



**Hawaii  
Aquaculture  
Association**

To:

HOUSE OF REPRESENTATIVES  
THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS

The Honorable Kyle T. Yamashita, Chair  
The Honorable Glenn Wakai, Vice Chair

COMMITTEE ON AGRICULTURE

The Honorable Clift Tsuji, Chair  
The Honorable Tom Brower, Vice Chair

HEARING

DATE: Tuesday, March 25, 2008  
TIME: 9:00a.m.  
PLACE: Conference Room 325, State Capitol  
415 South Beretania Street

From: Ronald P. Weidenbach, President, Hawaii Aquaculture Association  
Cell: 429-3147, Email: hawaiiifish@gmail.com

Re:

HCR 167      REQUESTING THE AUDITOR TO CONDUCT A      EDB, LMG  
Status      FINANCIAL AND MANAGEMENT AUDIT OF THE  
NATURAL ENERGY LABORATORY OF HAWAII  
AUTHORITY.

Chairs Yamashita and Tsuji, Vice-Chairs Wakai and Brower, and Members of the Committees:

The Hawaii Aquaculture Association (HAA) strongly supports the intent of HCR 167 requesting the State auditor to conduct a financial and management audit of the Natural Energy Laboratory of Hawaii Authority and its deep sea water pumping system.

Aquaculture is one of the fastest growing segments of diversified agriculture in the State, exceeding \$21M in wholesale product value in 2006. The largest portion of statewide

aquaculture production is generated by the aquaculture tenants at NELHA, who in turn provide the majority of NELHA's revenues.

Over the years, the State of Hawaii has advertised and solicited for aquaculture tenants from around the world, and more recently water bottling companies, to come to NELHA to build their companies and in the process to help further Hawaii's economic development efforts. Attractive lease and water rates were offered to prospective businesses to attract them to come and invest at NELHA. Many companies responded and private investment has now far exceeded State investment. Unfortunately, in recent years, the NELHA BOD has chosen to impose a series of substantial water rate increases seriously undermining the profitability of existing aquaculture businesses at NELHA and deterring further planned investment at NELHA.

The HAA strongly supports HCR 167 requesting the auditor to conduct a financial and management audit of NELHA and its deep sea water pumping system, and to establish a reasonable water rate structure.

Thank you for the opportunity to testify.

**HB200 HD1 SD1 Relating to the Natural Energy Laboratory of Hawaii Authority** (directs the auditor to conduct a financial and management audit of NELHA's deep sea water pumping system and establish a reasonable water rate structure), needs to be heard by Senate Ways and Means Committee

**Keahole Point Association**  
*Tenants at NELHA*

**MEMBERS:**

Big Island Abalone Corp.  
Kona Blue Water Farms  
Cyanotech Corp.  
Deep Seawater International Inc.  
Hawaii Deep Marine Inc.  
High Health Aquaculture Inc.  
Indo-Pacific Sea Farms  
Kona Bay Marine Resources Inc.  
Kona Cold Lobsters Ltd.  
Koyo USA Corp  
Mera Pharmaceuticals Inc.  
Moana Technologies LLC  
Ocean Rider Inc.  
Pacific Ocean Ventures LLC  
Pacific Planktonics  
Royal Hawaiian Sea Farms Inc.  
Savers Holdings Ltd  
Taylor Shellfish – Kona  
Unlimited Aquaculture LLC  
West Hawaii Explorations Academy

To: Committee on Economic Development & Business Concerns  
Chairman Representative Yamashita  
Vice Charman Representative Wakai.

Committee on Agriculture  
Chairman Tsuji  
Vice Chairman Borower  
The Honorable Tom Brower, Vice Chair

Hearing date: 3/25/08  
Time: 9:00 am  
Place: Conference Room 325, State Capital

Dear Chairman Yamashita, Chairman Tsuji and Members of the Committees:

The Keahole Point Association (KPA) is an association of tenants at the Natural Energy Laboratory of Hawaii Authority (NELHA). The KPA strongly supports House Resolution 167 which requests an audit of NELHA.

Tenants at NELHA are responsible for the majority of commercial aquaculture products produced in the State of Hawaii. Critical to all operations at NELHA is a steady supply of reasonably priced seawater. Tenants are concerned that NELHA is under no pressure to increase pumping efficiency, economize on labor, and lower seawater pumping cost. Rather, NELHA is free to increase seawater pumping costs, without any accountability and pass these costs on to tenants. If this continues, Aquaculture tenants will go out of business, NELHA will lose revenue, seawater rates will be further increased because fixed and labor pumping costs will be spread over fewer gallons pumped. Indeed a downward spiral could start which would drive Aquaculture tenants from NELHA to the detriment of Aquaculture tenants NELHA, and the local and State economy.

The KPA therefore urges passage for House Resolution 167

Thank you for consideration of this testimony.

Gerald R. Cysewski  
President Keahole Point Association  
President and CEO Cyanotech Corporation