

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Chris Lee, Chair

Rep. Nicole E. Lowen, Vice Chair

Members

Regarding House Bill 2646, Relating to Environmental Protection

Appropriates Funds to site and install two monitor wells near Red Hill Bulk Fuel Storage Facility to test groundwater. Creates a permanent fuel tank advisory committee to study and monitor fuel tank leak issues.

Hearing on Thursday, February 04, 2016, 8:00 A.M., Conference Room 325, State Capitol, 415 South Beretania Street

Testimony by Captain Dean Tufts, CEC, USN, or his designee, Region Engineer, on behalf of Navy Region Hawaii at Joint Base Pearl Harbor-Hickam

Chair Lee, Vice Chair Lowen, Members,

Thank you for the opportunity to testify today regarding House Bill 2646. The bill proposes to appropriate funds for additional groundwater monitoring wells and proposes a permanent fuel tank advisory committee.

We appreciate the Committee's continued interest in the Red Hill Bulk Fuel Storage Facility. Thank you for the time several have taken to participate in a familiarization tour of the facility.

Permit me to bring you up to date on our discussions with the regulators and their subject matter experts regarding additional monitoring wells.

As you know in September 2015, an enforceable Administrative Order on Consent was entered into by the Department of Health, State of Hawaii; the United States Environmental Protection Agency, Region 9; the United States Department of the Navy; and the Defense Logistics Agency, as an administrative action taken by the State Department of Health and the United States Environmental Protection Agency regarding the Red Hill Bulk Fuel Storage Facility. Included in the work to be undertaken pursuant to this binding Order are tasks related to groundwater protection and evaluation. The Order identifies the following as one of the major components of the Work:

“Navy and DLA will further develop models to better understand groundwater flow in the areas around the Facility and evaluate the fate and transport of contaminants in the subsurface around the Facility. . . . based on the modeling effort, as approved by the Regulatory Agencies, Navy and DLA will develop and improve the existing groundwater monitoring network to the extent determined necessary.”

At early meetings between the Regulatory Agencies, Navy and DLA, the parties reviewed existing best available information regarding this topic. As you may recall, the Navy installed two additional monitoring wells near the Red Hill Facility in October, 2014, bringing the total number of monitoring points to ten. Despite the addition of these new wells, the parties recognized that gaps in data exist that need to be addressed to enhance our mutual understanding of the hydrogeology near Red Hill. After studying the known geology and aquifer conditions together with existing monitoring well data, the Regulatory Agencies and the Navy and DLA agreed that four more monitoring wells should be installed.

These wells could allow the parties to further assess the potential migration of subsurface fuel constituents.

We are proceeding with the process needed to install these additional wells as soon as possible. The precise location of the four additional wells may take additional time as not all of the locations are on Federal government property. However, the Navy and DLA will proceed as quickly as possible to install these wells. Once the Regulatory Agencies and the Navy/DLA have the additional information that may be generated from these new wells, more informed discussions will be held to determine appropriate future actions.

As to the Fuel Tank Advisory Committee proposed in Section 2, we feel that this may not be required because we are working very closely with the Regulatory Agencies on underground tanks around the State. Such an effort may be an unnecessary expenditure of staff and fiscal resources, both at the State and Federal levels. Should the Committee, however, wish to proceed we would ask that a substitution be made to specify Navy Region Hawaii or designee as the Navy's representative, instead of the Pacific Fleet.

Thank you for your continuing support of our United States military forces and their families in Hawaii.

DAVID Y. IGE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the House Committee on  
ENERGY & ENVIRONMENTAL PROTECTION**

**February 4, 2016  
8:00 AM  
State Capitol, Conference Room 325**

**In consideration of  
HOUSE BILL 2646  
RELATING TO ENVIRONMENTAL PROTECTION**

House Bill 2646 proposes to fund the siting and installation of two additional monitor wells to help assess groundwater conditions around the U.S. Navy's Red Hill Bulk Fuel Storage Facility and through the State Department of Health establishes a permanent fuel tank advisory committee to study issues related to leaks of underground fuel storage tanks at the Red Hill Bulk Fuel Storage Facility, Kuahua Peninsula, Pacific Missile Range Facility Barking Sands, Hickam Pol Annex, and Schofield Barracks Military Reservation. **The Department of Land and Natural Resources (Department) strongly supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Supplemental Budget request or any existing Department appropriated funding and offers the following comments.**

Our underground aquifers are the major source of drinking water for the people of Hawaii. We have a public trust obligation to protect and preserve this valuable and irreplaceable resource. We must be proactive and protective to ensure the long-term sustainability of our precious water resources statewide.

With respect to the measure's two proposed monitoring wells around the U.S. Navy's Red Hill Bulk Fuel Storage Facility, the Department notes that a representative from the Department's Commission on Water Resource Management (Commission) sat on the Red Hill Task Force and recommended and supported the installation of several monitor wells in areas around the facility. Further, the Commission itself has recently taken strong positions that more action needs to be done immediately. Although a relatively small step towards resolution of this serious concern, the siting and installation of two additional monitor wells is timely action in the right direction.

