm hearing then is
8 before we even do our annual budget, you may come with a
9 proposal before us in order to state that we're coming
10 close to reaching what we're trying to achieve with this
11 current rate, and therefore, perhaps we should see the
12 fact that coming the next quarter, we may be, is that
13 what I'm hearing from you?

14 MR. EDDY: I think it would probably work
15 well to be, you know, right in concert with the budget
16 process because it is a process that, you know, we're
17 funding projects, we're counting our receivables, and we
18 have the best numbers at that time. So I propose that
19 we do it in concert with the budget examination.

20 MR. DILL: Mr. Chair, I believe it's true
21 that in the past that the board has approved rate
22 increases, scheduled rate increases, but then later
23 chosen to defer them. And I guess I assume that happens
24 as a result of the budget process that the department
25 goes through annually. So I agree with Mr. Kaneshiro.

1 I would like to make sure we have a firm commitment from
2 the department that the budget review process is done in
3 a timely fashion to give us sufficient time to review to
4 make sure that the annually scheduled rate increase can
5 be addressed satisfactorily and justifiable and
6 consideration is given to whether it makes sense to
7 defer them or not.

8 CHAIRMAN OYAMA: Any more discussion?

9 If not, ready for the question. Okay.

10 If you're ready for the question to vote on it,
11 can we have a roll call vote, please.

12 MS. SUZUKI: Board Member Nakaya.

13 MR. NAKAYA: Aye.

14 MS. SUZUKI: Board Member Nishimura.

15 MR. NISHIMURA: No.

16 MS. SUZUKI: Board Member McCormick.

17 MR. McCORMICK: Aye.

18 MS. SUZUKI: Chair Oyama.

19 CHAIRMAN OYAMA: Aye.

20 MS. SUZUKI: Board Member Kaneshiro.

21 MR. KANESHIRO: No.

22 MS. SUZUKI: Board Member Dahilig.

23 MR. DAHILIG: Kanalua.

24 MS. SUZUKI: Board Member Dill.

25 MR. DILL: Aye.

1 MS. SUZUKI: I don't know what we have.

2 MR. NISHIMURA: Chair.

3 CHAIRMAN OYAMA: Yes.

4 MR. NISHIMURA: I think -- and I don't know
5 what the standards are for the Department of Water.
6 Under the rules, no vote is considered a vote in the
7 affirmative, I believe, unless we have specific language
8 otherwise. We have to go check that. And I think you
9 can abstain from voting.

10 CHAIRMAN OYAMA: We'll have a recess about
11 five minutes to find the answer. Recess, five minutes.

12 (A break was had.)

13 CHAIRMAN OYAMA: The meeting please come to
14 order. We're back in session.

15 MS. SUZUKI: And so we're going to do this
16 over again, but I'm going to have you tell me how to
17 spell your vote.

18 MR. DAHILIG: K-a-n-a-l-u-a.

19 MS. SUZUKI: And then tell me what you
20 think it means.

21 MR. DAHILIG: It means that I'm undecided.

22 MS. SUZUKI: Is that an abstention or is it
23 a silent vote?

24 MR. DAHILIG: It can be equated to a silent
25 vote.

1 MS. SUZUKI: All right. And so you called
2 for a vote. I don't know that a silent abstention is a
3 vote. So we're going to go call for all the ayes, then
4 we're going to call for all the nays, and then you can
5 call for all the silents, and then just so we have it
6 for the record, and then we will take it from there.

7 CHAIRMAN OYAMA: Okay. So we take the
8 vote, a roll call again?

9 MS. SUZUKI: Yes, we'll call for the ayes,
10 and then we'll call for the nays, and then we'll call
11 for the silents.

12 CHAIRMAN OYAMA: Okay, okay. We'll take a
13 revote, and we'll call for the ayes, which is the
14 positive, and no is in the negative, and the abstain is
15 silent. Okay?

16 MS. SUZUKI: Yes.

17 CHAIRMAN OYAMA: That's the process.

18 MR. NISHIMURA: Mr. Chair.

19 CHAIRMAN OYAMA: Yes.

20 MR. NISHIMURA: Is a simple majority
21 required for this?

22 MS. SUZUKI: Yes.

23 MR. NISHIMURA: Okay.

24 MS. SUZUKI: I think just call for the
25 ayes.

1 CHAIRMAN OYAMA: I'm going to call for the
2 ayes. Okay.

3 All in favor say aye.

4 All opposed say no.

5 Okay. And any abstaining? One abstain.

6 MS. SUZUKI: An abstention works as a no
7 vote.

8 CHAIRMAN OYAMA: So it's three to four.
9 Right?

10 Raise your hands. Ayes raise your hand.

11 That's four.

12 And the nays.

13 Three.

14 So how does it reckon?

15 MS. SUZUKI: Vote is for the ayes.

16 CHAIRMAN OYAMA: The ayes have it. Okay.
17 So the ayes have the motion. So it's passed. All
18 right.

19 Any more subjects?

20 We're back to new business.

21 Board discussion and possible action on
22 amending the rules and regulations, Part 4, fixing rates
23 for the furnishing of water service in the County of
24 Kauai as it relates to rates and use charges for the
25 furnishing of water service for fiscal year, FY 2012 to

1 2016. Any discussion?

