

PUC Water Carriers Working Group Meeting

July 15, 2021, 1:00 – 1:45 p.m.

(Virtual Meeting via Zoom)

Meeting Attendees (in alphabetical order)

P = Present; A= Absent

	Name	Title	Company
P	Jay Ana	President	Young Brothers, LLC
A	Makale‘a Ane	Environmental Coordinator	County of Maui, Office of the Mayor, Office of Climate Action, Sustainability and Resilience
A	Vic Angoco	SVP	Matson Navigation Company, Inc.
P	Jesse Andrade	ILWU Member/Unit 4209 Chair	International Longshore and Warehouse Union, Local 142
A	M. Andrade for Representative Aquino		House District 38 / Chair, House Committee on Transportation
A	Henry J.C. Aquino	Representative	House District 38 / Chair, House Committee on Transportation
A	Nelisa Asato for Vic Angoco		Matson Navigation Company, Inc.
A	Jayne Nantkes	Committee Clerk	Office of Representative Aquino
P	Leodoloff (Leo) R. Asuncion	Commissioner	Public Utilities Commission
A	Jade Butay	Director	Department of Transportation
A	Rick Blangiardi	Mayor	City and County of Honolulu
A	Michael Caswell	SVP	Pasha Stevedoring & Terminals L.P.
A	Catherine Awakuni Colón	Director	Department of Commerce and Consumer Affairs
P	Derek J. Chow	Deputy Director	Department of Transportation, Harbors Division
P	Stacy Crivello	Community Liaison	Maui County Mayor’s Office
A	Michael Dahilig	Managing Director	Kauai County – Office of the Mayor
P	Christopher Edwards		Young Brothers, LLC
P	Mary Alice Evans	Director, Office of Planning	Department of Business, Economic Development & Tourism
P	James P. Griffin	Chair	Public Utilities Commission

A	Matthew Gonser	Chief Resiliency Officer/Director	City and County of Honolulu – Mayor’s Office of Climate Change, Sustainability and Resiliency (CCSR)
P	Randy Grune (for Mike Caswell)	PASHA Managing Director	Hawaii Stevedores, Inc.
A	William “Baba” Haole IV	Division Director of Hawaii Longshore Division	International Longshore and Warehouse Union, Local 142
P	Steven Hunt	Deputy Finance Director	Hawaii County
P	Lauren Imada		Young Brothers LLC
P	Lorraine R. Inouye	Senator	Senate District 4 / Chair, Senate Committee on Water and Land, Majority Whip
A	Richard Kamoe	Vice Division Director of Hawaii Longshore Division	International Longshore and Warehouse Union, Local 142
P	Gilbert S.C. Keith-Agaran	Senator	Senate District 5 / Senate President designee
A	Mitch Roth	Mayor	County of Hawaii
P	Keith Kiyotoki	Manager of Sales and Marketing	Young Brothers LLC
P	Brad Knowlton	Committee Clerk for Senator Inouye	Senate District 4 / Chair, Senate Committee on Water and Land, Majority Whip
P	Chris Lee	Senator	Senate District 25/Chair, Senate Committee on Transportation
A	Jennifer Lim		Young Brothers LLC
A	Dr. Matthew Loke		HDOA
P	Chris Martin	Director of Operations	Young Brothers LLC
P	Reiko Matsuyama	Budget Director	Kauai County – Office of the Mayor
A	Mike McCartney	Director	Department of Business, Economic Development & Tourism
P	Kris Nakagawa	Vice President of External and Legal Affairs	Young Brothers LLC
P	Mark M. Nakashima	Representative	House District 1 / House Speaker designee
A	Dean Nishina	Executive Director / Consumer Advocate	Department of Commerce & Consumer Affairs – Division of Consumer Advocacy

P	Lisa Hiraoka		Department of Commerce & Consumer Affairs – Division of Consumer Advocacy
P	Dori Palcovich (for Mike McCartney)	Administrator for the Small Business Regulatory Review Board	Department of Business, Economic Development & Tourism
A	Jennifer M. Potter	Commissioner	Public Utilities Commission
A	Fred Robins for Baba Haole		ILWU
A	Stevette Santiago	Director of HR	Young Brothers LLC
P	Phyllis Shimabukuro-Geiser	Chairperson	Department of Agriculture
P	David Veltry		Young Brothers LLC
P	Corey Robertson		Young Brothers LLC
A	Michael P. Victorino	Mayor	Maui County
A	Mike Victorino, Jr.		ILWU
Public Utilities Commission Staff			
A	Jodi Endo Chai	Executive Officer	Public Utilities Commission
P	Michael Chapman	Economist	Public Utilities Commission
A	Steven Iha	Consultant	Public Utilities Commission
P	Layla Kilolu	Economist	Public Utilities Commission
P	Carolyn Laborte	Chief Auditor	Public Utilities Commission
A	Naomi Landgraf	District Representative – Maui	Public Utilities Commission
P	Andrew Okabe	Utility Analyst	Public Utilities Commission
P	Anand Samtani	Supervising Economist	Public Utilities Commission
P	Gina Yi	Acting Chief Engineer	Public Utilities Commission
P	Jackie Young	Auditor	Public Utilities Commission
P	Debra Abe	Auditor	Public Utilities Commission
A	Caroline Ishida	Chief Counsel	Public Utilities Commission
A	Dave Parsons	Chief, Policy and Research	Public Utilities Commission
P	Keira Kamiya	PUC Attorney	Public Utilities Commission
Independent Facilitation			
P	Donna R. Ching	Facilitator	Pacific Center for Collaboration

