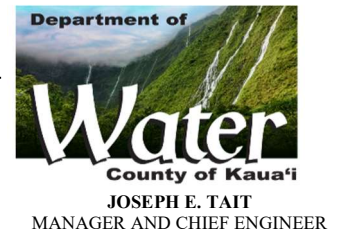


BOARD OF WATER SUPPLY

JULIE SIMONTON, CHAIR
TOM SHIGEMOTO, VICE CHAIR
MICAH FINNILA, SECRETARY

CLYDE KODANI, MEMBER
ERIC FUJIKAWA, EX-OFFICIO
KA'AINA HULL, EX-OFFICIO
TROY TANIGAWA, EX-OFFICIO



BOARD WORKSHOP **NOTICE AND AGENDA**

Monday, August 11, 2025
2:30 p.m. or shortly thereafter

Meetings of the Board of Water Supply, County of Kaua'i will be conducted in-person at the Department of Water Board Room, 2nd Floor located at 4398 Pua Loke Street, Līhu'e, Kaua'i, Hawai'i, and remotely in accordance with Act 220, Session Laws of Hawai'i 2021 via interactive conference technology as follows:

Click on the link below to join on your computer or mobile app by VIDEO:

<https://us06web.zoom.us/j/87332714703>

Passcode: 389260

OR

Dial phone number and enter conference ID to call in and join by AUDIO:

Phone: 888 788 0099 US Toll-free

Phone Conference ID: 873 3271 4703

Please Note: If you do not provide a name, unique identifier, or alias when joining the meeting, you will be renamed to allow staff to address and manage individual guests.

In the event of a lost connection the Board will recess for up to 30 minutes to restore the connection. If the connection cannot be restored within 30 minutes, the Board will continue the meeting to the following day at 2:30 p.m. or shortly thereafter. If the visual link cannot be restored, the Board may reconvene with an audio-only link using the above dial-in phone number and conference ID. A lost connection only applies to remote connections provided as part of the remote meeting but does not apply to a public member being unable to access the meeting due to a connectivity issue on their end.

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

PUBLIC TESTIMONY

INFORMATIONAL BRIEFING (For Board feedback only, non-action item)

1. Water Systems Investment Plan (WSIP) Water Rate Study Process/Financial Policy Development
 - Manager's Introduction and Perspective
 - Follow up from April 22, 2025 Board Workshop

- Rate Making Overview
- Financial Assurance Basics and How to Set Targets
- Rate Making Process and Key Decisions from the Board
- Review of Current Financial Position
- Current Department of Water Rates and Other State of Hawai'i County Water Rates
- Overall Schedule and Stakeholder Outreach Process for the Rate Study
- Input from the Board on Rate Study
- Next Steps

ADJOURNMENT

WRITTEN TESTIMONY

The Board is required to afford all interested persons an opportunity to present testimony on any agenda item. The Board encourages written testimony at least two (2) business days prior to a scheduled Board meeting. At each Board meeting, the Board will accept oral and written testimony on any agenda item during the Public Testimony portion.

Please include:

1. Your name and if applicable, your position/title and organization you are representing
2. The agenda item that you are providing comments on; and
3. Whether you are a registered lobbyist and, if so, on whose behalf you are appearing.

Send written testimony to:

Board of Water Supply, County of Kaua'i
C/O Administration
4398 Pua Loke Street
Līhu'e, Hawai'i 96766

E-Mail: board@kauaiwater.org
Phone: (808) 245-5406
Fax: (808) 245-5813

Public Testimony

You do not need to register to provide oral testimony on the day of the meeting. Please note that public testimony is taken after the approval of the meeting agenda to ensure public testimony is received before any action is taken on an agenda item. The length of time allocated to present oral testimony may be limited at the discretion of the chairperson.

SPECIAL ASSISTANCE

If you need an auxiliary aid/service or other accommodation due to a disability, or an interpreter for non-English speaking persons, please call (808) 245-5406 or email board@Kaua'iwater.org as soon as possible. Requests made as early as possible will allow adequate time to fulfil your request. Upon request, this notice is available in alternate formats such as large print, Braille, or electronic copy.



Brown AND Caldwell

Water Systems Investment Plan (WSIP) Water Rate Study Process/Financial Policy Development Board Meeting

August 11, 2025

Harris & Associates

Department of Water
County of Kaua'i

1

| Agenda | | |
|---------------------------------|----------------------------|--|
| Public Testimony | Manager's Introduction | April Board Workshop Review |
| 2:30 p.m. - 2:40 p.m. | 2:40 p.m. - 2:50 p.m. | <ul style="list-style-type: none"> - Follow-up items - WSIP overview and CIP development |
| Rate Making 101 | Current Financial Overview | Other County Rate Comparison and Discussion |
| 3:00 p.m. - 3:30 p.m. | 3:30 p.m. - 3:45 p.m. | 3:45 p.m. - 4:15 p.m. |
| Upcoming: Schedule and Outreach | Discussion and Next Steps | |
| 4:15 p.m. - 4:30 p.m. | 4:30 p.m. - 4:45 p.m. | |

2

The Manager's Perspective:

Growth since 2001, gaps between DOW's nine water systems, the advent of the Surface Water Treatment Plant (2004), and considerable development over those 24 years drove the need for an all-inclusive assessment of Kauai's water system capabilities. Related considerations include the uncertain status of the former plantation-managed open-air reservoirs and impoundments and the impact of continuing drought conditions drives the need for discussion to identify and develop an economic restoration strategy.

This WSIP, along with our recently adopted Water Use and Development Plan, are necessary tools to identify required funding needs to adequately implement our mission statement – "Together, we provide safe, affordable, sufficient drinking water through wise management of our resources and with excellent customer service for the people of Kauai"

Our team's focus in this new plan includes age of the infrastructure – below and above ground, required fire protection and suppression readiness, and the ability to provide sustained, redundant, and technology-driven system capabilities that enables our Operations staff the ability to make well-informed decisions prior to addressing callouts and emergency responses.

