

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 Fax: (808) 973-9613

Bill No. HB 1351 HD1

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

Support Y N

Date 2/20/08

BEFORE THE HOUSE COMMITTEES ON
ENERGY & ENVIRONMENTAL PROTECTION
AND
WATER, LAND & OCEAN RESOURCES
TUESDAY, FEBRUARY 24, 2009
10:00 A.M.
ROOM 325

Time 841

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Type 1 2 WI

HOUSE BILL NO. 1351, H.D. 1
RELATING TO PRIVATE AGRICULTURAL PARKS.

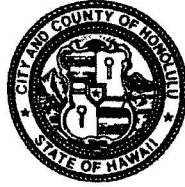
Chairpersons Morita and Ito and Members of the Committees:

Thank you for the opportunity to testify on House Bill No. 1351, H.D. 1. The purpose of this bill is to create a definition of a private agricultural park for the specific purpose of allowing power generation to take place in an agriculturally zoned district. It also requires that these private agricultural parks register with the Department of Agriculture and collect information that "may be of assistance in promoting the private agricultural park." The department opposes this bill as we believe it is unnecessary since the ability to generate power in an agricultural district is already available. Furthermore, this bill creates an additional unneeded level of government oversight that the Department of Agriculture is unable to provide or enforce. Further, it is not the department's proper role to promote a private venture.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
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MUFI HANNEMANN
MAYOR



February 24, 2009

DAVID K. TANOUE
ACTING DIRECTOR

ROBERT M. SUMITOMO
DEPUTY DIRECTOR

The Honorable Hermina M. Morita, Chair
and Members of the Committee on Energy
and Environmental Protection

The Honorable Ken Ito, Chair
and Members of the Committee on Water,
Land, & Ocean Resources
State House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Morita, Ito and Members:

**Subject: House Bill No. 1351, HD1
Relating to Private Agricultural Parks**

The Department of Planning and Permitting (DPP) **supports** the HD1 version of House Bill 1351 which would allow neighboring agricultural lots to share electricity and other infrastructure costs. HD1 drops the provision exempting these "private agricultural parks" from state and county regulations.

We continue to support the long-term sustainability of our agricultural industry, and the ability of farmers to reduce costs of production, while maintaining the health, safety and welfare of the larger community. This bill would accomplish both.

Thank you for the opportunity to testify.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David K. Tanoue".

David K. Tanoue, Acting Director
Department of Planning and Permitting

DKT: jmf
hb1351hd1-kst.doc

Bill No. 1351

Support Y N

Date 2/23/09

Time 11:20

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Type 1 2 WI

TESTIMONY BEFORE THE
HOUSE COMMITTEES ON ENERGY AND ENVIRONMENTAL PROTECTION
AND WATER, LAND, AND OCEAN RESOURCES

Tuesday, February 24, 2009
10:00.a.m.
Conference Room 325, State Capitol

H.B. NO. 1351, H.D. 1
RELATING TO PRIVATE AGRICULTURAL PARKS

By: Lisa Kikuta
Director, Government & Public Affairs
Hawaiian Electric Company, Inc.

Chairs Morita and Ito, Vice-Chairs Coffman and Har, and Members of the Committees:

My name is Lisa Kikuta, testifying on behalf of Hawaiian Electric Company, Inc. and our subsidiary companies, Hawaii Electric Light Company, Inc. and Maui Electric Company, Ltd. (collectively, the HECO Companies).

The HECO Companies have concerns with the new Section 2(a)(1) proposed in the bill, which would allow one or more members of the private agricultural park to generate electrical energy within the park and sell and transmit the energy to other members within the park.

Under the bill, it is unclear how the power would be delivered to other members of the park. If the intent is to use the electric utility's transmission and distribution system, fairness dictates that use of the utility's system should come at an expense to the supplier and consumer of power within the park. This is because there are costs to operate and maintain the utility's facilities and to expand the capacity of these facilities to accommodate the additional load, and these are costs that would be borne by all utility customers.

In addition, we note that if a member of the park participates in the generation, sale and delivery of power to others, it may fall under the definition of "public utility" under HRS § 269-1 and subject to all applicable laws and rules of the Public Utilities Commission. Potential park members who are looking at engaging in power generation and sale under this bill must give consideration to whether becoming a public utility is indeed what they desire.

Thank you for the opportunity to testify.

Bill No. HB 1351

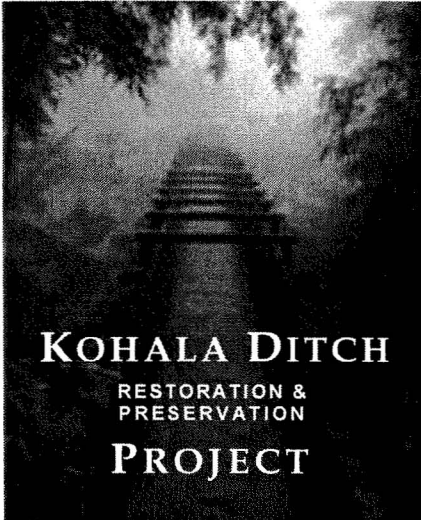
Support Y N

Date 2/23

Time 937

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Type 1 2 WI



THE KOHALA DITCH PROJECT

65-1230 Mamalahoa Hwy., Suite A21, Kamuela, HI 96743
Tel: 808-885-0441 • Cell 808.895.0211

Bill No. 1351

February 20, 2009

Support Y N

Date 2/23/09

Time 1215

Cat AF AS AX B

TO: Representative Hermina M. Morita, Chair, and Members of the Committee on Energy and Environmental Protection

Representative Ken Ito, Chair, and Committee on Water, Land and Ocean Resources

FROM: Rory Flynn, Kohala Ditch Project Steering Committee

Type 1 2 WI

RE: **Support for H.B. 1351, H.D. 1, Relating to Private Agricultural Parks**

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 21st century; and to sustain the community traditions of the people of North Kohala.