P	Jennifer Cornish Creed	Recorder	Hawaii Alliance for Nonprofit Organizations (Director of Professional Development)
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Welcome

Leo welcomed attendees to the tenth meeting of the Water Carriers Working Group (WCWG) and thanked them for participating.

He shared that he is planning to have the first draft of the report ready by the next WCWG meeting. The group will be able to review it and discuss it at that time. The goal is to make the final edits and get it back out to the group by the October time frame so that we can circulate it to the Legislature by November 2021.

Housekeeping

Donna thanked all the small group members who did the work of putting their recommendations into the report template. That will make it easier for Leo to get the first draft done on time. All the small groups put really good effort into the work they did.

Group Memory

Donna asked if there were any corrections to the group memory from the June 17 meeting beyond what have already been made. There were no corrections suggested.

Status Reports for Small Groups/Subcommittees

The groups were invited to review any changes that had been made to their recommendations since the last meeting or highlight any information that was added to the report template. Donna invited participants to ask questions or share comments or suggestions after each group report out.

Pier Space

Gina Yi, PUC, confirmed that the Pier Space group’s recommendation is done.

Cargo

Keith Kiyotoki, YB, shared the following update:

- We moved our report into the template.
- The only thing we added were the approximate costs – start up and implementation (\$400K) plus monthly maintenance fees (approximately \$10-15K, depending on future needs and changes).

Q&A

- **Q = Question, A = Answer, C = Comment**

Q: Derek, can you say anything about how the broadband project might impact this recommendation?

A: I don't know the scope of that project yet.

Q: With regard to broadband, are you talking about the impacts on YB or the DOT infrastructure? If you're talking about the impacts on DOT infrastructure, that's not really germane to this working group. It will be confusing.

A: We are referring to money that the Legislature has designated as special funds from ARPA – which is not scoped yet. But to clarify, the \$400K cost is to implement the reservation system.

C: (Jay) How they connect is that the implementation of the reservation system will be dependent on the available infrastructure. In order to fully understand the costs of implementation, we'd need to know the status of the broadband infrastructure and what it will support. YB will be ancillary beneficiaries.

Q: Are we talking about hardware that needs to be in place to serve YB?

A: (Derek) We're talking about hardware that serves beyond YB and beyond Harbors to downtown Honolulu.

C: It's not only YB that will benefit. Matson and other carriers too. It would be great to make sure all of this is clear in the report.

Q: (Donna) Can you clarify these infrastructure issues in the report?

A: (Derek) Yes.

Subsidized Shipping

Derek Chow, DOT, shared the following updates:

- When we last met, we didn't have the report in the template. We've now got it in the template.
- The first recommendation is that a working group be convened to further discuss these issues, beyond this group.
- The second recommendation is that DOT will lead the new WG in engaging the U.S. DOT in developing a program and language for the program.
- The third recommendation is for new working group, led by DOT, to engage the Hawaii Congressional delegation to introduce legislation into Congress for new U.S. DOT subsidy program.
- The last recommendation is for DOT to lead the working group in engaging the State Legislature as well as the County DOT's and County Councils to create legislation at State and County levels for state and county subsidies

Comments? Questions?

Q&A

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C: I have an issue with the dates. I'm wondering if since we already have this WG, should we really wait on the items you've described? Could this WG move these items up and include them as part of our scope. I've already spoken with Congressman Kahele and shared where we are with this WG. They can do legislation at any time of the year. Can we bring them on now – our Hawaii delegation?

C: You're talking about establishing a new working group right?

A: Correct.

C: Could we extend this WG? The Legislature would allow that. There's a lot of stuff here that we already should be working on, like communications with the delegation. Who knows what bills the delegation will proceed with. Things may move faster than we expect.

C: (Derek) I agree with you and am in communication with congressional staff – but I don't yet have language for a program to share with them. I would have to work with U.S. DOT and MARAD to develop the language. They usually pass it on to Legislative Support to check on the language.

C: There are already things in the Constitution. We already have rail and air legislation. Air essential services to certain Hawaii airports already exist. We should probably do a Zoom with our delegation this fall to give them some of our WG reports and have a discussion. If we can both move this along, we may be able to move faster.

Q: Can you assist with language to include in the recommendation related to this timeframe modification.

