

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
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

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE SENATE COMMITTEE ON TRANSPORTATION

**MARCH 15, 2022
3:00 P.M.
CONFERENCE ROOM 224
AND VIDEOCONFERENCE**

**HOUSE BILL NO. 2434 HD1
RELATING TO WATER CARRIERS**

Chairperson Lee and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 2434 HD1. This bill amends Chapter 271G, HRS by adding a new section requiring each water carrier to file a strategic plan with the Public Utilities Committee every five years.

The Department of Agriculture supports the intent of the bill to mandate such a corporate plan which clearly identifies measurable actions that focus on the water carrier's services, goals, and initiatives.

Thank you for the opportunity to testify on this measure.



TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
SENATE COMMITTEE ON
TRANSPORTATION

March 15, 2022
3:00 p.m.

Chair Lee and Members of the Committee:

MEASURE: H.B. No. 2434, HD1

TITLE: RELATING TO WATER CARRIERS.

DESCRIPTION: Requires each water carrier to file a strategic plan with the Public Utilities Committee every five years. Effective 7/1/2050. (HD1)

POSITION:

The Public Utilities Commission (“Commission”) supports this measure and offers the following comments for consideration.

COMMENTS:

The Commission supports this measure, which would require each regulated water carrier to file a strategic plan with the Commission every five years.

Pursuant to Senate Resolution No. 125, S.D. 1 (2020), the Commission convened a Water Carriers Working Group (“WCWG”) to recommend mid-term and long-term solutions to balance the need for continuous interisland water carrier service throughout the State with the need for water carriers to maintain financial sustainability.

The 18-member WCWG, consisting of government agencies, water carriers, legislators, and other stakeholders, developed recommendations focused on annual rate adjustments, improving customer service, and establishing broad subsidies for trans-Pacific and interisland cargo, among other issues. The Commission submitted the

WCWG's report to the Legislature on December 27, 2021, detailing the WCWG's findings and recommendations.¹

In addition to convening the WCWG, the Commission in 2020 initiated a financial and management audit of Young Brothers ("YB").² The final audit report was filed in Docket No. 2019-0117 on September 9, 2021.³ Among other recommendations, the audit recommended that YB develop:

"a new 5-year strategic plan which reflects findings and recommendations from the audit; contains clearly identified and measurable actions; demonstrates changes in strategic approach to focus on its core regulated business; and which is supported by a financial model that demonstrates long term sustainability without further major price increases above inflation."

On November 24, 2021, the Commission issued Order No. 38085, which addressed the audit's findings, including ordering YB to file a new 5-Year Strategic Plan, by January 31, 2022.⁴ YB subsequently filed its 5-Year Strategic Plan on February 25, 2022.⁵ The Commission is currently reviewing YB's filing.

The Commission believes that requiring water carriers to file strategic plans every five years, which identify measurable actions focused on the water carrier's services, goals, and initiatives, may facilitate achievement of strategic goals, such as those detailed in the WCWG report.

The Commission notes that it may be appropriate to implement a requirement such as that proposed in this measure through regulatory action, rather than codifying it in statute.

¹ *Report to the Hawaii State Legislature in Response to Senate Resolution No. 125, S.D. 1 (2020)*, transmitted on December 27, 2021, <https://puc.hawaii.gov/water-carriers/hwcwg/>.

² Order No. 37280, filed in Docket No. 2019-0117 on August 17, 2020, at 74.

³ *Financial and Management Audit of Young Brothers, LLC as per Order No. 37280*, filed in Docket No. 2019-0117 on September 9, 2021.

⁴ Order No. 38085, filed in Docket No. 2019-0117 on November 24, 2021, at 40.

⁵ On January 26, 2022, YB filed a request to extend the deadline from January 31, 2022, to February 28, 2022.

For this reason, and given the Commission's recent actions to require YB's development and filing of a 5-year strategic plan, the Commission believes that this measure may be unnecessary. However, should the Legislature choose to adopt this measure, the Commission will ensure that regulated water carriers comply with its provisions.

Thank you for the opportunity to testify on this measure.



Email: communications@ulupono.com

SENATE COMMITTEE ON TRANSPORTATION
Tuesday, March 15, 2022 — 3:00 p.m.

Ulupono Initiative supports HB 2434 HD 1, Relating to Water Carriers.

Dear Chair Lee and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono supports HB 2434 HD 1, which requires each water carrier to file a strategic plan every five years with the Public Utilities Commission (PUC).

Ulupono supports increased transparency for water carriers regarding strategic direction. This bill requires strategic plans to be submitted to the PUC every five years to identify measurable actions that focus on services, goals, and initiatives. Water carriers are vital to our island community, servicing various industries across the State. Any strategic decision made by water carrier operators can determine the very livelihood of our local businesses and people. We appreciate this committee's efforts to move this measure forward.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



March 15, 2022

The Honorable Senator Chris Lee, Chair
The Honorable Senator Lorraine R. Inouye, Vice Chair
Senate Committee on Transportation

RE: House Bill 2434 H.D. 1 – RELATING TO WATER CARRIERS
Hearing date: March 15, 2022, 3:00 p.m.

Aloha Chair Lee, Vice Chair Inouye, and Members of the Senate Committee on Transportation:

Thank you for allowing me to submit testimony on behalf of Young Brothers, LLC (“YB”) offering COMMENTS on House Bill 2434 H.D. 1 – Relating to Water Carriers.

This measure would require any water carrier subject to regulation under Chapter 271G, Hawaii Revised Statutes (e.g., YB) to file a strategic plan with the Public Utilities Commission of the State of Hawaii (“Commission”) every five years.

YB notes that this measure may be unnecessary, as the Commission already has the authority to require regulated water carriers to file strategic plans. In fact, the Commission has recently exercised this authority, explicitly directing YB to file a 5-Year (2022-2026) Strategic Plan.¹ Pursuant to this directive, on February 25, 2022, YB filed a 5-Year Strategic Plan with the Commission covering, among other things, YB’s strategic goals and initiatives from 2022 through 2026. This 5-Year Strategic Plan is currently available for public viewing via the Commission’s Document Management System and copies can be made available by YB, upon request.

Thank you for your service to the State of Hawaii, and for the opportunity to testify offering comments on this measure.

Sincerely,

Kris Nakagawa
Vice President, External and Legal Affairs

¹ See Order No. 38085 at 54, issued on November 24, 2021, in Docket No. 2019-0117.