

MINUTES  
BOARD OF WATER SUPPLY  
**WORKSHOP**  
**Monday, August 11, 2025**

The Board of Water Supply, County of Kauaʻi, held a Board Workshop in Līhu'e on Monday, August 11, 2205. Chair Julie Simonton called the meeting to order at 2:31 p.m. The following Board members were present:

**BOARD:**

Ms. Julie Simonton, *Chair*  
Mr. Tom Shigemoto, *Vice Chair*  
Ms. Micah Finnila  
Mr. Clyde Kodani  
Mr. Eric Fujikawa  
Mr. Kaʻaina Hull  
Mr. Troy Tanigawa (*entered at 3:01 p.m.*)

**EXCUSED:**

Quorum was achieved with 6 members present at Roll Call.

**APPROVAL OF AGENDA**

**The agenda was approved with no objections.**

**PUBLIC TESTIMONY**

Commission Support Clerk Cherisse Zaima noted that there was one (1) member of the public joining the workshop in-person who wished to provide testimony after the presentation.

The Board received testimony from Mr. Greg Kamm, former member of the Kauai Board of Water Supply and former member of the Kauai Planning Department. Mr. Kamm complimented the Board, the consultants and the Department on tackling this enormous task. He noted that in his experience with customers, homeowner's associations and clients, it is much more effective to do many small increments of change. When you come out with something after 10 years, it will be met with huge resistance because there is so much to make up. He stated that it is easy to pick on non-voters like hotels, condos and so forth, and he questions the fairness of that. He stated we need to remember that hotels drive our economy. He stated that there was some discussion about high-end homes, but he is unsure what that means, but if it is simply value, he thinks the Board needs to keep in mind that some extremely expensive properties were inherited and the people that occupy them aren't necessarily wealthy mainlanders.

**NEW BUSINESS**

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 Hawaiʻi County Water Rates

- Overall Schedule and Stakeholder Outreach Process for the Rate Study
- Input from the Board on Rate Study
- Next Steps

Manager Joe Tait thanked Brown and Caldwell and Harris and Associates for doing the heavy lifting in preparing this presentation, noting that DOW's growth since 2001, combined with gaps between DOW's nine water systems, the advent of the surface water treatment plant in 2004, and considerable development over those 24 years drove the need for an all-inclusive assessment of Kauai's water system capabilities. The uncertain status of 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. He stated the discussion with our consultants today will focus on how to restore our financial standing and the future of the water department through the Water System Investment Plan (WSIP)

Ann Hajnosz of Harris & Associates and Michelle Sorensen of Brown and Caldwell provided an overview of the Water System Investment Plan (WSIP) Water Rate Study/Financial Policy Development presentation. The goal of today's presentation is to provide the Board with an idea of the process that will be undertaken to make their rate recommendations, to obtain Board feedback, and give them an idea of when these decisions need to be made.

Referencing Slide 5, Ms. Hajnosz noted that today's workshop will kick off the Rate Study discussion portion of the plan. After this meeting, Capital Improvement Project (CIP) Outreach will take place in September and October led by Brown and Caldwell. The Harris team will be working alongside Brown and Caldwell on the rates and finishing up the Facilities Reserve Charge (FRC) analysis, which they will be looking at in parallel as they finalize the rate recommendations. There will be a series of public meetings on the FRC and rate analysis starting in 2026. Those public meetings, along with other analyses and Public Hearing process requirements will take us through the 2<sup>nd</sup> or 3<sup>rd</sup> quarter of 2026. It is a long timeline, roughly about a year.

Ms. Hajnosz went over the follow up questions and answers from the April 22, 2025, board workshop on Slides 7 through 16.

Referencing Slide 16, Board member Hull stated that since the last workshop, the Planning Department have met with the DLNR Chair and CWRM members who shared that there seems to be a movement in that direction on their side as well.

