

PUC Water Carriers Working Group Meeting

August 19, 2021, 1:00 – 1:40 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
P	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
P	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
A	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
A	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
A	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
A	Chris Lee	Senator	Senate District 25/Chair, Senate Committee on Transportation
A	Jennifer Lim		Young Brothers LLC
P	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
P	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	Katy Pacheco (for Sen. Chris Lee)		Senate District 25/Chair, Senate Committee on Transportation
P	Dori Palcovich (for Mike McCartney)	Administrator for the Small Business Regulatory Review Board	Department of Business, Economic Development & Tourism
P	Jennifer M. Potter	Commissioner	Public Utilities Commission
A	Fred Robins for Baba Haole		ILWU
P	Stevette Santiago	Director of HR	Young Brothers LLC
A	Phyllis Shimabukuro-Geiser	Chairperson	Department of Agriculture
P	David Veltry		Young Brothers LLC
A	Corey Robertson		Young Brothers LLC
A	Michael P. Victorino	Mayor	Maui County
P	Mike Victorino, Jr.		ILWU
	Public Utilities Commission Staff		
P	Jodi Endo Chai	Executive Officer	Public Utilities Commission
P	Michael Chapman	Economist	Public Utilities Commission
A	Steven Iha	Consultant	Public Utilities Commission
A	Layla Kilolu	Economist	Public Utilities Commission
P	Carolyn Laborte	Chief Auditor	Public Utilities Commission
P	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
A	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)

Welcome

Leo welcomed attendees to the eleventh meeting of the Water Carriers Working Group (WCWG) and thanked them for their time.

He shared that there is a light agenda for this meeting, primarily housekeeping matters and updates from any of the groups.

As the group knows, we’ve circulated the rough draft of the report. Clearly, there are still some pukas and things we’re working on that will be inserted.

Housekeeping

Group Memory

Donna asked if there were any corrections to the group memory from the July 15 meeting.

One suggestion was made:

- On page 6, for the last paragraph/bullet point, please add that the comment was “added by Senator Inouye” so people understand the context of the NCSL.

Action: Jennifer will edit the minutes from the July 15 meeting to make this correction.

Status Reports for Small Groups/Subcommittees

The groups were invited to share any updates to their recommendations since the last meeting.

Sustainability and Profitability + Rates (integrated)

Steve Hunt, Hawaii County, shared the following update:

- Our group did meet since last meeting, but we did generate alternatives, a Plan B, fallback options if the WICI recommendation doesn’t pass. These are not part of the recommendation officially but were generated in order to make sure that the water carrier stays sustainable:
 - Reinstating AFRA (it was never removed and could be petitioned to be initiated again)
 - Considering deregulating certain container types – like the unprofitable LCL
 - Monitoring and enforcing additional cargo that is in Sit in Transit (SIT)
 - Looking at Federal, State and County subsidies – whole or in targeted areas (e.g., for farmers and ranchers)

- Changing the fixed shipping scheduled to a more flexible schedule – with some fixed and some variable that can adjust to the actual demand for shipping

This is shared for the WCWG's edification.

Q&A

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

C: (Senator Inouye) The group decided that we want to make sure that this is on the table, whether WICI happens or not. We want to have at least one of these mechanisms available.

A: Yes – this is the fallback plan. We might use one or several of these mechanisms. It might be a formula that considers a number of these alternatives.

Other Comments:

- Derek is continuing to work with Senator Inouye on the Reso for NCSL.
- (Senator Inouye) There is good news. Remember that the first pass on the funding that we received with CARES act did not have an appropriation for Maritime included. However, the newest earmark coming to the state if Congress passes it includes an allocation for maritime funding; a couple of billion for Maritime. When Derek gets back, I'll work with him prior to the fund distribution to make sure that we can tap it. Let's not forget to discuss this later. Hopefully we'll get this allocation before the end of the year.
- Yes, there is a section in the bill for ports. Definitely good news!

Discussion of WCWG First Draft Report

Donna asked if there were any comments or questions about the first draft Report. She added that Leo did a really good job on the report. It very clearly articulates the steps the WCWG took to get to the recommendations.

Q&A

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C: This is a really good draft!

Q: Can page numbers please be added to the report?

A: Once it is finalized there will be page numbers.

C: Jennifer's documenting of what we did allows us to have a good sense of the flow and how our thinking was formed – starting with looking at the big picture and capturing everyone's different perspectives and visions.

