

**HB 2965 HD2**



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GOVERNOR  
JAMES R. AIONA, JR.  
LT. GOVERNOR

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TO THE SENATE COMMITTEES ON AGRICULTURE AND HAWAIIAN  
AFFAIRS AND  
COMMERCE, CONSUMER PROTECTION, AND AFFORDABLE HOUSING

THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

Thursday, March 13, 2008  
2:45 p.m.

**WRITTEN TESTIMONY ONLY**

TESTIMONY OF CATHERINE P. AWAKUNI, EXECUTIVE DIRECTOR,  
DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND  
CONSUMER AFFAIRS TO THE HONORABLE SENATORS TOKUDA AND  
KOKUBUN, CHAIRS AND MEMBERS OF THE COMMITTEES

**HOUSE BILL NO. 2965, HOUSE DRAFT 2 – RELATING TO AGRICULTURAL  
WATER SECURITY.**

**DESCRIPTION:**

This measure allows the negotiation of agreements for the production of emergency power for agricultural water systems following a disaster declared by the Governor.

**POSITION:**

The Division of Consumer Advocacy (“Consumer Advocate”) offers the following comments on the measure for these Committees’ consideration.

H.B. No. 2965, H.D. 2  
Senate Committees on Agriculture and Hawaiian Affairs and  
Commerce, Consumer Protection, and Affordable Housing  
Thursday, March 13, 2008, 2:45 p.m.

COMMENTS:

The measure provides persons who control, operate, or manage an agricultural water system that has been damaged in a disaster to negotiate an agreement for the production of emergency power for the agricultural water system. The measure does not, however, address who may provide such emergency power and how such provision of energy should be treated by the Hawaii Public Utilities Commission ("Commission"). If the person providing power is not already considered a "public utility" subject to Commission regulation, the provision of such energy to the public likely will trigger such Commission jurisdiction.

If the intent is to expedite such agreements and exempt them from Commission regulation, since they arise out of emergency disaster situations, appropriate language effecting that intent and providing for appropriate care to ensure the safe provision of such energy is necessary. The Consumer Advocate, the Commission, and Hawaiian Electric Company, Inc. agreed upon language that may expedite the provision of energy to agricultural water systems in an emergency arising out of a declared disaster. The language agreed upon immediately prior to decision making by the House Committee on Consumer Protection and Commerce is attached for your consideration.

Thank you for this opportunity to testify.

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# A BILL FOR AN ACT

RELATING TO AGRICULTURAL WATER SECURITY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

SECTION 1. In accordance with the strategic plan developed by the United States Department of Agriculture, the legislature finds that agricultural water security is essential to maintaining public health and well-being, cultivate food, fiber, and energy crops in the future, and enhancing rural recreation and community aesthetics. On October 15, 2006, the Kiholo Earthquake caused considerable damage to irrigation systems in the Waimea and Hamakua areas on the island of Hawaii, causing the agricultural water users to depend on ground water to supply water to the ditch systems entailing costs for transmission of water and energy to run pumps.

On October 15, 2006, the Governor proclaimed these areas to be disaster areas and directed government agencies to take such action and employ such measures for water supply and other emergency functions as may be necessary.

\_\_\_\_.B. NO. \_\_\_\_\_

Further, in the proclamation the Governor suspended statutes relating to procurement, public lands management, water development, the state water code, and public utilities among others allowed by federal law. These emergency measures are to continue until an appropriate time for termination determined by the Governor.

The legislature further finds that agricultural water systems are critical for agricultural production and that measures have to be implemented to allow appropriate response to conditions caused by natural disasters, such earthquakes.

The purpose of this Act is to ensure the security of the agricultural water supply by implementing emergency measures to respond to damages caused by natural disaster, such as the damage to the Waimea and Hamakua agricultural water systems.