Ms. Sorensen provided a summary of the WSIP Overview and CIP Development on Slides 17 through 24. She noted that this long-range plan is a roadmap for the department, evaluating the water system using hydraulic modeling and human brains. It aims to maintain and expand the utility as needed, support the financial structure Harris and Associates is working on, and provide a framework for staff, administration, and the board for future decisions that need to be made. This project has been a massive three-year effort, focusing on developing GIS, hydraulic model, staff training, and developing a 20-year CIP to update Water Plan 2020. The goal is to support the Water Department and Board of Water Supply Goals and Objectives, establish justifiable rates and facility reserve charges, identify alternative funding opportunities beyond rates and FRCs, and coordinate with stakeholders to communicate the need to a broader audience. The team is working on outreach and coordination, engaging stakeholders, and conducting FRC and Water Rate studies. They are also considering funding support and the impact of the last election

on funding programs. The report will be released in two big packets, including an executive summary and a Water Use and Development Plan. As part of public outreach, the team is engaging stakeholders and educating and informing the public about the program. Some things to note are what has already been completed such as GIS development, level of service and planning criteria, future system operation, climate change, water demand, and hydrological development.

Ms. Sorensen elaborated on three CIP definitions:

**Planned Buildout CIP** - The planned build-out is that overall CIP list that was developed using the hydraulic model and input from staff and administration looking at existing deficiencies, looking at future needs for both growth and replacement, and working with operations and engineering to include other needed improvements. This is the big one, this is the 1.3 billion, 155 project, long-range, long-reaching CIP

**20-Year Prioritized CIP** - The build-out CIP was analyzed using a multiple criteria decision analysis tool to prioritize projects that provided the most benefits to the community and looking at multiple benefits as well as layering in costs and finding those sweet spots for the projects that made the most sense to prioritize. The list of 127 critical projects, half the value of the planned build-out CIP, is more achievable over the next 20 years, with a dollar per year number for budgeting and rate comparison. This equates to approximately \$30 million per year over 20 years. This number would be tweaked further into this achievable prioritized CIP as we look ahead at what's really reasonable and implementable. The MCDA tool, the multiple criteria decision analysis tool, was helpful, but in the end, it is a tool, and there's a lot of compromises and gut checks to get to this prioritized list. There is still lots of challenges to successfully implement this 20-year plan, staffing and resources, and where the money would come from.

**Achievable Prioritized CIP** – This was started with a dollar value to look at what the staff and the Department could actually implement annually, which is about half of the 20-year prioritized CIP – 98 projects at a total value of about \$330 million; \$16.5 million a year. Looking at the CIP in this way shows there is a big need for projects that are not nice to have, but projects that need to be done, but are not necessarily achievable within the same timeframe of this plan as a living document.

Ms. Sorenson provided an overview of the CIP process on Slide 22, and the CIP pie charts on Slides 23 and 24.

Ms. Hajnosz provided a summary of the Rate Making Overview on Slides 25 through 29. She noted that when talking about rate adjustments or revenue adjustments, decision-makers must look at what is going to be a reasonable adjustment that makes sense to your community for what you want to accomplish, what you value, and all the things you have to balance. Because there will be a lot of public outreach, the consultants would like the Board's feedback on what types of questions they anticipate will come from the community.

Referencing Slide 26, Ms. Hajnosz reminded the Board that DOW's FY26 budget shows that revenues are not adequately covering Operation and Maintenance costs and is falling short by about \$6 million. Adding to that the CIP and the Department is short an additional \$7 million. That \$13 million deficit is being picked up by our reserves. These rate making efforts are to figure out how to make the Department closer to whole. Ms. Hajnosz explained they are

assuming across the board adjustments, which involves keeping the current rate structure and apply whatever rate adjustment that is decided upon. She noted that this will be applied to the current rate structure for FY27 and is a relatively simple approach that she feels is the easiest for the community to digest considering there have been no rate adjustments for over 10 years. After the initial adjustment, there are 4 more years of rate adjustments that they want to look at, which would involve looking at customer data to determine if it will make sense to set customer classes. This is a complicated analysis, so they do not want to put that together with a rate adjustment since the immediate need is to close the spending gap. Doing both of those things at the same time will be very complex. This is not something that will absolutely be done after the first year, but the Board will be asked to consider it. After that, they will figure out what will be adopted for the Fiscal Year 28 to 31 rate schedules.