3

Agenda

- Follow up from April Board Workshop
- Rate Making Overview
- Financial Assurance Basics and How to Set Targets
- Rate Making Process and Key Decisions from the Board
- Review of Current Financial Position (from previous Board workshop)
- Current DOW Rates and Other State of Hawaii County Water Rates
- Overall Schedule and Stakeholder Outreach Process for the Rate Study
- Input from the Board on Rate Study
- Next Steps

Brown and Caldwell



4

4



Next Steps

- Brief Board on Water Rate Study - **TODAY**
- Brown & Caldwell and DOW conduct CIP Public Outreach meetings (**September/October 2025**)
- DOW Staff and Brown & Caldwell/Harris team finalize FRC analyses and begin work on rate study (**Summer/Fall 2025**)
- Present Draft revenue requirements, including water rate schedule and FRC recommendations (**November 20 2025**)
- Schedule Public Hearings including with Small Business Association and Ka Pa'akai analysis for implementation of new FRC and updated water rate schedule (**February thru April 2026**)
- Complete Board rule making process for implementation of new FRC and updated water rate schedule (**Q2/Q3 2026**)

5

5

Follow Up from April 22, 2025 Board Workshop

6

Follow Up from April Board Workshop

Answer:

- 38% of WP 2020 projects were completed
- Of those 62% “not completed”:
 - 82% are included in the 2025 CIP
 - 18% have not been included in the 2025 CIP

Brown and Caldwell

*How much of
WP2020 was
completed?*

7

7

Follow Up from April Board Workshop

Answer:

- Project is no longer necessary after an operational change to system
- Original need is addressed by an alternate project or strategy
- Project will be funded by a private developer
- 2025 analysis indicates that a Project is not essential or very low priority

Brown and Caldwell

*Why are some
incomplete
WP2020 projects
not included in
the 2025 CIP?*

8

8

Follow Up from April Board Workshop

Answer:

- Yes, the \$1.3B project costs include \$260M for planning/design/permitting

Brown and Caldwell

Do the project costs identified (e.g., \$1.3B) include design and permitting? (i.e., is it the complete cost or is it just the construction cost)?

9

9

Follow Up from April Board Workshop

Answer:

- The CIP reflects upgrades to the system in accordance with the Water Systems Standards, including projects for areas that do not meet current fire flow standards.
- Of the total \$1.3B “Buildout CIP”, projects that provide some benefit associated with current and future fire protection account for half of the costs.
- Development policy changes, ordinances supporting fuel reduction on vacant properties, alternate water sources, and emergency/disaster response plans are all part of the solution.
- While the Lahaina fires did not specifically impact the CIP list, they did prompt us and staff to review the CIP and prioritization with fire protection in mind.

Brown and Caldwell

What was the impact of the Lahaina fires on our CIP list?

What is the dollar value of the fire protection projects?

What is your best guess at the value of fire protection projects if Lahaina hadn’t happened?

10

10

Follow Up from April Board Workshop

Answer:

- Response to this question is in development as the CIP is programmed and implementation strategy developed:
 - “Future age” of system infrastructure will be quantified based on the amount of R/R to be funded and completed
 - Community and DOW goals that may be deferred as projects and funding are cut from CIP will be characterized

Brown and Caldwell

What is the impact of not completing certain CIP projects? Can we quantify this somehow?

11

11

Follow Up from April Board Workshop

Answer:

- Out of the four county water agencies, three are semi-autonomous (Kauai DOW, Honolulu BWS, Hawaii DWS). Only Maui DWS is directly under the Mayor/Council.

Brown and Caldwell

In the State, how many Water Depts are semi-autonomous (like Kauai) vs. part of the County?

12

12

Follow Up from April Board Workshop

Answer:

- Generally speaking the county water agencies do not receive any other income, (e.g., tax revenues), from the County General Funds. The County may sell GO bonds which the water agency may have access to. The water agency would pay its share of debt service for any bond proceeds it receives.

Brown and Caldwell

For the Boards that are semi-autonomous, do their Counties contribute in any form to the Water Dept.?

13

13

Follow Up from April Board Workshop

Answer:

- This would mean that all ratepayers (both new and existing) would absorb the costs for growth and rates would increase.

- By implementing an FRC, new customers would contribute their share to the systemwide facilities that existing customers have already paid for. FRCs support a "growth pays for growth" approach to water system planning.

Brown and Caldwell

What would the impact be if we folded the FRC into the water rates?

14

14

Follow Up from April Board Workshop

Answer:

- There is precedent for providing a first 5/8" meter for a landowner at a reduced cost. This is being done by the Hawaii County Department of Water Supply. The discount is 78%. The first 5/8" Facilities Charge is \$1,319. The Facilities Charge for subsequent 5/8" meters is \$6,095. This practice has been in place for over 30 years.

Brown and Caldwell

If you've been on Kauai for a long time, can you get a different FRC?

15

15

Follow Up from April Board Workshop

Answer:

- To date we have not found any examples of water utilities treating vacation rentals as a separate class for FRC purposes.
- We understand that currently there are approximately 1,300 vacation rental units on Kauai. This compares to 23,000 DOW customers total.

Brown and Caldwell

Can we tie the FRC to water usage of vacation rentals?

16

16

WSIP Overview and CIP Development

17

Why a Long-Range Plan?

- Department roadmap
- Comprehensive evaluation of water system
- Plan to maintain and expand the utility
- Supporting financial structure
- Framework for decision making



18

WSIP - Key Outcomes



Develop robust **GIS** and **hydraulic modeling** tools that support utility planning and system operations.



Provide in-person and virtual **training** sessions so that DOW staff are prepared to **leverage** tools.



Use tools to develop a **20-year CIP**, as an update to **Water Plan 2020**, supporting DOW and the Board of Water Supply goals and objectives.



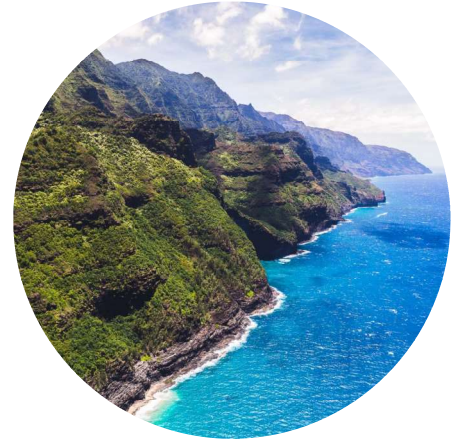
Establish justifiable **Rates and Facility Reserve Charge** aligned with the WSIP CIP.



Identify **alternative funding opportunities** to support implementation of the CIP.