SECTION 2. Chapter 209, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§209- Agricultural water systems; emergency power.**

(a) When the governor has declared that a disaster has occurred for any portion of the State, pursuant to section

\_\_\_\_.B. NO. \_\_\_\_\_

209-2, that results in damage to an agricultural water system and requires the temporary use of electrical power or back-up generators to pump ground water for irrigation until the system can repaired, the person who owns, controls, operates, or manages the system may negotiate an agreement with an electric utility company, or with a person, who owns, controls, operates, or manages a plant or facility for the production of power primarily or entirely from nonfossil fuel sources, if there is no electrical interconnection between the pumps for the agricultural water system and the electric utility system, to provide emergency power for the agricultural water systems.

(b) If the agreement is with a person, other than an electric utility company, who owns, controls, operates, or manages a plant or facility for the production of power primarily or entirely from nonfossil fuel sources, and such plant or facility is electrically interconnected to the electric utility system, then such person shall coordinate with the electric utility company to ensure that the utility company can satisfy its safety, regulatory and operating requirements.

\_\_\_\_.B. NO. \_\_\_\_\_

(c) If the agreement is with an electric utility company, the electric utility company, under circumstances that it deems exigent and in its judgment require a response that rapidly provides emergency power for the agricultural water system, may enter into an agreement described in subsection (a) and transfer, assign, or otherwise dispose of its property without prior approval from the public utilities commission as may be required under chapter 269; provided that in so doing:

- (1) The electric utility company does not unduly hinder or degrade the utility's operation with respect to its services or other customers;
- (2) The electric utility company is duly compensated for its property; and
- (3) The electric utility company reports in detail to the public utilities commission within thirty days of any such action unless otherwise approved by the public utilities commission for good cause shown.

For purposes of this subsection, "property" does not include real property.

\_\_\_\_.B. NO. \_\_\_\_\_

(d) The agreement shall terminate when the governor determines that the disaster emergency relief period is terminated."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take on July 1, 2008.

INTRODUCED

BY: \_\_\_\_\_



**TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
SENATE COMMITTEES ON  
AGRICULTURE AND HAWAIIAN AFFAIRS  
AND  
COMMERCE, CONSUMER PROTECTION AND AFFORDABLE HOUSING  
MARCH 13, 2008**

**MEASURE: H.B. No. 2965 H.D. 2**

**TITLE: Relating to Agricultural Water Security.**

Chairs Tokuda and Kokubun and Members of the Committees:

**DESCRIPTION:**

This bill proposes to establish measures for preserving the security of the State's agricultural water supply following a disaster declared by the Governor. Specifically, it proposes to permit persons who control, operate or manage agricultural water systems to initiate negotiations for emergency power for their systems in the event a disaster declaration by the Governor.

**POSITION:**

The Public Utilities Commission ("Commission") offers the following comments on this bill.

**COMMENTS:**

- **The bill does not specify with whom a person who controls, operates, or manages the agricultural water system may negotiate an agreement for emergency power.**
  - If the intent of the bill is to enable such persons to negotiate with an independent power producer ("IPP") that is not currently regulated by the Commission to obtain emergency power, the Commission notes that an agreement under which an IPP provides power to an agricultural water system may cause it to be considered a "public utility" under HRS § 269-1. The Committees may want to consider including language in this bill to exempt IPPs from Commission regulation in these limited circumstances.

Thank you for the opportunity to testify.



## KAMEHAMEHA SCHOOLS

March 13, 2008

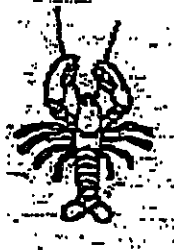
The Honorable Jill Tokuda, Chair and Members  
Committee on Agriculture and Hawaiian Affairs  
The Honorable Russell Kokubun, Chair and Members  
Committee on Commerce, Consumer Protection, and Affordable Housing  
The Senate  
Hawaii State Capitol  
415 South Beretania Street, Room 224  
Honolulu, Hawaii 96813

Dear Chair Tokuda, Chair Kokubun and Committee Members:

### **Support for HB 2965 HD2, Relating to Agricultural Water Security**

I am Kapu C. Smith, Senior Land Asset Manager for Kamehameha Schools' Kawailoa Plantation in Waialua, Oahu. I am here to testify in support of HB 2965 HD2 because it recognizes the serious effects of the October 15, 2006 Kiholo Earthquake on the agricultural community and infrastructure of both Kohala and Hamakua. As private and public entities and individuals have united to repair the important water systems of these regions, numerous lessons have been learned and weaknesses exposed. The lack of energy sources necessary to effectively utilize backup water sources at both Kohala and Hamakua is at the top of the list. HB 2965 HD2 recognizes this need and will provide the opportunity to negotiate agreements for the production of emergency power to provide backup water under the Governor's current emergency declaration.