2 MR. EDDY: Thank you. The proposed rate
3 schedules are before you on all the sheets there, and
4 these rates reflect what our financial consultant has
5 determined and calculated in their rate study.

6 MR. DILL: Option 10D?

7 MR. EDDY: Option 10D, yes.

8 CHAIRMAN OYAMA: Any questions?

9 MR. NISHIMURA: Chair.

10 CHAIRMAN OYAMA: Yes.

11 MR. NISHIMURA: The agenda item reflects
12 rate changes for fiscal year 2012 to 2016. Am I to
13 understand that these rates will be in effect until
14 2016?

15 MR. EDDY: Yes. The last column on the
16 amended table shows effective July 1st, 2014. So it's
17 scheduled that these rates will continue through 2016,
18 and the financial analysis reflects that.

19 MR. NISHIMURA: Okay. Just for the record,
20 Mr. Chair, I would like to make note that there be no
21 further rate changes between 2014 and 2016. And that
22 may change after I leave. But one of the overriding
23 fears that I have is that we're going to implement all
24 these changes and then come to 2014 and look at more
25 increases in 2015 and 2016. And then in that case I do

1 not think that this board would be doing justice to our
2 public. That's just my opinion. Thank you.

3 CHAIRMAN OYAMA: Okay. Any more?

4 MR. EDDY: Mr. Chair.

5 CHAIRMAN OYAMA: Yes.

6 MR. EDDY: Can I just make one
7 clarification? What was shown here on July 1st, 2014,
8 is the beginning of a budget cycle. So it is in effect
9 from July 1st, 2014 to June 30th, 2015. So the rates
10 shown in the last column actually do stretch into 2015.
11 And just as a matter of our regular speak on budgets, we
12 would say this budget is our 2015 budget.

13 MR. DILL: So clarification, the fiscal
14 years 2012 to 2016, which to me mean ends July 30th,
15 2016?

16 MR. EDDY: Correct.

17 MR. DILL: So that rate that's effective
18 July 1st, 2014, remains in effect according this through
19 June 30, 2016?

20 MR. EDDY: That's correct.

21 MR. DILL: So that is correct?

22 MR. EDDY: That is correct.

23 CHAIRMAN OYAMA: Any more?

24 MR. NISHIMURA: This item, the
25 cost-of-power adjustment, why have we not updated that?

1 The last page.

2 MR. EDDY: Tess, could I ask you to speak
3 on the cost-of-power adjustment, please.

4 MS. YANO: We used the last calculation
5 that we had in 2012, budget 2012. The first worksheet
6 our consultant did change it. It was lower, but he
7 changed it to use as a base, our 2012 budget because
8 that's a variable that we didn't know if it goes up or
9 it goes down.

10 CHAIRMAN OYAMA: Okay. Anybody?

11 MR. NISHIMURA: Is there a reason why
12 Schedule A isn't included?

13 MR. EDDY: It could possibly be deleted,
14 but our rate study really didn't go into detail on this
15 subject. And, therefore, we didn't change it.

16 MR. DILL: Mr. Chair.

17 CHAIRMAN OYAMA: Sure.

18 MR. DILL: Schedule A items I don't think
19 it's necessary to include in here, however, I don't
20 think it's in conflict with anything that we're trying
21 to do, what the cost-of-power adjustment is intended to
22 do because the cost-of-power adjustment, as I understand
23 it; I'd ask the deputy to confirm; is recalculated
24 annually based on the historical actual power cost
25 consumption of the department, and that's reflected in

1 going forward to recover the cost to the department. So
2 it's not addressed in the same way the cost-of-service
3 basis that our rates are. It is based on historical
4 actual power consumption and bills. Is that correct?

5 MR. EDDY: Can you confirm that?

6 MS. YANO: Yes.

7 CHAIRMAN OYAMA: Tess said yes.

8 So any more?

9 Mr. Greg, do you have any?

10 MR. FUJIKAWA: No.

11 CHAIRMAN OYAMA: Thank you. Anyone on the
12 board?

13 If not, to fix rates? Any action?

14 MR. DILL: Mr. Chair.

15 CHAIRMAN OYAMA: Yes.

16 MR. DILL: I know we have a public hearing
17 scheduled on this. So not being familiar with the
18 procedure, is it appropriate that we take action and
19 eventually adopt these rates before the public hearing?

20 MS. SUZUKI: No, the proper motion would be
21 to move it forward to the small business.

22 MR. DILL: Okay. Thank you.

23 MR. NISHIMURA: Question. I believe there
24 was a concern on the part of the department to try and
25 schedule -- already schedule a public hearing, tentative

1 public hearing. Would that be incorporated into the
2 motion?