C: I think what's being recommended is a short-term solution. Something like "before the end of 2021, a Zoom meeting should be convened with our Congressional delegation and representatives from this WG." Your small group will take the lead and share the conclusion this WG came to relative to mid-term ideas so that as they think about potential legislation for the next session, they can incorporate this information.

C: Previously I mentioned the NCSL which has a task force group on transportation. There is a conference in November leading up to a final meeting in December. All states need to submit resolutions prior to that. Anything that gets passed has to be supported by all 50 states. I want to submit a resolution through NCSL, on behalf of Hawaii, urging support. If it comes out of NCSL, it increases the chance of Congressional support to our group.

C: Derek, this pushes up the conversation you need to have with the Legislative staff. Can you work with staff on this to create a draft proposal?

A: Yes. Are you recommending that I eliminate the report back to State Legislature in 2023 session and only have short-term milestones?

A: You do need to have something that is ongoing...we need to continue to make sure that our focus and goals will be carried over. We never know when or what Congress will do for us.

C: (Donna) Maybe we can send the updated version of your report out with the group memory – that way everyone can take a look at what you've committed to.

A: Submit draft language to delegation by November 2021 so that it can be introduced at the conference in November.

Q: With this draft, Lorraine would be able to advocate for it at the NCSL conference?

A: Yes – I have to come up with a resolution.

Q: And, all 50 states have to support it?

A: Yes, the majority have to support it. Once we pass it on – it will become part of the NCSL package.

C: (Phyllis) After Derek submitted the group's recommendation in the requested format, I had an email exchange with Senator Gabbard (the Ag. Chair) who met with Congressman Kahele last week. What I shared with Senator Gabbard, he passed on to Congressman Kahele. We asked the Congressional team to continue funding support for the USDA RTCP (Reimbursement Transportation Cost Payment) Program to assist neighbor island ranchers, farmers and growers. As well as maritime subsidy for water carriers in food insecure states such as Hawaii to offset interisland shipping costs that restrict the farmer and rancher's ability to ship locally produced food and livestock through Hawaii food supply chain.

C: (Donna) This sounds like it could save us time – if we use that format/language as a base to modify for this working group's purpose. It might allow us to move faster.

It was agreed that Derek and Phyllis will talk.

Sustainability and Profitability + Rates (integrated)

Steve Hunt, Hawaii County, shared the following update:

- At the last meeting we didn't have our recommendations in the suggested format so we drafted that.
- We met Jun 21 and July 9 to go over the format and things left on the table.
- The main 2 recommendations (every 3 year rate case and two-tiered approach) both remained the same.

- We removed the requirement for rate case to be submit after labor contracts. Because of the two-tiers in the WICI approach, incremental costs related to labor could be argued through second submittal.
- We made some clarifications related to the fuel surcharges (will continue to be separate from the WICI adjustment and not counted against 5% ceiling). We also clarified that WICI does not account for any new capital investment by water carriers. They could in advance petition to Commission and get feedback prior.
- We reviewed, edited and added to the pros and cons section. New member from DOA representing ranchers and farmers added the last 2 cons – the negative impact WICI may have on the consumers', particularly farmers and ranchers, ability to afford services.
- WICI increases – especially automatic ones – could actually push the rate of return above the threshold for the year.
- Things left on the table:
 - Whether Harbors Division or a newly created Port Authority would be participating in rate case. Harbors might have a conflict as the landlord.
 - Will leave the concept of creating a Port Authority to the Legislature – that is beyond our scope.
- We discussed a failsafe if WICI is not approved – a Plan B. We created it but won't share it now. More on sustainability and profitability.

Q&A

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Donna asked if there were any comments or questions about the revised and updated proposal. Hearing none, she asked if everyone was willing to push this recommendation forward on behalf of WG and support it. The group affirmed that they were willing. **It was agreed that this recommendation will more forward as is.**

Discussion of WCWG Member Participation in Writing Draft of Report

As Leo had already mentioned the timeline for the first draft of the report, Donna asked if there was any other business that needed to be covered. The group affirmed there was not.

Suggestions for Meeting on August 19, 2021

Donna noted that we have several recommendations now and the group is supportive of those recommendations. We've reached an agreement that everyone can live with and support. We will get the group memory back to you with an updated report from Derek and any other updates necessary. In fact, we'll re-attach all of the reports again. When we meet again in August we will look at a rough draft of the report.

Leo reminded the group that anything else can be added to the report the group feels is necessary when we take a look at the draft (e.g., Steve's Plan B – you can decide if you want to share it as part of the report. You can take a look at draft report and then decide at that point.)

(Donna) Leo – you mentioned in earlier meetings that the introduction for the report and some other components were already put together.

(Leo) Yes – the summary of our meetings, an explanation of what the Reso says, identifying the low-hanging fruit – the things that can possibly be jump-started faster.

Next Steps

- The next meeting will be on August 19.

GROUP AGREEMENTS:

(Listed in **blue** in the document)

- The group agreed that the recommendation from the Rates group would be moved forward as is.

ACTIONS:

(There were no specific actions agreed to at this meeting.)