Thank you for the opportunity to testify in support of HB2965 HD2.



## KOHALA CRAYFISH FARM

### Large Live Louisiana Reds

P.O. Box 1316 • Kapaau, Hawaii 96755 • 808 884 5321

**Testimony: HB 2965, H.D. 1, Relating to Agricultural Water Security  
Hawaii State Capitol, Conf. Rm. 224, March 13, 2008; 2:45 p.m.**

March 12, 2008

Senator Russell Kokubun, Chair, Committee on Commerce, Consumer Protection & Affordable Housing  
Senator Clayton Ilee, Chair, Committee on Water and Land

Dear Senators Kokubun and Ilee, and Committee Members:

I'm writing you today to ask you to support H.B. 2965, relating to agricultural water security.

I'm an aquaculture farmer here in Kohala on the Big Island. For the past 17 months my farming operation has lay in ruins. I have had to carry water for all purposes, including household water, from a fire hydrant located more than a mile away. It has been and continues to be a huge burden. My investment of labor and financial resources been destroyed while I struggle to keep my home and property.

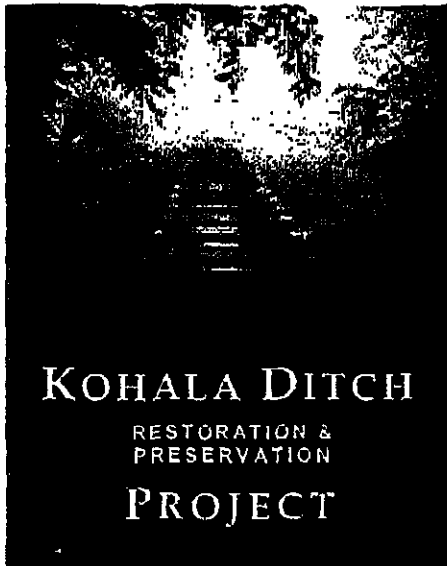
Moreover, my crayfish farm represents a considerable investment from the State of Hawai'i and federal government through agencies like Seagrant Extension Service, University of Hawai'i, Aquaculture Development Program, Center for Tropical and Subtropical Agriculture, US Department of Agriculture. I do not wish to see the support from these public agencies for my innovative agricultural activities is being squandered.

Methods for farming Hawaiian crawfish developed here at Kohala Crawfish Farm have the potential to enhance economic productivity for taro farmers statewide. We are the sole prawn (Malaysian prawn) nursery/farm on the Big Island and the only legal source of farm-raised crawfish in the state.

While I remain one of the more heavily impacted individuals from this continuing disaster, the economic impact of this tragedy is impacts some 50 other agricultural enterprises in this area. They are all struggling to survive. The loss in family income, employment, tourist dollars, visitors, food production, agricultural innovation, and quality of life affects the entire North Kohala community.

HB2965 can provide another tool for helping our farmers. We need power to pump water and see us through the task of rebuilding. Please support this bill. I also ask you to work together with the agricultural community to not only get water back into the Kohala Ditch but to create an enduring, healthy support structure for affordable ag water for another one hundred years.

Mahalo 'No,  
Lance Caspary  
Kohala Crawfish Farm



## THE KOHALA DITCH PROJECT

P.O. Box 681 • Kapaau, HI 96755  
 Email: e-scape@hawaiiantel.net  
 Tel: 808-885-5941 • Cell: 937-2826



**Testimony Re: HB 2965, HD 1, Relating to Agricultural Water Security**

March 12, 2008

Honorable Senator Russell Kokubun, Chair  
 Committee on Commerce, Consumer Protection and Affordable Housing  
 Honorable Senator Clayton Hee, Chair  
 Committee on Water and Land  
 Hawaii State Capitol, Conference Room 224, March 13, 2008 – 2:45p.m.