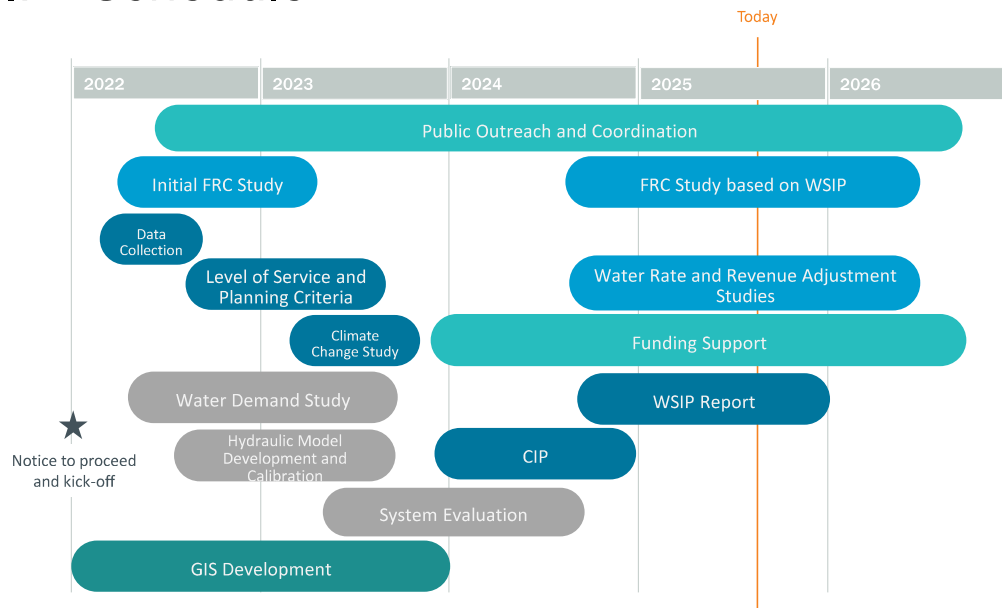


Coordinate with stakeholders and **communicate** with the people of Kaua'i.



19

WSIP - Schedule



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20

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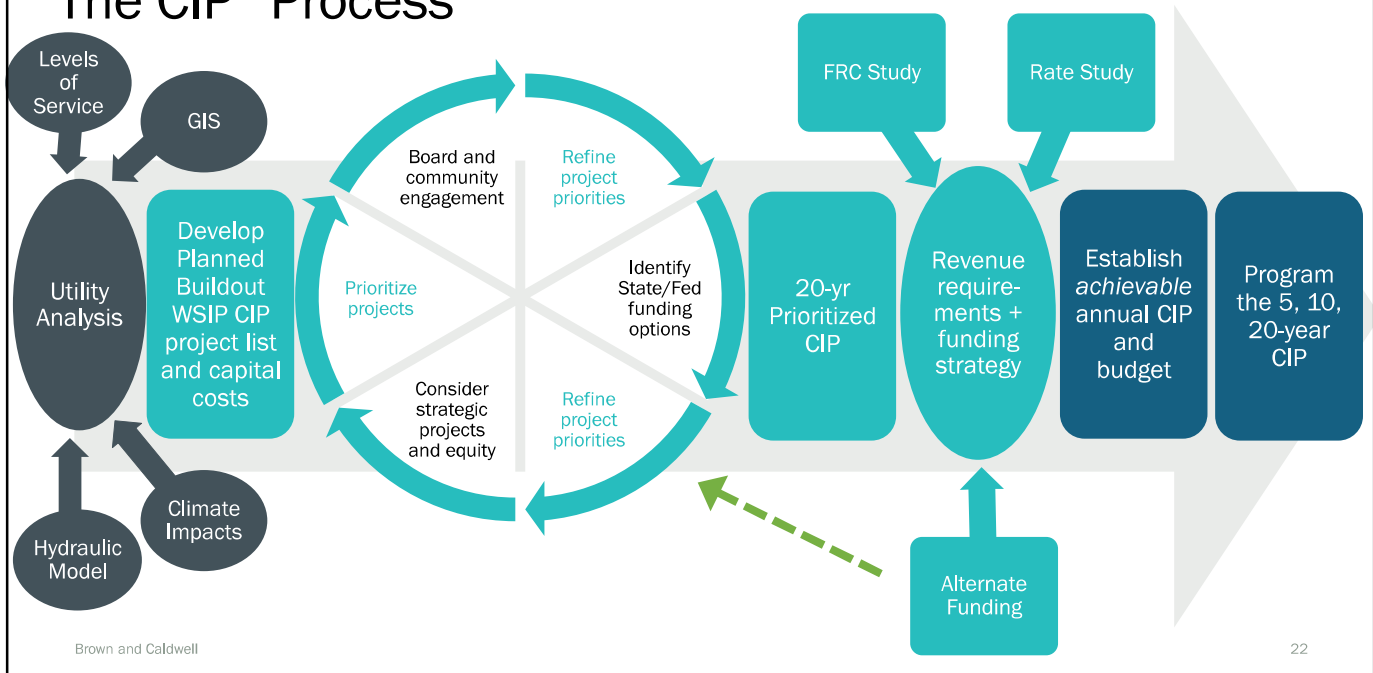
CIP Definitions

- “Planned Buildout” CIP
- “20-year Prioritized” CIP
- “Achievable Prioritized” CIP



21

The CIP “Process”

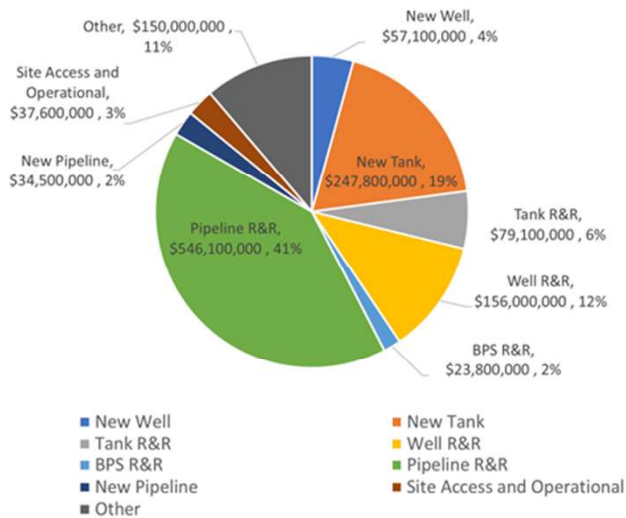


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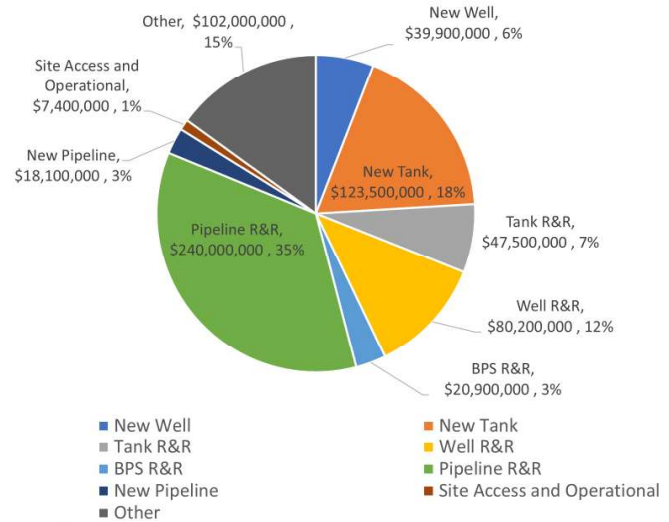
“Planned Build-Out” CIP*

