

PUC Water Carriers Working Group Meeting

September 16, 2021, 1:00 – 2:00 p.m.

(Virtual Meeting via Zoom)

Meeting Attendees (in alphabetical order)

P = Present; A= Absent

	Name	Title	Company
A	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
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.
P	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
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
A	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
A	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
A	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
A	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
A	Jennifer M. Potter	Commissioner	Public Utilities Commission
A	Fred Robins for Baba Haole		ILWU
P	Stevette Santiago	Director of HR	Young Brothers LLC
P	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		
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
P	Jacob Gandeza	District Representative – Kauai	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)

Welcome

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

He shared that the agenda today was fairly light. We're going to go through some housekeeping items (like any corrections on minutes), then we'll do updates from the small groups, then we'll discuss any comments on the second draft of the Report.

He noted that other than the comments this WCWG already made at our August meeting, there weren't many other comments submitted.

We'll be asking small group leaders to submit a one paragraph summary to add to the report. We are aiming to get it ready for the October meeting where we'll have a last chance for edits. Our projection is that October will be our last meeting all together.

Housekeeping

Group Memory

Leo asked if there were any corrections to the group memory from the August 19 meeting.

There were no corrections noted.

Status Reports for Small Groups/Subcommittees

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

There were none.

Discussion of WCWG Second Draft Report

You'll see that the recommendations start on page 11 of the Report. We're expecting each group will have their recommendations, including a summary, the pros and cons, etc. The one paragraph summary of your recommendations will be added to the section in pink so that outside readers can quickly scan and have an idea of what is being suggested.

So, for those of you in charge of small groups, can you be responsible for these summaries? We would like them before the next meeting.

By our next meeting, the Executive Summary and Conclusions will be added to the Report.

The final status reports that you submitted will be put into the Appendix. The one paragraph will just be a summary; readers will be directed to the Appendix for more detail.

Donna asked if anyone had any questions or comments.

Q&A

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

Q: Regarding recommendation summaries, are you talking about condensing the summary of the six desired futures or a summary of the recommendations?

A: A summary of the recommendations.

Q: So similar to what we see on page 6?

A: Yes, like that but with the recommendations.

C: Looking at it from the point of view of a legislator, I think what's there is excellent. I'm concerned if we condense it, folks may have more questions. So, if we can, maybe we keep it more expanded.

Q: Could you repeat where the summaries will go, if in fact we're still going to do them after Senator's comments?

A: Page 11.

C: (Donna) The format of the recommendations really covers all the bases and explains how we got there as well as the pros and cons.

C: (Leo) Remember that we originally had 6 subgroups and these recommendations stem from 3 of them. We had other groups that didn't have recommendations. It would be helpful to have status reports for those groups to acknowledge their contributions and summarize what they discussed. That way we close the loop on all the groups. There are near-term steps that may come from the recommendations themselves. We're walking the reader through all this.

C: (Donna) This is really a transition section. We had these six groups. We share the three that got developed into full recommendations through the summaries plus "complete justification follows." For the other 3 groups, we share the work that was done – "we did this work and we came to recognition that while we didn't have any recommendations, we _____." So all six groups will be represented in the transition section.

Q: (Mary Alice) Dori and I facilitated the farmers and ranchers group. This was a considerable amount of work and with a stakeholder group that is critical to our state in terms of food security, etc. Dory and I could write a very small summary to include. Is that that the kind of thing you're looking for?

A: Yes.

C: (Mary Alice) Okay, I'll do it.

Q: (Steve) I initially started as the head of the Rates group. I inherited the Sustainability and Profitability group. Am I writing about both of these?

A: (Mary Alice) The justification for Sustainability and Profitability does need to be included here. I'm willing to write that up.

Donna asked if there were any other comments about the transition section. There will be seven write-ups – six groups plus the stakeholder group of farmers and ranchers info.

Q: (Leo) You could include the farmers and ranchers info up under Sustainability and Profitability. What do you think about that?

C: (Mary Alice) I agree there is a link. The sustainability and profitability of the WC makes it possible for the farmers and ranchers to do what they need to. Without that, the whole sector would suffer harm. We can do that.

Q: So that means that Appendix C, the small group final reports, will have six? You'll add the farmers and ranchers info into one of the final reports?

A: (Leo) Yes – that was an important subgroup.

C: At some point we need to discuss the auditor's report and if there are any changes to our final report in light of that.

C: With regard to the Report format, I found it difficult to know where one topic was changing to the next topic. Maybe use some symbols, a larger font, or underline or use italics to make it easier to know where sections break.

C: We can do that.

C: Derek's terrific montage will be on the cover. It has aerial photos of our commercial harbors around the state. We have Randy Grune to thank for that.

Q: When do you need our summaries by?

A: By September 30 please.

Auditor's Report

Leo provided context before the discussion about the Auditor's Report.

If you recall, there was an emergency rate increase provided a little over a year ago to YB. Part of that order from the PUC was that we would perform a management audit of YB. That got going earlier this year. We secured a third party independent auditor. YB was very helpful and participated. The auditor also talked with some of the legislators.

If you saw the Civil Beat article today, you'll see that Ray Tulloch had promised Speaker Saiki a final draft of the audit. I asked Ray to invite senators and the Senate President to be part of this meeting.