A project to restore and preserve the historic Kohala Ditch to provide water security for farms, ranches, dairies, aquaculture ventures, recreation and ecological stewardship throughout the 21<sup>st</sup> century; and to sustain the community traditions of the people of North Kohala.

Dear Senators Kokubun and Hee; and Committee Members:

Since February 2007, a community-based steering committee formed in North Kohala has strived to restore and preserve the historic Kohala Ditch. Its members have worked diligently with the Legislature, the office of U.S. Senator Daniel K. Inouye, State Civil Defense, the USDA Rural Development Office, the North Kohala Community Resource Center, and landowner Surety Kohala Corporation to accomplish a daunting task – the rebuilding of the Kohala Ditch after the October 15, 2006 Kiholo earthquake.

Since the earthquake, our committee members, along with dozens of Kohala farmers and ranchers, have learned firsthand the vital relationship of water security and energy costs. One of our members, Kirk Eubank, a sod farmer, daily starts and shuts down a 450Kw generator that pumps water to 17 farmers. It is yeoman's work and the interim pumping project provides only .5 million gallons per day. Before the Kiholo earthquake, the Kohala Ditch provided 8-10 mgd to many more farmers and ranchers.

The high cost of this stopgap pumping project illuminates the need for passage of HB2965. Farmers need access to affordable energy. This bill takes a major step to provide affordable electricity to farmers who irrigate.

As you consider this bill, we wish you to consider the remarkable volunteer effort mounted by people in North Kohala during the past sixteen months. Without a doubt, federal and state funding has facilitated the ditch rebuilding effort. But well over a hundred people, most of them volunteers, have pitched in. The Kohala Ditch Project is a testament to the determination of Kohala's people.

The attached article gives you much information about this remarkable public-private effort to restore irrigation to North Kohala farms and ranches. We are deeply grateful for the support of Hawaii's legislature. We respectfully ask that you consider our ongoing efforts, our hardships, and our commitment to a sustainable agricultural future and pass HB 2965.

From *Kohala Unupa'a – Kohala, Land of the Determined People* – we thank you.

### Steering Committee

Ed Boteilho  
 Stephen P. Bowles  
 John Ray  
 Kirk Eubank  
 Bill Shontell  
 Ted Matsuda  
 Herbert M. "Monty" Richards, Jr.  
 Shiro Takata  
 Joe Carvalho

### Staff

Rory Flynn



Vol. 7. No. 3

March, 2008

## Kohala Ditch — A Report to the Community

*by the Kohala Ditch Project Working Committee*

Work to restore water flow to the Kohala Ditch is proceeding at full tilt, although the project's estimated completion date has been pushed back to October, 2008.

In January, Surety Kohala Corporation executive Duane Kanuha told the ditch project steering committee that Mike Gomes had retired. Kanuha announced that Kohala Preserve project manager Bill Shontell had assumed management of the rebuilding effort. Bill informed the group that upon closer examination landslide damage to tunnels presented a serious problem. Several lengthy tunnels in Pololu were plugged by landslide debris. Heavy rains in early January worsened the blockage.



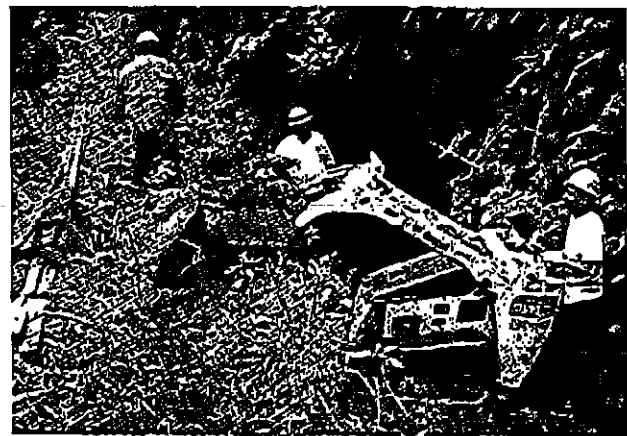
Entry to Tunnel 14 (Pololu to Honokane) showing gravel plug

Work crews are now concentrating on mucking out these tunnels and awaiting the arrival of customized skid loaders from the mainland. The damaged tunnels must be cleared and stabilized before men and materials can commute via the tunnels to the project's final worksite, the dam/intake and Flume #1 in Honokane Nui valley.