155 Projects, \$1.3B, ~67M/year



20-Yr Prioritized CIP*

127 Projects, \$680M, ~34M/year

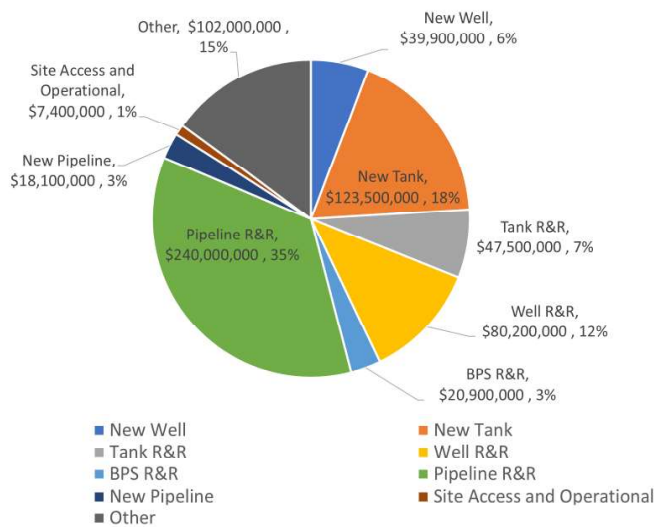


*As of July 25, 2025

23

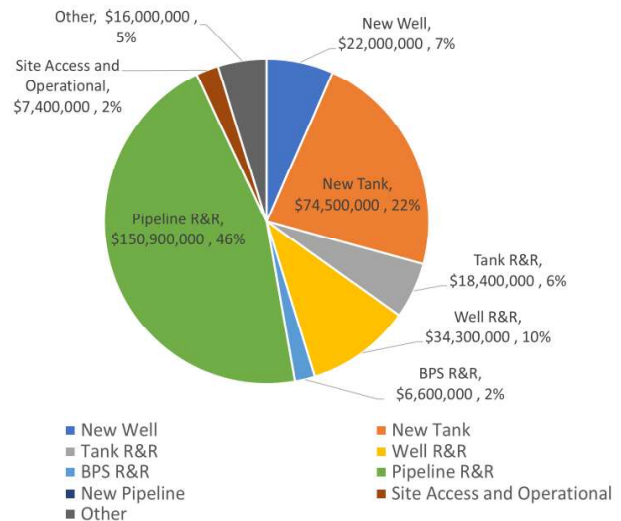
20-Yr Prioritized CIP*

127 Projects, \$680M, ~34M/year



“Prioritized Achievable” CIP*

98 Projects, \$330M, ~16.5M/year



*As of July 25, 2025

24

Rate Making Overview

25

Rate Making Overview



-For FY 2027, set rate levels sufficient to pay ongoing operational needs and debt service obligations; achieve financial performance metrics; and fund adequate level of capital spending

-Assume Across-the-Board adjustments to current rate schedule for FY 2027



-For FYs 2028-2031 establish fixed and variable rate components that align with revenue needs and DOW pricing goals based on cost-of-service and rate design results



-For FYs 2028-2031 adopt updated rates that may include cost-of-service and rate design changes



26

Financial Assurance Basics and How to Set Targets



- ✓ Establishes the foundation for financial budgeting and performance measurement
- ✓ Improves ability to weather financial disruptions
- ✓ Identifies uses for specific cash reserves
- ✓ Facilitates an appropriate segregation of financial resources ensuring they are used for their intended purposes
- ✓ Offers guidance and consistency with financial management and planning decisions
- ✓ Promotes stable rates over time

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27

27

Financial Assurance Basics and How to Set Targets



- Indicates liquidity for ongoing operations: how protected the utility is against revenue shortfalls and unanticipated operational expenses
- Benchmark: => 45 to 120 days of O&M expense
- Provides a dedicated source of revenue to invest/reinvest in capital infrastructure; maintains the utility's financial position by offsetting annual decline in asset value
- Benchmark: => annual depreciation expense
- Indicates liquidity for capital expenditures: how protected the utility is against unanticipated capital expenditures
- Benchmark: Greater of depreciation expense or average annual capital spending plan
- Indicates margin of tolerance to business risks or declines in demand for a given year while assuring repayment of debt
- Benchmark: => 1.25 to 1.70 times annual debt service
- Indicates the degree of leveraged assets: How much of plant asset value (cost net of accumulated depreciation) is offset by financial obligations to outside parties
- Benchmark: <= 35% to 50% debt

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28

28

Rate Making Process/Key Decision Points

Timing – Starts FY 2026

Revenue Requirements

- Utility data analysis
- Customers, water usage, revenues
- Operating expenses
- Capital projections
- Financial assurance

Key Board Decisions:

- CIP levels
- Financial Assurance Goals
- Revenue Adjustment levels

Timing – Starts FY 2027

Cost-of-Service

- Identify functional costs
- Allocation to cost components
- Distribute costs to customer classes

Key Board Decisions:

- Customer classes
- Use of subsidies
- % Cost recovery by class

Timing – Starts FY 2027

Rate Design

- Recover costs of service from fixed and variable charges
- Highlight conservation priorities as needed
- Promote revenue stability

Key Board Decisions:

- Fixed vs. Variable cost recovery
- Conservation message

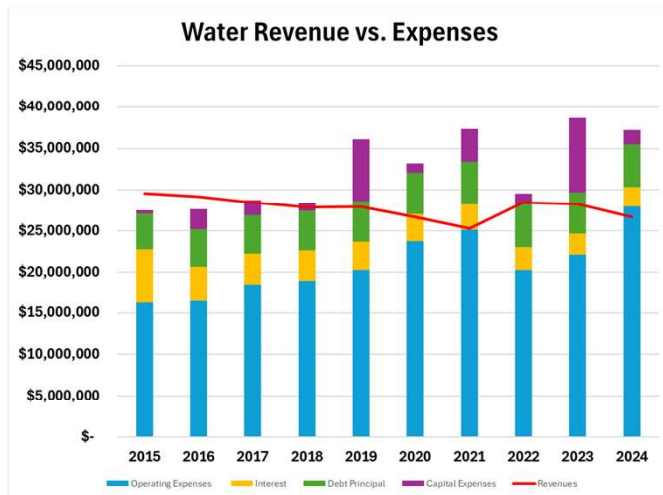


29

Current (2025) DOW Financial Overview

30

Current Financial Overview – Revenues and Expenses



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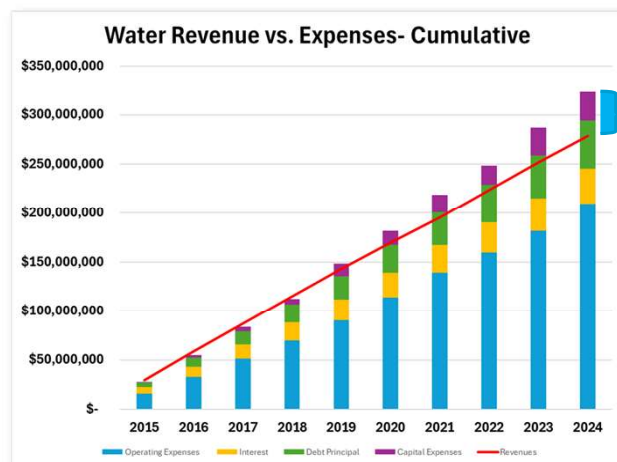
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31

- Revenues are less than expenses starting in FY 2017
- The last water rate increase was effective FY 2015
- Expenses include O&M, debt service (principal & interest) and rate funded capital
- Depreciation is not included in expenses for purposes of this graph

Current Financial Overview – Revenues and Expenses

- Revenues are less than expenses by about \$45.7 million over a 10-year time period.
- Delta funded by drawdown of cash reserves.
- Over the 10-year period an average annual rate increase of 5% per year implemented every year may have closed/reduced the deficit.
- Cumulative rate increase needed was approximately 55% over 10 years.



Delta = \$45.7M
funded by
drawdown of
cash reserves

Brown and Caldwell

32

32

Other County Rate Comparison to Kauai DOW's Rates and Discussion

33

Current DOW Water Rates - Monthly Service Charge

| <u>Fiscal Year</u> | <u>Adopted Rate Increase</u> |
|--|------------------------------|
| - 2012 | 11.2% on January 1, 2012 |
| - 2013 | 11.2% on July 1, 2012 |
| - 2014 | 11.2% on July 1, 2013 |
| - 2015 | 11.2% on July 1, 2014 |
| - 2016 | 0% on July 1, 2015 |
| - July 1, 2014 was last rate increase | |
| - Rates are based on service and usage charges | |

Source: Department of Water, County of Kauai, Rules and Regulations, Part IV – Fixing Rates for the Furnishing of Water Service

MONTHLY SERVICE CHARGE

| Meter Size | Effective 1/1/12 | Effective 7/1/12 | Effective 7/1/13 | Effective 7/1/14 |
|------------|------------------|------------------|------------------|------------------|
| 5/8" | \$12.00 | \$14.40 | \$16.00 | \$17.75 |
| 3/4" | \$16.75 | \$20.00 | \$22.25 | \$24.75 |
| 1" | \$24.25 | \$29.50 | \$32.75 | \$36.50 |
| 1-1/2" | \$46.00 | \$53.00 | \$59.00 | \$65.50 |
| 2" | \$70.00 | \$81.00 | \$90.00 | \$100.00 |
| 3" | \$132.00 | \$146.75 | \$163.00 | \$181.00 |
| 4" | \$216.00 | \$240.00 | \$267.00 | \$297.00 |
| 6" | \$420.00 | \$475.00 | \$528.00 | \$587.00 |
| 8" | \$680.00 | \$755.00 | \$840.00 | \$934.00 |

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34

34

Current DOW Water Rates - Usage Charge

USAGE CHARGE

| Meter Size | Effective 1/1/12 (\$/kgal) | Effective 7/1/12 (\$/kgal) | Effective 7/1/13 (\$/kgal) | Effective 7/1/14 (\$/kgal) | Meter Size | Oth block Min. (kgal) | 1st block From-To (kgal) | 2nd block From-To (kgal) | 3rd block From-To (kgal) | 4th block Over (kgal) |
|------------|----------------------------|----------------------------|----------------------------|----------------------------|------------|-----------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| 0th Block | \$3.20 | \$3.40 | \$3.60 | \$3.80 | 5/8" | 1 | 1-7 | 7-14 | 14-18 | 18 |
| 1st Block | \$3.50 | \$3.90 | \$4.35 | \$4.85 | 3/4" | 2 | 2-29 | 29-57 | 57-65 | 65 |
| 2nd Block | \$4.25 | \$4.50 | \$5.05 | \$5.65 | 1" | 3 | 3-68 | 68-137 | 137-175 | 175 |
| 3rd Block | \$6.85 | \$7.60 | \$8.50 | \$9.50 | 1-1/2" | 10 | 10-169 | 169-337 | 337-387 | 387 |
| 4th Block | \$7.20 | \$8.05 | \$8.95 | \$10.00 | 2" | 12 | 12-400 | 400-750 | 750-925 | 925 |
| | | | | | 3" | 50 | 50-600 | 600-1,200 | 1,200-1,750 | 1,750 |
| | | | | | 4" | 175 | 175-1,000 | 1,000-2,500 | 2,500-2,750 | 2,750 |
| | | | | | 6" | 225 | 225-4,000 | 4,000-7,500 | 7,500-10,000 | 10,000 |
| | | | | | 8" | 250 | 250-1,000 | 1,000-2,500 | 2,500-12,500 | 12,500 |