**SUZANNE D. CASE**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**KEKOA KALUHIWA**  
FIRST DEPUTY

**JEFFREY T. PEARSON, P.E.**  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
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With respect to the advisory committee and its duties proposed in this measure, underground tanks are a major threat to the public trust water resources of the State. It is critical that all owners and operators of underground storage tanks regularly monitor for leaks using approved methods, maintain adequate records, and meet corrosion protection, spill, and overfill requirements. These systems are prone to leak over time, as evidenced by the recent case regarding the Red Hill fuel storage tanks. However, the Department defers to the Department of Health regarding the appropriate means of funding, managing, and implementing the responsibilities of this advisory committee.

Lastly, it is unclear what is meant in SECTION 4 (b) that transfers functions and materials between the Red Hill Task Force, created and expanded pursuant to senate concurrent resolutions no 73, H.D 1, regular session of 2014, & no. 57 H.D.1, regular session of 2015, respectively, and this measure's proposed advisory committee.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
ENERGY & ENVIRONMENTAL PROTECTION**

**H.B. No. 2649**

**Relating to Performance-Based Regulatory Mechanisms**

Thursday, February 4, 2016

8:00 am

State Capitol, Conference Room 325

Kevin M. Katsura  
Assistant Deputy General Counsel (Regulatory), Legal Department  
Hawaiian Electric Company, Inc.

Chair Lee, Vice Chair Lowen, and Members of the Committee:

My name is Kevin Katsura and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company in **opposition** to H.B. 2649.

This bill requires that utility rates be derived from an earnings impact mechanism, to be developed by the Public Utilities Commission, that directly ties the utility's revenues to achievement of certain performance-based metrics and conditions, namely, the renewable portfolio standards, ratepayer cost reduction, reliability and safety, satisfactory levels of customer service, public information access to electric system and energy use data, interconnection of distributed energy resources and procurement of power generation.

The proposed legislation is unnecessary since the Commission is already addressing whether and in what form performance-based ratemaking should be introduced in Hawai'i, and is separately addressing in other proceedings strategic policy issues such as the interconnection of distributed energy resources and the procurement of power generation.

In particular, there is a pending proceeding at the Commission that invited various parties to submit position statements and proposals on performance-based mechanisms and metrics. The proposals for performance-based mechanisms and metrics submitted by Hawaiian Electric and various parties were wide-ranging, differing on the design of the mechanisms, how they should work and what the

performance-based metrics and incentives should be. Some parties took the position that the time was not right to introduce performance-based ratemaking in Hawai'i.

The Commission pointed out, and Hawaiian Electric agrees, that with all of the proposals, care must be taken regarding the details of the performance metrics and mechanisms in order to ensure that the mechanisms are effective, are not subject to gaming and do not produce unintended consequences. The Commission also observed that the Hawaiian Electric Companies are in a period of exceptional transition with major strategic and resource planning uncertainties unresolved, and that such issues would be examined in other proceedings, including those on the Companies' proposed Power Supply Improvement Plans, Distributed Generation Interconnection Plan and Integrated Demand Response Plan. The Commission pointed out that without clearly defined and accepted strategic plans in place, it is difficult to bring desirable tactical objectives into clear enough focus to devise effective performance incentives without the risk of unintended consequences. When major decisions regarding these plans are more clearly determined, the Commission will further consider the implementation of performance-based frameworks. In the meantime, the Commission is continuing its consideration of certain stand-alone performance incentive metrics related to service quality and their implementation.

I would also point out that regarding public information access to electric system and energy usage data, as a result of the Commission's proceeding, the Companies have begun displaying a wide range of energy-related data and metrics on their websites that are easily accessible to the public.

Accordingly, the Hawaiian Electric Companies oppose H.B. 2649. Thank you for this opportunity to testify.

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February 4, 2016

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Deputy Manager and Chief Engineer *llk*

The Honorable Chris Lee, Chair  
and Members  
Committee on Energy and Environmental Protection  
House of Representatives  
Hawaii State Capitol, Room 325  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair and Members:

Subject: House Bill 2646: Relating to Environmental Protection

We strongly support House Bill 2646. This bill appropriates funds to site and install monitor wells to assess the impact of fuel leaks from the Red Hill Bulk Fuel Storage Facility. It also creates a permanent fuel tank advisory committee to study and oversee fuel tank leak issues.

The installation of monitor wells is standard best practice in a scientific process called site characterization that is designed to locate the direction and fate of fuel leaks in groundwater and assess the long term impact to aquifer quality and quantity. The establishment of a permanent fuel tank advisory committee will ensure the results of these studies receive immediate discussion, analysis, and follow up attention and action. These provisions are vital contributions to on-going efforts to understand the impacts of underground fuel contamination to ensure public health is protected and we save our most precious resource – the groundwater aquifer – now and into the future.

Thank you for the opportunity to testify.