Board member Hull asked what the complications are with creating customer classes. Ms. Hajnosz explained the simple way would be, in the initial efforts, to have a rate adjustment of X percent to raise the revenue and close the gap for O&M, debt service, and capital. That one number will impact everybody's bill across the board. Going into cost of service and rate design efforts will change the way the rates look as they will have multiple, different customer classes, all of which will have different rates. Those rates will be driven by a cost service analysis, the driver of which are things like how much each class contributes to peak demand, to customer billing and meter maintenance, etc. Additionally, each class will have a different type and level of cost impact. So, when all of these variables are introduced on top of an X percent rate adjustment, it becomes very, very complicated.

Mr. Hull asked if there is a legal requirement to have specified classes when you break them apart to which Ms. Hajnosz replied no, explaining that currently DOW has General Use and Agriculture and it can be left exactly that way. A reason to move to customer class would be a more equitable and fairly aligned cost contribution to the rates; the biggest class is the single-family class which encompasses most of DOW's customers. Rates can be designed with single-family residential class that more closely accounts for cost contributions such as dual peaks in the morning and evening versus non-residential customers that may not have much peaking at all.

Manager Joe Tait stated for clarification that the first structure described is our existing rates, with the second structure described is a change to the rate structure. Regardless of what is discussed and decided upon during this workshop, the public and ratepayers will have an opinion based on personal situations. Ms. Hajnosz stated while she can provide industry experience and industry best practices, ultimately, the rates and rate structure should reflect the values of the community.

Chair Julie Simonton commented that she feels the Department is owed an increase in the rates to close that \$6 million gap, and if a rate structure is added into that discussion, there is a possibility that the Board may not be comfortable pushing forward when all those variables of what is fair come into play. She thinks addressing the immediate need of everyone's rates going up by X percent at least gets us out of the red. The more complex discussion can happen later when we are operating in the black and keeping the doors open. Mr. Hull stated he agrees to a certain extent, but the perception of the public is that our development rights are tailor-made for high end, speculative development, and they are being treated equally as those who are not in it for that reason. Ms. Simonton stated that the FRC will be going hand in hand with the rate increases and the FRC will have that distinction. Mr. Hull replied that the FRC is barely going to

make up anything that is necessary for the actual CIP program; the amount the FRC will bring in is peanuts compared to what actually necessary. Ms. Simonton added that public perception will be that the Department recognizes that, and its being addressed now through the FRC. Mr. Hull questioned why we couldn't look at the possibility of what might be out there to see if there is an opportunity to do something not too complex such as residential versus non-residential. He noted that the Department reported that there are 1,300 vacation rentals versus 23,000 dwelling units; however, there are actually 6,000 vacation rentals, which make up more than a quarter of our inventory and are used very differently from our residential development. There are laws that differentiate between vacation rental and residential use, so he does not want to foreclose the idea of putting more cost on high-end, speculative vacation-rental development just because it may be too complicated. He has a hard time swallowing doing an across the board rate increase just because its easier. Ms. Hajnosz expressed her understanding and explained that the phased approach they are suggesting is to first close the gap and make the department whole from revenues covering expenses, and then the Board can decide if it wants to investigate different customer classes such as hotel classes. Because the rates have not been raised in over 10 years, it's likely not going to be a single digit recommendation. Mr. Hull stated that if we look at doing an across the board rate increase with customer class tiers attached to it, a single-family residential unit will have a nominal increase, whereas a hotel or vacation rental will have a more substantial increase, lessening the burden on the single-family residential home.