With a current funding shortfall of \$500,000 along with an immediate need to shore up a tunnel portal in the West Branch of Honokane Nui, the overall ditch repair budget is short by roughly \$1 million. In response, Surety Kohala, via its subsidiary, Kohala Preserve Conservation Trust, contributed an additional \$200,000 to the project.

In February a plea to the governor's office kicked off an effort to find unspent state monies to buttress the repair budget. Presently, Ed Texiera, deputy director of State Civil Defense, is conferring with the State Department of Budget and Finance to secure an additional \$800,000.

Additional state funds are critically needed to complete repairs and restore irrigation for North Kohala farmers.



Fado Stevens, Harold Peraz, Ian Yamamoto clearing ditch in Pololu

Steve Bowles of Hawi Ag & Energy, Kirk Eubank of E-Scape Enterprises and Hermann Fernandez of Surety Kohala assembled the Kohala Ditch Project Steering Committee in February, 2007. The committee was organized to raise funds to restore the Kohala

Ditch and oversee the repair work. It has since met every two weeks (sometimes weekly) in Hawi.

The committee is currently supporting two companion bills in the legislature (Senate Bill 2874 and House Bill 2963) to "appropriate funds for structural and nonstructural earthquake recovery and mitigation projects."

Senate Bill 2874 states, in part: "Typical to most major earthquake disasters, hidden damages are not discovered until much later due to the inability to immediately access disaster locations and the need to conduct detailed engineering evaluations. The most difficult to assess have been the damages on the intakes to the Kohala Ditch at this time, the intakes ... are only accessible by helicopter. Expert observers have strongly indicated that costs to repair the intakes will increase significantly from original estimates."

The bills acknowledge the plain truth that after a momentous event like the Kiholo earthquake, initial damage assessments and budgets are subject to revision.



Fado Stevens lowering electric cart in Ditch for the 2-1/2 mile run through the Pololu Tunnel

We strongly encourage supporters of the ditch restoration effort to rally behind these bills. Both bills have successfully crossed over in the current legislative session. Now is the time for people to call or write their legislators and voice their support.

In January, when a federal grant for a pumping project serving 17 Kohala farms expired, our committee asked Councilman Pete Hoffmann for help. Since the earthquake, the interim pumping project has supplied 0.5 million gallons/day in lieu of the customary 8-10mgd provided by the Kohala Ditch.

Councilman Hoffmann responded with a contingency fund appropriation of \$15,000 from County Civil Defense to the North Kohala Community Resource

Center. His budget resolution to "preserve reliable and effective water supply for agricultural North Kohala lands" has been placed on the Hawaii County Council's March 12 agenda. Hopefully, it will be adopted by the time this article is published.

As much as \$17,000/month is needed to pay for equipment rentals and diesel fuel for the pumping project. The project faces a serious shortfall of funds. In February, Shiro Takata made a personal contribution of \$1,000 to keep it going. Contributions to sustain this effort throughout the summer are welcomed. Donations earmarked for the "interim pumping project" can be made to the North Kohala Community Resource Center.

During the past year, the ditch working group has included Ed Botelho (Cloverleaf Dairy); Shiro Takata (Kohala Kentia); Ted Matsuda (Kohala Nursery); John Ray (Kukuipahu Ranch); Kirk and Lani Eubank (E-Scape Enterprises); Stephen P. Howles (Hawi Ag & Energy); Monty Richards (Kahua Ranch) Bill Shontell (Kohala Preserve Conservation Trust); Mike Gomes and Hermann Fernandez (Surety Kohala Corporation); Christine Richardson, Bob Martin and Chris Helmuth (North Kohala Community Resource Center); Harry Miller, Larry Kanda and Gary Greenly (State Civil Defense); Kaco Duarte and Kama Danell (Kamehameha Schools); Joe Carvalho (Community Volunteer); and Rory Flynn (Facilitator).