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35

Current Honolulu Board of Water Supply Rates - Customer Charge

Customer Charge: There is a customer for charge each month service is provided based on the meter size, effective as follows:

| Meter Size | February 1, 2024 | July 1, 2024 | July 1, 2025 | July 1, 2026 | July 1, 2027 | July 1, 2028 |
|--------------|------------------|--------------|--------------|--------------|--------------|--------------|
| 5/8" or 3/4" | \$13.30 | \$14.63 | \$15.95 | \$17.30 | \$18.68 | \$20.18 |
| 1" | \$16.81 | \$18.49 | \$20.15 | \$21.87 | \$23.62 | \$25.50 |
| 1.5" | \$19.15 | \$21.07 | \$22.96 | \$24.91 | \$26.91 | \$29.06 |
| 2" | \$47.80 | \$52.57 | \$57.31 | \$62.18 | \$67.15 | \$72.52 |
| 3" | \$58.91 | \$64.80 | \$70.63 | \$76.63 | \$82.76 | \$89.38 |
| 4" | \$112.11 | \$123.32 | \$134.42 | \$145.85 | \$157.52 | \$170.12 |
| 6" | \$199.80 | \$219.78 | \$239.56 | \$259.93 | \$280.72 | \$303.18 |
| 8" | \$304.46 | \$334.90 | \$365.05 | \$396.07 | \$427.76 | \$461.98 |
| 12" | \$658.38 | \$724.22 | \$789.40 | \$856.50 | \$925.02 | \$999.02 |

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36

36

Current Honolulu Board of Water Supply Rates – Quantity Charges

Quantity Charge: In addition to the Customer Charge, there is a charge for all water use rounded down to the nearest 1,000 gallons (k-gal), effective as follows:

| Single Family Residential (Monthly per dwelling unit) | February 1, 2024 | July 1, 2024 | July 1, 2025 | July 1, 2026 | July 1, 2027 | July 1, 2028 |
|--|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Tier 1: Essential Needs First 2,000 gallons | \$4.57 | \$4.69 | \$4.80 | \$4.92 | \$5.05 | \$5.17 |
| Tier 2 2,001 - 6,000 gallons | \$5.78 | \$6.35 | \$6.92 | \$7.51 | \$8.11 | \$8.76 |
| Tier 3: 6,001 - 30,000 gallons | \$6.53 | \$7.34 | \$8.15 | \$8.98 | \$9.82 | \$10.74 |
| Tier 4: Over 30,000 gallons | \$10.95 | \$12.32 | \$13.67 | \$15.06 | \$16.48 | \$18.02 |
| Multi-Unit Residential (Monthly per dwelling unit) | February 1, 2024 | July 1, 2024 | July 1, 2025 | July 1, 2026 | July 1, 2027 | July 1, 2028 |
| Tier 1: Essential Needs First 2,000 gallons | \$3.86 | \$3.96 | \$4.06 | \$4.16 | \$4.27 | \$4.37 |
| Tier 2 2,001 - 4,000 gallons | \$4.87 | \$5.36 | \$5.84 | \$6.34 | \$6.85 | \$7.39 |
| Tier 3: 4,001 - 10,000 gallons | \$5.70 | \$6.52 | \$7.33 | \$8.16 | \$9.01 | \$9.93 |
| Tier 4: Over 10,000 gallons | \$7.21 | \$8.25 | \$9.27 | \$10.33 | \$11.40 | \$12.57 |
| Non-Residential | February 1, 2024 | July 1, 2024 | July 1, 2025 | July 1, 2026 | July 1, 2027 | July 1, 2028 |
| All Usage | \$5.80 | \$6.38 | \$6.95 | \$7.54 | \$8.14 | \$8.80 |

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37

37

Current County of Maui Department of Water Supply Rates

Water Service Charges

Below are regular and agricultural water service charges.

| Size of Meter | Cost Per Meter Per Month |
|---------------|--------------------------|
| 5/8 inch | \$26.19 |
| 3/4 inch | \$42.32 |
| 1 inch | \$62.82 |
| 1 1/2 inch | \$120.35 |
| 2 inch | \$186.47 |
| 3 inch | \$329.30 |
| 4 inch | \$571.32 |
| 6 inch | \$1,048.74 |
| 8 inch | \$1,654.45 |

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38

38

Current County of Maui Department of Water Supply Rates

Rates for Single-Family Dwellings

\$/kgals

| Gallons | Total |
|----------------------------------|---------|
| Tier 1 [0 - 5,000 gals.] | \$2.13 |
| Tier 2 [5,001 - 15,000 gals.] | \$4.63 |
| Tier 3 [15,001 - 35,000 gals.] | \$7.58 |
| Tier 4 [35,001 gals. and over] | \$10.56 |

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39

39

Current County of Maui Department of Water Supply Rates

– COM DOW is the only water department with breakdown of non-residential customers, e.g hotels

Hotels & Resorts

| Gallons | Regular |
|-----------------|---------|
| Per 1,000 gals. | \$10.56 |

Multi-Family

| Gallons | Regular |
|-----------------|---------|
| Per 1,000 gals. | \$4.63 |

Other General Water Consumers

| Gallons | Regular |
|-----------------|---------|
| Per 1,000 gals. | \$7.58 |

Brown and Caldwell

40

40

Current County of Hawaii Department of Water Supply Rates

A. MONTHLY STANDBY CHARGES*

All meter connections shall be subject to a monthly standby charge as follows:

| Meter Size (inches) | Effective July 1, 2023 | Effective July 1, 2024 |
|---------------------|------------------------|------------------------|
| 5/8" | \$ 27.37 | \$ 29.97 |
| 1" | 58.26 | 63.79 |
| 1-1/2" | 108.39 | 118.69 |
| 2" | 169.36 | 185.45 |
| 3" | 310.27 | 339.75 |
| 4" | 510.80 | 559.33 |
| 6" | 1,012.11 | 1,108.26 |
| 8" | 1,615.04 | 1,768.47 |
| 10" | 2,330.42 | 2,551.81 |
| 12" | 4,064.69 | 4,450.84 |

*Standby charge is a minimum monthly charge.

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41

41

Current County of Hawaii Department of Water Supply Rates

B. GENERAL USE RATES (per 1,000 gallons)

In addition to standby power cost, and energy CIP charges, a consumption charge will be applied to all general use customers as follows:

| | Effective July 1, 2023 | Effective July 1, 2024 |
|-----------------------|------------------------|------------------------|
| 1 st Block | \$ 1.25 | \$ 1.37 |
| 2 nd Block | 2.72 | 2.98 |
| 3 rd Block | 4.78 | 5.23 |
| 4 th Block | 6.35 | 6.95 |

- HDWS has a General Use Rate which is a consumption charge for all General Use customers. HDWS also adds power cost (\$2.73/kgals) and energy CIP (\$0.05/kgals) charges which are based on consumption. These charges are in addition to a monthly standby charge.

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42

42

Current County of Hawaii Department of Water Supply Rates

- No specific customer classes. All General Use rates except for Agricultural customers.