Board member Kodani stated that in looking at the rate structure, the Department should work closely with the Planning Department to look at the classifications they have; if we use the same classifications, the public cannot argue that. Ms. Finnila added that if we were going to go down that road, it would be beneficial to see what other counties and communities are doing. Ms. Hajnosz stated they will be discussing this is the second half of the workshop where she will go through the rate structures of the other counties and looking at both the customer classes to consider as well as fixed versus variable costs and how to recover those. All the counties are very different, and it all comes down to how each department has decided to recover their fixed versus variable costs.

Referencing Slide 27, Ms. Hajnosz discussed Financial Assurance Basics and How to Set Targets. They are the foundation for rate-making and go hand-in-hand with covering costs, and sustaining the Department for the long by looking at debt, looking at reserves, how capital investment is planned for every year, etc. Financial assurance is looked at in several ways to establish a foundation for good financial budgeting and performance so the Department will have the ability to weather the ups and downs to have a good long-term outlook and not be budgeting from year-to-year and will promote stable rates over time. Financial assurance will also specify cash reserves that are to be used for things like the FRC, which we already have set up for specific growth-related projects.

Referencing Slide 28, Ms. Hajnosz went over five Financial Assurance targets. She stated that not all of these have to be adopted, but there are a few they recommend, noting that you may not be able to hit them in the first few years.

**Operating Reserve** - The industry practice of having an operating reserve is a standard practice for operations and maintenance (O&M) to weather fluctuations in revenues or expenses. This reserve is typically set at 45 to 120 days, and is used when needed. If there is a surplus, it is used, and if not, it is left as a rainy day fund. This ensures that the company can weather potential expenses and maintain a cushion for potential downturns.

**Rate-Funded Capital Contribution** – This is not a reserve, it is a budget assumption made each year for what we are going to fund: rate fund or cash fund, and certain amount for capital. This is typically referred to as a surrogate for depreciation. Depreciation is a non-cash item that represents a degradation of our assets, which have to be recovered. This is the part that many utilities have not accounted for in their rates.

**Capital Reserve** – This is money set aside for capital, not for operations and maintenance, and is for when something goes out such as pumps, motors, or other emergency purchases that are needed from a capital standpoint.

Ms. Hajnosz noted that these are the three targets they would like to see.

**Debt Service Coverage** – This is necessary to cover our principal and interest at a 1.0. For example, general obligation bonds require a 1.0 coverage which means you have to generate enough revenue in that year to cover your principal and interest for that year; if you don't, you are in default. If 1.0 is the covenant, in utility planning, they would plan for 1.2 coverage which give a bit of a cushion if revenues do not materialize as anticipated, or if operating expenses are higher than anticipated. The extra .2 of that money can go into one of the reserves such as the capital reserve or O&M reserve.

**Debt as % of Net Plant Assets** – This is the debt ratio. Water utilities are highly leveraged utility agencies because of the amount of capital needed to deliver water. There are utilities that are over 50% debt, meaning they use a lot of debt to pay for capital improvements. When you issue debt for 30 plus years, you are basically matching the use of the asset with your debt obligation. This can ultimately reduce your rates from the standpoint of not using cash to fund that asset but are spreading that cost over 30 years.

These are the Financial Assurance Targets that they will be coming back to when discussing the rate adjustments.

Ms. Hajnosz went over the Rater Making Process and Key Decision Points on Slide 29. She noted that all phases can be done at once, or they can mix and match; every entity does it differently. Ultimately, the first step is to come up with the revenue percentage and adjustment percentage needed to hit the financial assurance targets to fulfill the mission of the Department. What will happen between now and the November meeting when they will be discussing revenue requirements, is an analysis of DOW's utility data such as customers, water usage, revenues, operating expenses, and capital projections and putting together a baseline of what DOW's financial assurance targets look like. From there, adjustments will be made based on assumptions such as different levels of customer growth, water usage growth, inflation, etc. consistent with what the County is doing. Different scenarios will then be provided for the Board to consider and look at what it would do for the community, and how palatable those adjustments would be, and what the rate adjustments could mean from the standpoint of monthly bills at various usages.