- C: Sharing the pros and cons and Donna's guidance – this is really good stuff!
- C: The rationale – it will be easy to see how we got to these recommendations and why they're strong.
- C: (Leo) There are some typos that will be corrected – Steve's name was misspelled and Phyllis' name was accidentally omitted but will be added. The next version of the report will have the corrections – these and any others that the group suggests.
- Q: (Senator Inouye) Can you add my Committee Clerk, Brad Knowlton's name, after mine please?
- A: Yes.
- Q: Regarding the Executive Summary, right now there's nothing there. What will you put in there? Will it be an overview?
- A: I write that last – I like to see the body first and then summarize, hit the key points for those that don't want to read the full report. The conclusion will have the general points.
- A: The real meat will be there for those that only read the summary and the recommendations.
- C: The photo on cover of the report is catchy but maybe we could replace it with an aerial photo of one of the harbors. We want to make sure we convey the seriousness of this report.
- A: Sure. But we want to make sure we're not focusing on any one carrier.
- A: Derek could come up with a collage or something. Maybe several photos?
- C: A collage with photos of all the main harbors sounds like a good idea.
- Q: In the report, the meeting dates stop at a certain point. Won't we continue to meet after that?
- A: That will be updated as we go along and know how many more meetings will be needed. Everyone should hold the dates for the rest of the year for the time being, until we know we don't need them.
- Q: For the Rates Group, because we're waiting for WICI recommendation, I'm kind of worried. Can the subcommittee finalize a lot more before the last two meetings? That would be great. I don't want Steve's hard work to be lost. If nothing comes of the WICI process...then we're running out of time.
- A: I leave it to the small groups. If they need to meet, they should meet and let us know what comes out of the meeting.

C: (Steven) The Rates group actually has already made our final recommendation. The only thing we haven't done is fleshed out the fallback plan. So the question is, is it enough just to mention the alternative items we've talked about or do we need to put forth a full Plan B. This has so many moving parts – we would have to look at how each idea would impact other items. If any one doesn't fit or isn't palatable to Legislature, then it's a different matter. We're putting all our eggs in the WICI basket. Plan B is internal to the group – there are no final plans for these alternatives.

Q: When WICI rose to the surface – there was general agreement in your group about this but the additional items you don't have agreement on any one of them, right?

A: Correct.

Q: So you feel WICI is the best alternative?

A: Yes. That's what the Rates group can get behind.

A: Maybe the language in the report can say something like “after much conferring, the group agreed to work on the WICI recommendation because they felt it was the strongest option.”

C: (Jesse) These alternatives do not require legislative action. The focus should be on WICI topic but with an understanding that if it doesn't pass, the issue can be addressed through other avenues.

C: (Dean) Can I point out that technically, even WICI doesn't require legislative action. The Commission can act on that in a proceeding. I'd like to request that we avoid any suggestion that the group decision to go with WICI was unanimous.

A: There was consensus.

C: Consensus means unanimous. It might be clearer to say that it was an agreement that “everyone could live with and support,” which implies that some people may have had reservations but generally could support the recommendation.

Donna and Leo asked the group to send any additional comments on the Report as soon as possible. That way, it can be incorporated into the next draft of the report which will be sent out before September's meeting. At that point, we'll be pretty close to the final version and will be set to approve the Report before the October meeting. We're right on schedule.

In addition, please let us know if there are updates from any of the groups so we can add that.

We'll send the updated draft Report in advance of the meeting so you can respond and let us know if anything is missing or needs to be changed, or things you like that we should make sure to keep.

Closing Comments

Leo took a moment to thank Naomi Landgraf, a PUC staff member who is retiring. This will be her last meeting with the WCWG. She'll be replaced on the WCWG by Jacob, who is the Kauai liaison. Naomi has been instrumental in dealing with the livestock issue.

- Thanks Naomi for all your work over the years. You will be missed!
- I'm sure the livestock guys are sad! Retirement is good though.
- We will need to note the issues that are additional to the recommendations. For example, we should add a blurb to update on the livestock issue and the customer service issue.

Next Steps

- The next meeting will be on September 16.

GROUP AGREEMENTS:

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

- There were no specific group agreements made at this meeting.

ACTIONS:

- Jennifer will edit minutes from the previous meeting to reflect Senator Inouye's changes.