3 MS. SUZUKI: We can schedule it without a
4 motion. So I think the only thing would be -- 'cause
5 you have to --

6 MR. NISHIMURA: 31 days or something like
7 that.

8 MS. SUZUKI: Yeah. But I don't think it is
9 necessary to be in the motion.

10 MR. NISHIMURA: The main process is to
11 accept it to make the move so the motions can be -- I
12 mean, the subject can be referred to small business.

13 MS. SUZUKI: Yes.

14 MR. NISHIMURA: Would the board have to
15 authorize the department to move forward with the public
16 hearing?

17 MS. SUZUKI: No, you move it to small
18 business, small business makes a recommendation.

19 CHAIRMAN OYAMA: Once you pass small
20 business, that's the process.

21 MR. NISHIMURA: You understand that that's
22 an additional 30 days?

23 CHAIRMAN OYAMA: Yes.

24 MR. DILL: So then after that we're going
25 to have come back to a future board meeting for the

1 board to actually adopt the rates if we choose to do so.

2 MR. NISHIMURA: So we're looking at
3 possibly three months?

4 MS. SUZUKI: The department can schedule.
5 And then if small business decides not to recommend
6 public hearing, we can cancel whatever they schedule.

7 MR. NISHIMURA: Okay. Understood.

8 MS. SUZUKI: Understanding that time is a
9 concern.

10 MR. DAHILIG: Are we bound by small
11 business' recommendation?

12 MS. SUZUKI: No.

13 CHAIRMAN OYAMA: So if they recommend no,
14 then we just move forward with the public hearing?

15 MS. SUZUKI: Yes. There is an advisory
16 committee on this, but it's the process that all
17 agencies go through.

18 CHAIRMAN OYAMA: Members?

19 MR. McCORMICK: Chair, I move that we
20 accept this and move it to small business review.

21 CHAIRMAN OYAMA: Second?

22 MR. DILL: Second.

23 CHAIRMAN OYAMA: Thank you. Any
24 discussion?

25 MR. NISHIMURA: Mr. Chairman, I make a

1 motion to amend the motion and eliminate Schedule A from
2 the Rule Part 4 as part of the recommendation and move
3 it to small business.

4 CHAIRMAN OYAMA: Yes, move to amend to
5 remove Schedule A. Okay. Any second on that amendment?

6 MR. DILL: Second.

7 CHAIRMAN OYAMA: Second by Larry. Thank
8 you.

9 All right. Discussion?

10 If not, we vote to amend. We're voting to
11 amend now.

12 All in favor to amend the motion say aye.

13 Opposed say no.

14 Hearing none, motion carried.

15 So now we vote on the final motion which is as
16 amended. Okay.

17 All in favor as amended say aye.

18 Opposed to say no.

19 Hearing none, motion carried. Thank you.

20 Okay. This is done. So is there any public --
21 we'll close the discussion and have any public input.
22 Is there any public? None? Faith?

23 MS. SHIRAMIZU: None.

24 CHAIRMAN OYAMA: You're the public now?

25 MS. SHIRAMIZU: Well, we have a sign-up

1 sheet, and nobody signed up to speak.

2 CHAIRMAN OYAMA: Okay. Thank you. All
3 right. Since that's all okay, are we ready for
4 adjournment?

5 MR. DILL: So move.

6 CHAIRMAN OYAMA: Motion to adjourn.

7 MR. NISHIMURA: Second.

8 CHAIRMAN OYAMA: Okay. We have
9 adjournment.

10 (Concluded at approximately 10:10 a.m.,
11 November 4, 2011.)

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1 STATE OF HAWAII)
) ss.
 2 COUNTY OF KAUAI)


3 I, TERRI R. HANSON, RPR, CSR 482, do hereby
 4 certify:

5 That on Friday, November 4, 2011, at 9:12 a.m.;
 6 that the foregoing Special Board Meeting, County of
 Kauai, Board of Water Supply, was held;

7 That the foregoing proceedings were taken down by
 8 me in machine shorthand and were thereafter reduced to
 9 typewritten form under my supervision; that the
 10 foregoing represents to the best of my ability, a true
 and correct transcript of the proceedings had in the
 foregoing matter.

11 I certify that I am not an attorney for any of
 12 the parties hereto, nor in any way concerned with the
 cause.

13 DATED this 15th day of November, 2011, in Kapaa,
 Hawaii.

14 
 15 _____
 16 TERRI R. HANSON, CSR 482
 Registered Professional Reporter

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Minutes of the November 4, 2011 Special Board Meeting, as recorded by Ralph Rosenberg
Court Reporters, Inc.

Approved,

A handwritten signature in black ink, appearing to read 'R. Nishimura', with a long horizontal line extending to the right.

Randall Nishimura
Secretary – Board of Water Supply