Chair Simonton asked, to address Mr. Hull's concerns about vacations rentals, would the Fiscal division be able to pull water usage data from accounts listed as vacation rentals and compare them to residential accounts. Is there a way to identify which accounts are vacation rentals and which are not so the Board can look at the magnitude of the impact. Waterworks Controller

Renee Yadao explained that DOW does not have that information in our system and would need to use information from the Planning Department. She noted a preliminary review was done, which resulted in 1,500 accounts identified as vacation rentals, though Mr. Hull stated there are substantially more. Ms. Yadao stated a deeper dive could be done with the help of the billing software consultants to see if additional data can be extracted. Ms. Simonton stated she doesn't know if it's worth the time and effort unless there is a way to identify high-end homes. Ms. Hajnosz stated you could have contracted rates for large customers that use water in such different ways because the cost of that customer on the system can be quantified. However, to design rates for separate classes would require causation to be defensible.

Mr. Hull stated he understands that there needs to be a usage nexus whether its volume or time of usage. However, he would be hard pressed as a Board member to take action to increase rates in any manner if an analysis has not been done to see whether or not hotel and resort uses can be tiered out separately to have a category. If that study and analysis was done and the results show the usage is exactly the same which means the Board cannot do that, fine, but at least they would have that analysis in front of them when it came time to vote. Ms. Simonton acknowledged Mr. Hull's concern and asked if that type of analysis is achievable in this timeframe. Her understanding of the plan that is being presented is that analysis could eventually be done, but we have not had a rate increase in over 10 years and are operating in the red. Do we have time to fix that now and still do the analysis and studies to raise the rates for FY26? Ms. Hajnosz stated no, we don't have to do that if we are trying to hit July 2026. There is a lot of public outreach that needs to happen. Ms. Simonton stated she completely agrees that an analysis like that needs to be done, but we are in a hole. Mr. Tait stated that if were in the same situation as the other islands, Mr. Hull's model could start from today. However, we have to get out of the red to be able to pinpoint what is costing us what.

Ms. Hajnosz provided an example of what was done on Maui where they had a similar rate structure of General Use and Agriculture. They wanted to pull out single-family so they could give a stronger conservation message. An analysis was done, which was fairly straightforward, and resulted in a lot of good data points to make a case. It took their board a couple of years to get comfortable with just pulling single-family, which was the easy one. Since then, they have gone on to do a hotel rate and were trying to do multi-family but they did not have sufficient data. The data has to be there to do it, and though she would like to see more stratification in customer classes; if you are a customer that generates costs because of the way you use water, you should pay for it. In the meantime, they have given them a 5-year rate adjustment plan to build up their reserves, operating and capital reserves, etc., but getting data to substantiate customer classes is not easy.

Mr. Hull stated if they were just looking to do a study of just vacation rental and resorts, he would like to know what the timeline would be for something like that. Ms. Hajnosz stated that if you look at a cost-of-service study, which is a second phase, they are looking at zero-sum game. We have a revenue requirement that we need to recover from all these different classes which is going to introduce some uncertainty if we don't do a cost-of-service study for the rest of the classes. Mr. Hull acknowledged that but added that he does not want this to be a promise to do an analysis in the future that never gets done. His concern is that the Board will approve these across the board rates and never review any bifurcated rates. It is understandable that there is a need to cover something quicker than the data can be provided, but his concern is that analysis will not be done. Ms. Hajnosz stated that they are already under contract to do the cost-of-service piece after this fiscal year's rate adjustments are implemented, though it is not

specifically for the Vacation Rental class. Mr. Hull stated that is his concern that even if an analysis is part of their contract, it is not specified for vacation rentals. Ms. Hajnosz stated though it wasn't specifically for vacations rentals, but it will include hotels. If there is a different definition for vacations rentals, they have to come up with that definition. Though it had not been considered while doing this scope, she can see it falling into their cost of service considerations. Mr. Kodani asked what kind of data Mr. Hull is looking for to which Mr. Hull replied if a rate increase is going to be placed on the agenda, he wants to see specifics.