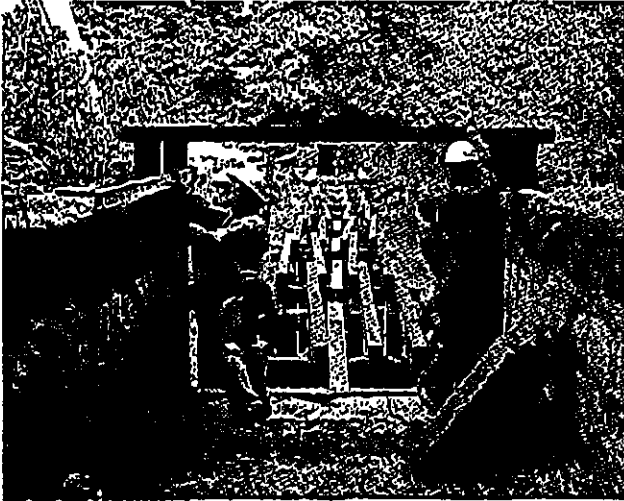
This group successfully raised over \$3.7 million for what is now the largest public works project in North Kohala. Project funders to date include the USDA Rural Development Office (\$2,000,000); State of Hawaii (\$1,002,000); Surety Kohala Corporation (\$330,000), Kamehameha Schools (\$292,000) and AT&T Foundation (\$100,000).

The 501(c)(3) North Kohala Community Resource Center has served as the nonprofit conduit for public and private funds appropriated or donated to the project. They have undertaken a huge, demanding task. State Civil Defense and the Resource Center now are adopting procedures to assure that all ditch expenditures meet a federal FEMA standard for fiscal accountability. Both agencies are determined to see that it stands up to an audit when all the work and invoicing is done.

We're also grateful for all the "hands-on" support we've received from people and companies here in North Kohala. From the start, the ditch rebuilding effort has been an extraordinary public-private collaboration.

In August of last year, sod farmer Kirk Eubank and crayfish grower Lance Caspary kicked off a volunteer

work campaign to clean up open field sections of the ditch. They were assisted by Mike Gomes and Joe Carvalho. The work entailed much hard labor and chainsaw removal of scrub guava and Christmasberry trees. Many residents adjoining the ditch also pitched in.



Lorenzo Construction crew working on Flume #16

At the end of February, Kirk and Joe logged the results of the community volunteer effort. Over 50 people answered the call to perform weekend volunteer work. Collectively, they contributed 340 manhours to the clean-up effort. We thank them all.

Our volunteer honor roll includes Joe Carvalho, Cheri Gallo, Gino Fordiani, Sara Gordon, Gus Acosta, Jesse Acosta, Dan Jelks, Reynolds Botelho, Michelle Rae, Micah Barclay, Karl Toubman, Mike Gomes, June Gomes, Aka Benjamin, Kelly Hokana, Jacob Cardoza, Eric Poepoe, Aaron Price, Joe Jardin, James Kaaua, Bradford Yamamoto, Hoku Kekamua, Jean Sunderland, Robert Watkins, Robert Naihe, Ralph Blancato, James Chau, Kalepono Norris, Ralph Galan, Owen Ching, Wally Ching, Antony Kealoha, Shane Ching, Nelson Crawford, Abel Nazara, Carol Barco, Forrest Arnold, Kelly Asai, Joanne Lambert, Leonard Battlegren, Clayton Griffith, Cody Birk, Jay Lambert, George Slain, Brooks Thomas, Richard Leibmann, Cathy Curry, Joshua Bowman, Daniel Skelton, and Craig Matkin.

Eleven Kohala farms and ranches also sent work crews to help with the open ditch clean-up. They include Kukuipahu Ranch, Lanakila Ranch, Kokolulu Farm, Kohala Crayfish, F-Scape Enterprises, Starsced Ranch, Touching the Earth, Sage Farm, Fred's Nursery, Kohala Construction Service and the Cloverleaf Dairy.