BLOCK THRESHOLDS (gallons per month)
The threshold for the rate blocks vary with the size of the water meter as follows:

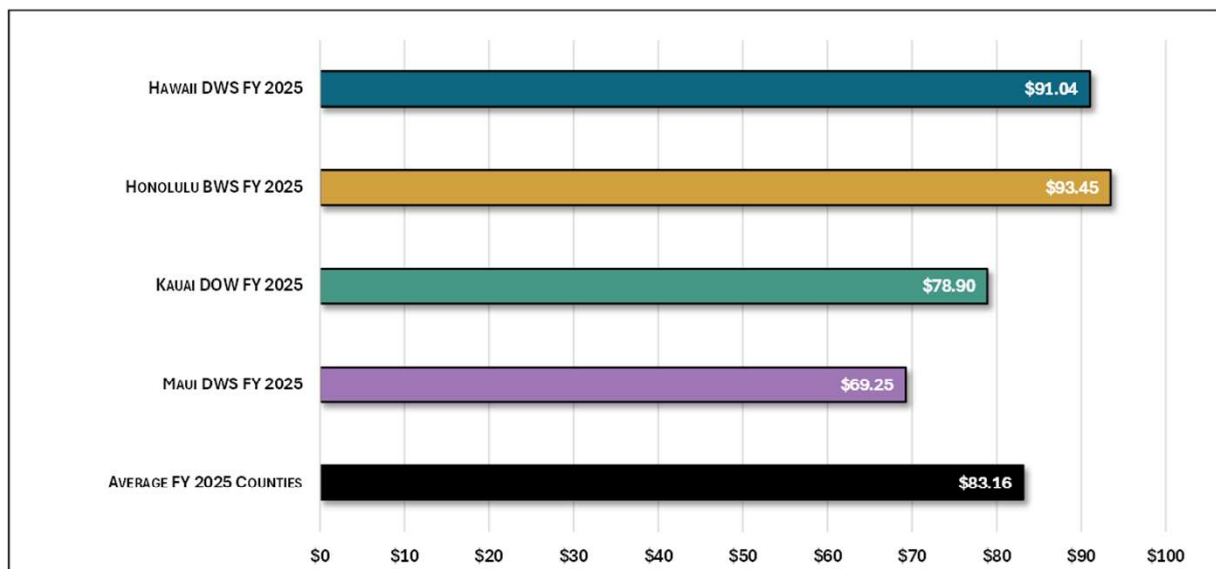
| Meter Size (inches) | 1st Block | 2nd Block | 3rd Block | 4th Block |
|---------------------|-----------|--------------------|--------------------------|---------------|
| 5/8" | 5,000 | 5,001 - 15,000 | 15,001 - 40,000 | > 40,000 |
| 1" | 5,000 | 5,001 - 100,000 | 100,001 - 300,000 | > 300,000 |
| 1-1/2" | 5,000 | 5,001 - 400,000 | 400,001 - 1,000,000 | > 1,000,000 |
| 2" | 5,000 | 5,001 - 900,000 | 900,001 - 2,000,000 | > 2,000,000 |
| 3" | 5,000 | 5,001 - 2,000,000 | 2,000,001 - 5,000,000 | > 5,000,000 |
| 4" | 5,000 | 5,001 - 4,700,000 | 4,700,001 - 10,000,000 | > 10,000,000 |
| 6" | 5,000 | 5,001 - 10,000,000 | 10,000,001 - 25,000,000 | > 25,000,000 |
| 8" | 5,000 | 5,001 - 20,000,000 | 20,000,001 - 50,000,000 | > 50,000,000 |
| 10" | 5,000 | 5,001 - 40,000,000 | 40,000,001 - 100,000,000 | > 100,000,000 |
| 12" | 5,000 | 5,001 - 60,000,000 | 60,000,001 - 150,000,000 | > 150,000,000 |

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43

43

Monthly Bill Comparison: SF 5/8" meter; 12,000 gals/month



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SF = Single Family Residential

44

44

| | Kauai DOW | Maui DWS | Honolulu BWS | Hawaii DWS |
|--|--------------|-------------|-----------------|---------------|
| FY 2025 Monthly Service Charge - 5/8" meter | \$ 17.75 | \$ 26.19 | \$ 14.63 | \$ 29.97 |
| FY 2025 Usage Charge for SF 12,000 gallons per month | \$ 61.15 | \$ 43.06 | \$ 78.82 | \$ 61.07 |
| FY 2025 Total Monthly Bill - 5/8" meter; 12,000 gallons per month | \$ 78.90 | \$ 69.25 | \$ 93.45 | \$ 91.04 |
| TYPES OF CHARGES | | | | |
| Volume Based Charge (\$/kgal) - Inverted Tiers for General Use and Single Family Residential | x | x | x | x |
| Volume Based Charge (\$/kgal) - Uniform Rate for Non-Residential | | x | x | |
| Power Cost Charge (\$/kgals) | | | | x |
| Energy CIP Charge (\$/kgals) | | | | x |
| CUSTOMER CLASSES | | | | |
| Agriculture Class | x | x | x | x |
| General Use Class | x | | | x |
| Non-Residential Class | | x | x | |
| Single-family Residential Class | | x | x | |
| Multi-unit Residential Class | | x | x | |
| Hotel Class | | x | | |

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County Comparison of Rates and Typical Bills