Ms. Hajnosz continued by discussing the idea of subsidies and DOW currently has subsidies with Agriculture customers. All counties have this, and Agriculture customers are not paying the full cost of service. These subsidies have always been there as a reflection of the values of the communities throughout the State where we want to support as much Ag as possible. Another consideration would be whether or not they want to continue to have the agriculture subsidy, noting that if they are not paying, someone else's bills are higher.

The final phase of rate design is where they begin looking at the different rate structures and how much is recovered from the fixed piece versus the variable piece – the quantity-based. This is where the fiscal staff may want high fixed rates and the highest service charge possible because it gives revenue stability. However, it dilutes the conservation message when the volume charge is less.

Ms. Hajnosz provided a quick review of the Current (2025) DOW Financial Overview on Slides 30 through 32, which was previously presented at the April 21, 2025 workshop.

Ms. Hajnosz went over the Other County Rate Comparison to Kauai DOW's Rates and Discussion on Slides 33 through 47. This included the rate structures, monthly service charges and usage charges for Kauai DOW, Honolulu Board of Water Supply, County of Maui Department of Water, and County of Hawaii Department of Water as well as Rate and Bill Comparison charts.

Referencing Slides 34 and 35 – DOW Water Rates, Ms. Hajnosz stated that last rate increase for Kauai DOW was effective July 1, 2014. She explained that service charges are assessed no matter what the usage and is based on meter size, so the bigger meter you have, the more you pay at a fixed monthly charge. As you use more water, your rates go up on a per-unit basis. Because Kauai has no customer classes, the surrogate is the meter size; higher meter sizes give you higher blocks for usage. Mr. Tait asked what the per-year increases based on back in the day? Was it usage, financial performance of the Department or inflation? Ms. Hajnosz stated all of the above. Looking at the chart on Slide 34, Ms. Hajnosz pointed out that the percentage of rate increase remained the same every year, which from a planning perspective gave the customers an idea of how much the rates would increase each year. Historically, many water managers were trying to keep rates down to help their communities, but our systems have been really failing and we cannot rely on the Federal funding we had back in the 60's and 70's, which at that time were being funded at 60% - 70%; now it's below 10%.

Referencing Slides 36 & 37 – Honolulu Board of Water Supply Rates, Ms. Hajnosz pointed out the differences with their rate plan, which goes to 2028. This is an ideal multi-year plan that helps customers prepare for what the rate increases are going to be. BWS customer charge is not as high as Kauai's service charge because they have typically not included the same types of costs in their fixed charges as other utilities have. They've typically only included billing costs



so they have lower fixed costs, but they collect those costs through their rates. BWS does have various residential classes broken up into tiers with different usage rates for apartments, which have no irrigation. Non-residential has a uniform rate that is all the same per gallon.

Referencing Slides 38 through 40 – County of Maui Department of Water Supply Rates, Ms. Hajnosz stated Maui's service charges are similar to Kauai's and have 4 tiers for their single-family dwellings. They also have a hotel rate which they set themselves and is set at the same rate as a Tier 4 single-family dwelling.

Referencing Slides 41 through 43 – County of Hawaii Department of Water Supply Rates, Ms. Hajnosz stated that Big Island has monthly standby charges similar to Maui's that include some capacity costs, which provide really good revenue stability. They do not have customer classes, but they do have power cost and energy CIP charges for the power used for the wells and wind turbines used to power some of the wells. That cost is based on HELCO's rates which are passed on to BIDWS. These power costs are added to the usage rates. They have similar tiers by blocks for meter sizes.

Ms. Hajnosz went over the Monthly Bill Comparisons and Comparison of Rates and Typical Bills on Slides 44 and 45.