Aloha! I am pleased to voice strong support for H.B. 1351, as amended in H.D. 1.

During the past two years, I have worked closely with very determined farmers and community supporters in North Kohala on behalf of the Kohala Ditch rebuilding project. We are grateful for state emergency funds that, in combination with federal and private funds, have accomplished reconstruction of the ditch system in the backcountry of Polulu and Honokane Valleys. We are deeply grateful for the steadfast support and oversight that State Civil Defense has provided to the Kohala Ditch restoration project.

Steering Committee

Ed Boteilho
Stephen P. Bowles
Marc Kinoshita
Kirk Eubank
Bill Shontell
Ted Matsuda
Herbert M. "Monty" Richards, Jr.
Shiro Takata
Lance Caspary

While reconstruction of the ditch has proceeded, an interim mitigation pumping project has supplied about .5 million gallons daily to the Cloverleaf Dairy and other Ho'ea area farms. However, the costs of a pump, generator and diesel fuel have been staggering. Grants from the Pacific Institute for High Technology Research (\$197,000), County of Hawaii (\$24,500) and allocations for the purchase of diesel fuel from State Civil Defense (\$290,000) have underwritten the pumping project, along with the sale of over 1,000 Kohala Ditch t-shirts and many private contributions. All the while, excess power capacity from the 10.5MW Hawi wind farm, *within eyesight of the pumped well*, has been unavailable. We don't allow dedicated power to cross TMKs, even if its purchase would cause no net loss to the grid. This situation is deplorable.

Community Partners

USDA Rural Development Office
State of Hawaii Civil Defense
North Kohala Community Resource Center
Surety Kohala Corporation
AT&T Foundation
Kamehameha Schools

The creation of private agricultural parks will allow us to reconnect land, water, energy and the synergy of resources fundamental to agricultural productivity and market competitiveness. HB1351 takes a big leap forward by marrying these elements into a cohesive whole. It creates a pathway to integrate land, water and energy across contiguous parcels and thereby allow lands to become a true agricultural profit center. If we take the causes of food security and sustainability seriously, we're going to do more of this. Our present land use regime is weighted to a real estate paradigm with controls to thwart development. But our agricultural district needs to be more than a bulwark against development. It needs to spur real agriculture and competitive opportunities for farmers. HB1351 does that.

Staff

Rory Flynn

Adoption of HB1351 will demonstrate that we want to make ag lands productive and welcome to enterprising entrepreneurs. Please act favorably to adopt this legislation.

Sincerely,

Rory Flynn, Facilitator
The Kohala Ditch Project Steering Committee

Bill No. 1351

Support Y N

Date 2/23/09

Time 440

Cat. AF AS AX B

Type 1 2 WI

TESTIMONY IN SUPPORT OF HB 1351 HD1
RELATING TO PRIVATE AGRICULTURAL PARKS
HEARING OF THE HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
AND THE HOUSE COMMITTEE ON WATER, LAND AND OCEAN RESOURCES
TUESDAY, FEBRUARY 24, 2009 AT 10AM,
CONFERENCE ROOM 325

Aloha Chair Morita, Chair Ito, Vice-Chair Coffman, Vice-Chair Har, and members of both Committees.

My name is David Tarnas. I live in Kamuela, Hawaii, and work as a planning consultant and project manager on various agricultural projects on this island. I am writing in support of HB 1351 HD1 Relating to Private Agricultural Parks. This important measure helps to promote the agricultural economy by providing the basis for a policy framework to establish innovative private agricultural parks with private and public lands.

One of my clients, Hualua Land LLC, is trying to set up a private agricultural park on several parcels of private land in Kohala, along with adjacent public lands. The agricultural park will be established through agreements with participants to work within the park as agricultural producers and processors, or producers and purveyors of power and water for agricultural purposes. This arrangement could be done as tenants, sub-lessees or licensees of the agricultural park, or it could be done as members in a cooperative. But, a private agricultural park does not necessarily have to be an agricultural cooperative.

One key element of this program is the ability to share the costs of power, water, processing and other agricultural inputs among the producers and processors of the private agricultural park. For example, the cost of electrical power would be reduced for pumping water for agricultural purposes, or for crop production and processing operations within an agricultural park if electrical power generated within an agricultural park by independent power producers of renewable energy, like a windmill, could be transmitted across property boundaries within an agricultural park, without connecting to the general utility grid.

HB 1351 HD1 is just a beginning, representing a legislative effort to help agriculture in Hawaii to become more competitive and more sustainable. Still ahead is the need to develop criteria to establish and operate a private agricultural park, which will require additional collaborative work by members of the agricultural community, the Department of Agriculture, and other state agencies. My clients and I would welcome the opportunity to work with these agencies.

Mahalo for your consideration.

David Tarnas, P.O. Box 6882, Kamuela, HI 96743

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