We estimate that the 1,450 manhours and equipment contributed by these businesses total \$69,000.

Our committee is deeply grateful for all the government and community support we've received. Much work remains to be done, including the most challenging work in Honokane Nui.

Monty Richards often reminds us that this is a Kohala legacy project. The ditch has served Kohala agriculture for over a century. With timely, steadfast help from our good friends in Kohala and the state legislature, it can – and will – do so again. ■

*(Rory Flynn, Bill Shontell, Steve Bowles, Kirk Kubank, Joe Carvalho and John Ray contributed to this report)*

**Island Resources Ltd.****"Resource management with imagination"****Water Land Energy****Stephen P. Bowles***President**Cell (808)937-2826*e-mail [iresources@interpac.net](mailto:iresources@interpac.net)**Telephone***Office (808) 885-5941**Home (808) 885-4759**Fax (808) 885-7851*

March 12, 2008

**RE: House Bill 2965, H.D.2, Relating to Agricultural Water Security  
Conference Room 224 – Thursday, March 13, 2008; 2:45 p.m.**

Dear Senators Kokubun and Hee and Members of the Committee on Commerce, Consumer Protection, and Affordable Housing and Committee on Water and Land:

A major drawback to Hawaii's agricultural production is adequate and inexpensive water for irrigation. Our present system lacks the cohesiveness in water supply of our former major agribusiness – sugar.

We have abundant water resources and no way to pump the water for agriculture inexpensively as sugar did using biomass (bagasse). Today we must buy our power from the electric monopolies at retail prices. After a momentous natural disaster such as the October 2006 Kiholo earthquake, many farmers in North Kohala and Hamakua experienced an immediate and still continuing – crisis.

In late 2006, North Kohala farmers and ranchers scrambled to erect a pipeline from a new well, rent a pump and massive generator, and establish a funding stream for expensive diesel fuel to pump a minimal amount of water to their farms. They then endured a severe drought throughout much of 2007. As of the date of this testimony, the estimated completion date of repairs to the Kohala Ditch is October, 2008, fully two years after the earthquake. Meanwhile, ongoing pumping costs range as high as \$17,000/month.

H.B. 2965 was introduced to provide a better solution than the costly interim measures we have mustered to date. Its initial purpose and language pointed to the idle, surplus generating capacity of many Independent Power Producers (IPPs). It recognized that wind farms, geothermal wells, solar power, wave energy, hydroelectric and other sources of power are or will be available but remain idle much of the time. They can be made more efficient and more valuable. In Hawaii, we have a 10.5MW wind farm within eyesight of many suffering farms. In Hamakua, the Hamakua Energy Partners facility stands ready to pump water while repairs to the Hamakua Ditch proceed. Nonetheless, we have been unable to bring these resources into play.

The Kiholo earthquake caused many agricultural gravity ditch systems to fail at a critical time in our agricultural future. Expensive pumping of wells using fossil fuels is the only way we could survive. All this while nearby IPP generating power plants were idle. Another recent example: Last year, the output of Maui's Kaheawa wind farm exceeded 125,000 megawatt hours, more than its contractual obligations to Maui Electric Company. Yet the surplus power does nothing for agriculture. This is wrong.

HB 2965 begins to address this issue, although in its second draft it provides only a meek authority for stakeholders in irrigation systems "to negotiate an agreement for the production of emergency power" during an disaster emergency declared by the governor. All things considered, this is better than nothing. For that reason, I heartily encourage your committees to support this bill.

Without a sure, secure and adequate low cost water supply, Hawaii's agriculture is neither sustainable nor competitive. According to USDA statistics, California pays an average of \$79/acre/year for irrigation water. In Hawaii the average cost is \$175/acre. We are neither affordable nor competitive. We cannot have Important Ag. Lands, nor can we have sustainable agriculture without addressing this fundamental.