Very truly yours,

ERNEST Y. W. LAU, P.E.  
Manager and Chief Engineer



**Conservation Council  
for Hawai'i**

*Hawai'i's voice for wildlife*

*Kō Hawai'i leo no nā holoholona lōhiu*



Testimony Submitted to the House Committee on Energy and Environmental Protection  
Hearing: Thursday, February 4, 2016 8 am  
Conference Room 325

In Support of HB 2646 Relating to Environmental Protection

Chair Lee, Vice Chair Lowen, and Members of the Committee.

Aloha. Conservation Council for Hawai'i supports HB 2646, which appropriates funds to site and install two monitor wells near Red Hill Bulk Fuel Storage Facility to test groundwater, and creates a permanent fuel tank advisory committee to study and monitor fuel tank leak issues.

However, the Navy should be paying the full cost of monitoring and mitigating the effects of the fuel storage facility by independent objective parties. We question why the State did not include such funding requirements in the Administrative Order on Consent in 2015.

Furthermore, the State and the EPA gave the Navy 20 years to fix the leaking fuel storage tanks, so this will be an ongoing and enormous cost to the citizens of Hawai'i. The Navy clearly has the funding to monitor and mitigate the effects of its fuel storage tanks and replace the tanks using the best technology available, but it refuses to do so. Something is not right here.

The Navy cannot be trusted to ensure its operations do not harm our land, waters, and natural resources. The Navy has a terrible stewardship record in Hawai'i, including Kaho'olawe (it never paid for its contamination of the island and thorough clean-up), wildlife interactions and conflicts at the Pacific Missile Range Facility on Kaua'i, its continued strafing of Ka'ula Islet to the southwest of Ni'ihau, its failure to protect seabirds, monk seals, and other native wildlife on Ka'ula, including predator control of rodents, and its failure to protect marine mammals and sea turtles from the harmful effects of sonar and explosives training in Hawai'i and Southern California. The failure to prevent contamination of our groundwater by leaking fuel at Red Hill is just the most recent example of the Navy's poor stewardship and failure its failure to protect the environment.

Please support HB 2646 and keep our groundwater resources safe.

Mahalo nui loa for the opportunity to testify.

Marjorie Ziegler

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 03, 2016 8:08 AM  
**To:** EEPtestimony  
**Cc:** dylanarm@hawaii.edu  
**Subject:** \*Submitted testimony for HB2646 on Feb 4, 2016 08:00AM\*

**HB2646**

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dylan Armstrong	Individual	Support	No

Comments:

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# SIERRA CLUB OF HAWAII

**MĀLAMA I KA HONUA. Cherish the Earth.**

House COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Thursday February 4, 2016 8AM Room 325

In Support **HB2646** Relating to Environmental Protection

**LATE**

Aloha Chairman Lee and members of the House EEP Committee,

On behalf of our 12,000 members and supporters, the Sierra Club of Hawai'i **strongly supports** HB2646 to improve install additional monitoring wells and establish a permanent task force to address the jet fuel leaks from the Navy's storage tanks in Red Hill.

### **Red Hill Fuel Tanks Threaten Our Water**

The Navy's 70-year-old fuel tanks store thousands of gallons of jet fuel 100-feet above the primary drinking water source for the majority of O'ahu. All of the original 20 tanks installed in the 1940's have evidence of leaking jet fuel. Jet fuel contamination has been detected in the aquifer, though not near to the public drinking water pump station. The amount of jet fuel that has leaked, its location, and the options for remediating the contamination remain unknown.

### **More information and oversight is needed**

A public forum for dissemination of information is crucial to ensuring the Red Hill situation is properly handled. The task force originally created by Senate Concurrent Resolution 73 in 2014 helped improve transparency over Red Hill and increased public trust in the decisions being made. This task force provides an opportunity for the public to understand the issues and engage with decision makers.

Additional monitoring wells is essential to informed decision making about our drinking water resources. While we regret allocating state funds to an expense that is clearly the responsibility of the U.S. Navy, we agree that ensuring safe drinking water is too important to bicker about who foots the bill.

For these reasons, the Sierra Club urges this Committee to move this measure forward. Thank you for the opportunity to testify on this measure.

Mahalo,

Martha Townsend  
Director

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 03, 2016 8:41 PM  
**To:** EEPtestimony  
**Cc:** garyLgill@gmail.com  
**Subject:** Submitted testimony for HB2646 on Feb 4, 2016 08:00AM



**HB2646**

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Gill	Individual	Support	Yes

Comments: Mr. Chairman, I support HB 2646 that would establish an advisory committee to oversee the implementation of the consent order between the Navy, the EPA and the State of Hawaii. I believe that at least 4 additional monitoring wells should be constructed as soon as possible to determine the location and direction of flow of the plume of petroleum product already contaminating the ground water near the Red Hill fuel storage facility. I also agree with the intent of HB 2165 that would provide additional staff and funding to the Department of Health to assure the proper characterization and remediation of the spilled fuel. Should you have any questions for me, please do not hesitate to ask. Aloha, Gary Gill

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