The final audit was filed last week. As far as the PUC is concerned, we haven't decided what to do with the audit findings yet. I'm halfway through it. I haven't read all the way through the final version. From the docket side, we've asked YB and the Consumer Advocate, who are parties to the docket, to add any of their comments.

There are some recommendations that may be in conflict with the WCWG recommendations, but we had a certain scope (specified by SR 125). The auditor had a different scope. You have to take that into consideration when you read the report.

Those who have concerns about any conflicts with our recommendations, talk to your small group leader to see if your recommendations warrant any changes before we finalize the report. If small groups have concerns, get the group together and have the discussion.

(Steve) I've already gotten correspondence about what's in the audit but I haven't had a chance to read it yet. Apparently it's citing WICI and our group's discussion, so I am a little concerned. At the same time, this hasn't been actionable enough. I'd prefer sticking to our course. Knowing how much of the YB operation is still labor-based. I'm conflicted about whether to reconvene our groups. I'm nervous about having to pivot and take action on something that is currently hypothetical.

(Donna) All of the folks in the small group work, committed to make an assessment and generated recommendations, based on the information they had at the time. I'm worried at this late stage in the game, about trying to change one based on the other. I see them as parallel tracks. At some point, the Legislature will have to merge the two tracks.

(Senator Inouye) I agree. Having something like this pop up two months prior to our report being finalized...we can't help that. We can discuss the audit. We're going to get calls. We'll have to be clear before we end our vote on the finalized document. Who is going to respond as the identified spokesperson?

(Donna) In the best possible scenario, the audit would have been done well in advance. But as it was, at the end of our process, I want to honor that we came up with real recommendations based on the information we had.

The audit is a hefty document. 200 pages.

(Steve) I've never seen an audit come back 100% clean. You have to take some things with a grain of salt, especially when they don't take into account collective bargaining. These are nuanced issues. Sometimes as you peel back the recommendations, they fall apart.

(Donna) Anand is the person who has the most familiarity with this report. Have you read it in full Anand?

(Anand) Yes I have. There have been several iterations. It is 218 pages long. It's well organized and the summaries are good. Section 27 has YB's responses and then the auditor's responses to YB's responses. There are key findings and key recommendations (immediate, short-term and medium-term), some background, and highlights of key recommendations from each section. The auditor recommends a range of cost savings for operational costs and a possible independent observer throughout the process to monitor their steps.

He had a job to do. He goes into much more detail than our Working Group did. We did a more high level assessment in the WG.

The audit was a four month process, from April until now.

(Senator Inouye) I'm curious who the auditor interviewed and how many neighbor island legislators he interviewed. I don't think Representative Lynn DeCoite was interviewed, nor Representative Keith Agaran, nor former Senator English. If there are recommendations coming out, it's no different than the PUC, you have to talk to *all* of us.

(Leo) Anand – can you check where Ray is on the latest briefing for the Legislature? At a minimum, the WCWG members should be added as invitees.

(Anand) He met with the mayors of Maui, Kauai, and Hawaii Counties, plus the House Speaker and Chairs of Finance, Transportation and Ways and Means Committees. I'll check with him and get back to you Leo.

(Leo) I'll send a link to where the full version of audit is on our management system. Everyone will get a link to that file on our DMS.

(Donna) Are we agreed that we should keep these two things separate but parallel?

The group agreed.

(Senator Inouye) May I request that the next meeting be moved to October 22nd? I'm having surgery on the 21st.

(Leo) The PUC calendar is clear on the 22nd.

Donna polled the group and everyone was available on the afternoon of the 22nd. **It was agreed the meeting date would be changed accordingly.**

(Phyllis) Mary Alice, can I see what you draft before you submit if for the Report?

(Mary Alice) Yes.

(Senator Inouye) Reminder – we have to come to agreement on who's going to be a spokesperson for the WCWG because we're all going to get calls. Who's going to make comments to reporters?

(Donna) Didn't we agree at the beginning of this process that Leo was going to be spokesperson for the WCWG?

(Group) Yes – if anyone else gets calls, direct them to Leo please so a consistent message is being conveyed.

(Senator Inouye) Are we going to hear from other groups about whether they meet and change anything?

(Leo) I don't think small groups will need to meet because this drafting and editing can probably all be done by email. When the small groups complete their work, the conveners will send their draft to us and it will be incorporated into the version of the report we will distribute and then review at our October meeting.

Closing Comments

Leo shared that he will send out two things for the next meeting:

- The Zoom link for the rescheduled meeting on October 22nd
- A link to the Document Management System (DMS) where audit is.

The public site will have the final Report when it is submitted. When we issue the final Report to the Legislature, that will go live. We'll move from SharePoint to the public site so we can be totally transparent.

Next Steps

- The next meeting will be on Friday, October 22.
- Six groups will write their summaries (Mary Alice will include in her stakeholder group info in her summary) which will be included in the Report.
- Leo and the PUC team will have the Executive Summary and Conclusions sections drafted and in the Report that you'll get before next meeting.
- We hope to come to agreement in October about the document we want to send forward.

GROUP AGREEMENTS:

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

- The group agreed to keep the Audit recommendations and the WCWG recommendations separate but consider them parallel.
- The group agreed to change the next meeting date to October 22nd.

ACTIONS:

- There were no specific actions identified at this meeting.