*Post Office Box 1656 Kamuela, Hawaii 96743*



**Island Resources Ltd.****"Resource management with imagination"****Water Land Energy****Stephen P. Bowles***President**Cell (808)937-2826*e-mail [iresources@interpac.net](mailto:iresources@interpac.net)**Telephone***Office (808) 885-5941**Home (808) 885-4759**Fax (808) 885-7851*

Buying subsidized water from operating potable water utilities is wrong and diverts attention from the real farming needs of the future.

The proposals advanced in the first draft of H.B. 2965 warrant your serious consideration. We heard that the state's tight fiscal situation precluded the establishment of a revolving fund for essential agricultural water infrastructure. But if we truly want a sustainable future, we must develop a strategic plan for agricultural water security. It must commit real resources to maintain and upgrade water wells, reservoirs, dams, water storage facilities, water pipelines, ditches, and irrigation systems not operated by the Department of Agriculture or Agribusiness Development Corporation. In doing so, we should take a hard look at the surplus power capacity of IPPs and allocate resources where and when they are needed, not only in times of dire emergencies.

The State Attorney General's office recently opined as follows: *"Insofar as the state water projects plan and Hawaii water plan are intended to incorporate information regarding agricultural water infrastructure and associated maintenance and repair costs, the purpose of H.B. 2965 [H.D. 1] appears to fall within one of the stated purposes and functions of the State Water Code and the Commission on Water Resource Management."*

In short, the statutory rationale and authority to take a more proactive stance to agricultural water security exists. I respectfully ask that the state adopt a comprehensive approach to this persistent issue. Whether through annual appropriations to county drought mitigation committees or a revolving fund, we need a reliable funding stream to support essential agricultural infrastructure. We need to understand that the cost agricultural irrigation is inextricably tied to the cost of power and our ability to get water on the land.

Your committees have the opportunity to lay the groundwork for sustainable agricultural infrastructure.

I urge you to pass House Bill 2965 quickly. Passage of this bill will enable immediate discussions and agreements to hasten solutions in our present emergency. Within that framework, we seek allowance for renewable IPPs to divert uncommitted power directly to the support of sustainable agriculture at costs equal to or less than the avoided cost values of power sold to the electric monopolies.

Thank you for considering this testimony in support of H.B. 2965.

Mahalo,



## testimony

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**From:** Jim Frazier [jimfrazier@hawaiiintel.net]  
**Sent:** Wednesday, March 12, 2008 7:37 AM  
**To:** testimony  
**Subject:** Fw: Support of HB 2965 HD 2

To: Committee on Agriculture & Hawaiian Affairs  
Sen. Jill M. Tokuda, Chair Sen. Kalani English, Vice Chair  
Committee on Consumer Protection and Affordable Housing  
Sen. Russell S. Kokubun, Chair Sen. David Y. Ige, Vice Chair

Subject: Testimony in favor of **HB 2965 HD2**, relating to Agriculture Water Security

Date: March 13, 2008 @ 2: 45 PM

Submitted by: James A. Frazier

Please support **HB 2965 HD2**, which " Allows the Governor to negotiate agreements for the production of emergency power for agriculture water systems following a disaster".

As an island state, we must be prepared for greater self-sufficiency in providing food stuffs for our population. The earth quake of 2006 only confirmed what we should have known after experiences of Iwa, Iniki and numerous other natural disasters, how they effect our economy, our citizens and their health and welfare.

Can we continue to wait for the NEXT SHIP to arrive, or should we be prepared to perform, as we have the skills and resources to provide? This bill gives the decision makers, in time of emergencies, the discretion to move forward in providing the essential element of **water** for the farming community to sustain production and for greater food production self-sufficiency. **Energy** needs to be synonymous with water supply, for if you cannot transport the water to the user, there is no value. In addressing the decision making powers as outlined in HB 2965, there will not be a repeat of the interruptions of water resources to the extent witnessed after the earthquake of 2006, in providing essential water to our farmers.

Please proceed with the support of **HB 2965 HD2**, for the protection of our farming community and for the benefit of greater internal food self-sufficiency in the State of Hawaii.

James A. Frazier  
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