Board member Tom Shigemoto asked how we know if those who are in the Agriculture category are really growing anything, and asked Mr. Hull if DOW checks with the Planning Department to see if they are legitimately farming. Mr. Hull stated with Planning, per State law and County law someone can grow 1 papaya tree and be considered farming. Mr. Shigemoto further asked if you have a farmer with 200 acres, and he ranches, does he get that subsidy. Ms. Yadao stated there are certain requirements that come along with the Agriculture designation which require a customer to provide documentation; just because you are on Ag land does not automatically qualify you for Ag rates. Mr. Hull asked if you have a house on Ag land and a bona fide farm, does the house pay residential rates and the farm pays Ag rates? Ms. Hajnosz stated the first couple of tiers are modeled as single-family residence and the next rate in the third tier drops. Mr. Shigemoto asked what percentage subsidy do the Ag users receive to which Ms. Yadao stated they get charged the first tier and then move to a flat rate.

Ms. Hajnosz provided an overview of the Overall Schedule for the Rate Study shown in the timeline on Slide 46 and the Stakeholder Outreach schedule for the Rate Study on Slide 47.

In response to Mr. Kodani, Ms. Sorensen explained how the community meetings will go. In September and October they will have 2 geographically based meetings, two Department of Hawaiian Homelands meetings, and 5 community meetings. The meetings will be an open house format, Joe is scheduled on the Kauai Business Association agenda for September. The initial outreach will be specific to the CIP without digging into rates, and just looking at the CIP needs. The full outreach process will be a holistic process over the next year, and they are looking at other avenues whether it be online meetings, website information, community surveys and other ways to engage the community.

Mr. Hull asked when the Ka Paakai analysis is done, if comments come back from the practitioners that the rate increase will dramatically impact their ability to raise kalo in the Loi Kalo patches, what is the mitigation action the Board will have to do. Ms. Sorensen stated that the Ka Paakai analysis is currently set up that they are going out with the KWUDP and the WSIP

hand-in-hand so they can talk with people on what those issues are. The general feedback is that they want to do this at multiple stages throughout the project development. They don't yet know what the mitigating factors are because we don't yet know what the concerns are. This is the first time they are going out for a rate study for Ka Paakai. Mr. Hull stated in theory, if a bunch of Loi Kalo practitioners come out and say this will dramatically impact them, and the mitigation measure is that we will not increase rates for Loi Kalo farmers meaning we will have to adjust somewhere else. Then theoretically we have to adjust the rates elsewhere that is beyond the proportional usage of that category. Mr. Shigemoto stated the taro farmer don't use domestic water to raise their kalo. Mr. Hull stated that the larger patches we know of don't, but there are smaller practitioners may need to use domestic water.

Ms. Sorensen stated for clarification that public outreach and Ka Paakai analysis is not just for rates, but for the long-term plan in general and will be paired with the Water Use and Development Plan as well, so there is going to be a lot of different feedback.

Ms. Simonton stated her intention was not to debate Mr. Hull, and clarified that she feels it is very important for the Board and the community to get these projects done. We need to raise rates so we are not operating in the red. While we all have different ideas on how to get there, and to provide a unified support from the Board is important. She respects that he is sharing what he would like to see, and her goal is to get him to a place of what do we need to do for you to feel comfortable in voting for these rate adjustments.

Mr. Kodani asked if there are any other traditional cultural practices that may be impacted. Mr. Hull stated from a rate study standpoint, it would be hard to go beyond the Loi Kalo. Deputy County Attorney Essenberg stated that the Ka Paakai analysis will be a 3-part analysis that will ultimately be a balancing question as to the protection of Hawaiian rights and the State's regulatory rights; it will be multiple steps.

Ms. Sorenson stated she has seen people express curiosity on the source side as far as what impact taking water from one place to another has on the broader picture than just the rates. Mr. Shigemoto asked if this rate study will address that, adding that is a big concern for the Hawaiian community. Ms. Sorensen that it is not a direct outcome of the Water Systems Investment Plan, but in terms of the water use on the island there has been some discussion around that. Coming out to the community with that information allows for those questions to be asked to ensure they have been addressed.

Ms. Hajnosz went over the Next Steps listed on Slide 49.

## **ADJOURNMENT**

The workshop was adjourned at p.m.

Respectfully submitted,

*Cherisse Zaima*

Cherisse Zaima  
Commission Support Clerk