45

45

Overall Schedule for the Rate Study

| Line No. | Process for New Rate Implementation | 2025 | | | | | | | | | | | | 2026 | | | | | | | | | | | |
|----------|---|-------|-----|-----|------|-------|-----|-----------------|-----|-------|-------|-------|---------------------|-------|-------|-------|-----------------|---------------|-------|-----|--|--|--|--|--|
| | | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | | | | | |
| 1 | Board In-Person FRC Workshop - April 22 | Board | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | FY 2026 Budget Implemented | | | | FY26 | | | | | | | | | | | | | | | | | | | | |
| 3 | Board In-Person Presentation Rates Process - August 11 | | | | | Board | | | | | | | | | | | | | | | | | | | |
| 4 | BC Conducts Public Information Meetings - CIP | | | | | | | CIP Public Mtgs | | | | | | | | | | | | | | | | | |
| 5 | Harris Updates Revenue Requirements (RR) | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Review of RR by KDOW Staff and BC Team | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Board In-Person Presentation Draft Rates & FRC - November 20 | | | | | | | | | Board | | | | | | | | | | | | | | | |
| 8 | Harris Update Rates and FRC as needed per Board feedback | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Board Meeting Discuss Rates & FRC Issues as needed - December | | | | | | | | | | Board | | | | | | | | | | | | | | |
| 10 | Board Meeting Finalize Rates & FRC - January | | | | | | | | | | | Board | | | | | | | | | | | | | |
| 11 | Harris Supports Outreach Activities Including Board Mtg Support | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Public Information Outreach (In-Person Meetings TBD) | | | | | | | | | | | | Public Outreach | | | | | | | | | | | | |
| 13 | Small Business Association Outreach (In-Person Meetings TBD) | | | | | | | | | | | | SBA Outreach | | | | | | | | | | | | |
| 14 | Conduct Ka Pa'akai Analyses | | | | | | | | | | | | Ka Pa'akai Analysis | | | | | | | | | | | | |
| 15 | Board Meeting Discuss Rates & FRC Issues as needed - February | | | | | | | | | | | | Board | | | | | | | | | | | | |
| 16 | Board Meeting Discuss Rates & FRC Issues as needed - March | | | | | | | | | | | | | Board | | | | | | | | | | | |
| 17 | Board Meeting Discuss Rates & FRC Issues as needed - April | | | | | | | | | | | | | | Board | | | | | | | | | | |
| 18 | Board Meeting Send Out Public Hearing Notice - May | | | | | | | | | | | | | | | Board | | | | | | | | | |
| 19 | Public Hearing at June-August Board Meetings | | | | | | | | | | | | | | | | Public Hearings | | | | | | | | |
| 20 | Harris Update Rate Schedules as Needed/Draft Final Recommendation | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 | Board Meeting - Final Rates Approved - August | | | | | | | | | | | | | | | | | | Board | | | | | | |
| 22 | KDOW Updates Billing System | | | | | | | | | | | | | | | | | | | | | | | | |
| 23 | Implement New FRC and Rates - Q2/Q3 as soon as practical | | | | | | | | | | | | | | | | FY27 | New Rates/FRC | | | | | | | |

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46

46

Stakeholder Outreach Process for Rate Study

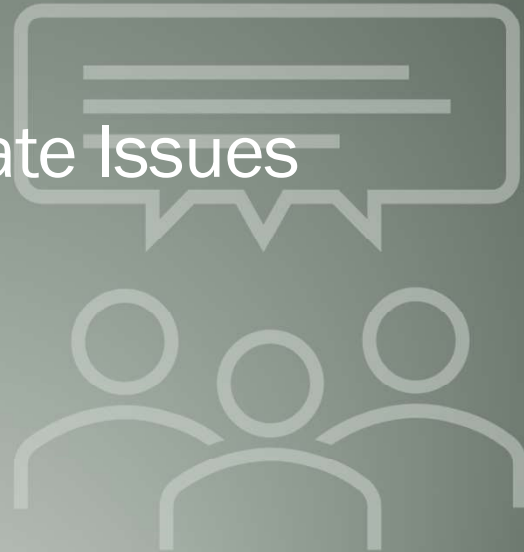
| | Items | Date | Comments |
|----|---|---------------------|--|
| 1 | Public Information Meetings (6) – CIP | Sept to Oct 2025 | Department receives feedback from public on CIP in time to incorporate into rate analyses |
| 2 | Rates and FRC Board Workshop | November 20 | Present rates and FRC adjustment options to the Board |
| 3 | Finalize Rate Recommendations | Dec to Jan 2026 | Discuss final rates and FRC adjustments at Board meetings and prepare rulemaking documents |
| 4 | Public Information Meetings (6) – Rates/FRC | Feb to April 2026 | Department receives preliminary feedback on Board recommendation for rates and FRC |
| 5 | Small Business Association Mtg | Feb to April 2026 | Per County rules we will meet with SBA and get their approval to schedule the formal Public Hearing |
| 6 | Ka Pa'akai Analysis | Feb to April 2026 | Legal framework that government agencies must follow when considering proposals that may impact the exercise of Native Hawaiian traditional and customary rights |
| 7 | Send out Public Hearing Notice | May 2026 | Need 30 day notice before April Board meeting |
| 8 | Board Public Hearing on Rates and FRC | June to August 2026 | Formal Public Hearing on rates and FRC at April Board meeting |
| 9 | Adjust Billing System | September 2026 | Update rates in billing system |
| 10 | Implement New Rates | October 2026 | New rates and FRC go into effect July 1, 2026 |

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47

47

Board Feedback on Rate Issues



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48

48

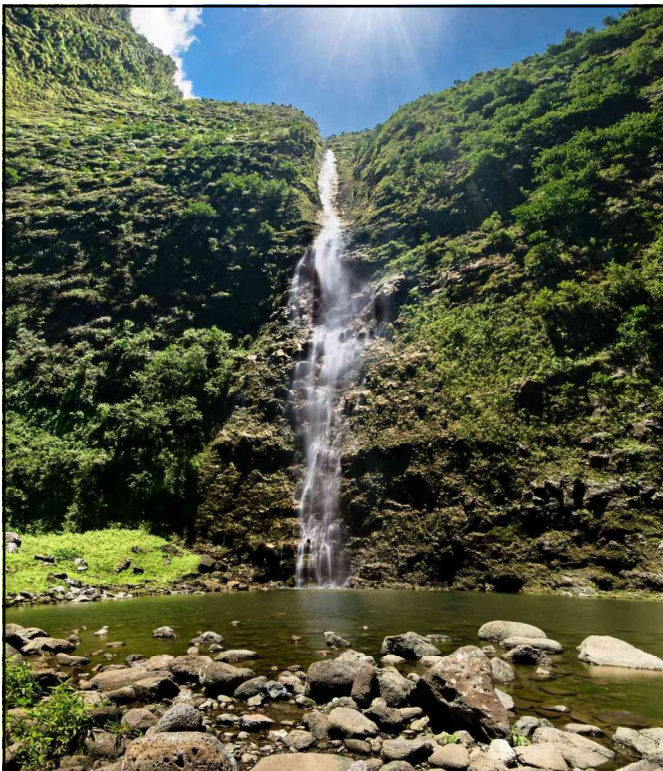


Next Steps

- Brown & Caldwell and DOW conduct CIP Public Outreach meetings ([September/October 2025](#))
- DOW Staff and Brown & Caldwell/Harris team finalize FRC analyses and begin work on rate study ([Summer/Fall 2025](#))
- Present Draft revenue requirements, including water rate schedule and FRC recommendations ([November 20 2025](#))
- Schedule Public Hearings including with Small Business Association and Ka Pa'akai analysis for implementation of new FRC and updated water rate schedule ([February thru April 2026](#))
- Complete Board rule making process for implementation of new FRC and updated water rate schedule ([Q2/Q3 2026](#))

49

49



Thank you!

50