

March 18, 2022

To: Mahanalua Nui Owners

From: Mahanalua Nui HOA Board of Directors

Re: Water Status: Call for Action

You've probably noticed how little irrigation water we're getting lately. At our neighbors in Makila Plantation, the last three rationing days, the water was on about 1-1/2 hours, 2-1/2 hours and zero hours. We figure this is a good time to give you a quick status on irrigation water.

The basic problem is cost and it dates back to when CWRM reduced the amount of water Launiupoko Irrigation Company ("LIC") can pull from the streams. To make up the difference, LIC has the capability to pump groundwater. But, our low rates and the energy required to pump to reservoir heights mean they lose money on every gallon they pump. So, LIC is financially incented to supply as little pumped water as possible. Currently, LIC is rarely running the pumps.

LIC has temporary and permanent rate requests before the Hawaii Public Utilities Commission ("PUC") starting almost two years ago. The attorney representing Mahanalua Nui and our two neighboring HOAs is shocked at the unusual glacial pace of the proceedings. The last thing that happened was last July when the PUC granted a small partial temporary rate increase of only 15% with a requirement of no curtailment (no rationing). This small increase would mean LIC is still losing money on every pumped gallon. LIC appealed and the appeal has been sitting there for many months now. It is not clear why the PUC is acting slowly. The HOA attorney has sent letters on our behalf to spur the PUC to take action but so far nothing. The HOA position with the PUC is: 7x24 service at a fair rate that compensates LIC for their costs with a fair return.

There has been progress on the infrastructure front. A new pump was installed in the A/B skimming well and the 8" and 12" parallel piping is in place. The pump along with others in the system were successfully tested pumping water from the skimming well all the way to all three reservoirs. Water quality from the well is fine, especially when blended with other sources. A backup pump for the skimming well was purchased but not yet installed. There is a new pump near the LIC1 well that will act as a pressure boost pump. This will enable water to be pumped into the system at mid-level for mid-level users rather than up to Kau'ula reservoir for gravity feed, which should save some pump energy cost. That pump is on-site but not installed. All but one pump currently runs on diesel or electricity generated from diesel. This results in lower

efficiency, much more operational cost and diesel generator noise. LIC has secured permits and approvals to convert to HECO power. But, all LIC capital projects are now on hold pending the rate case. LIC has received loans, mostly from Peter Martin who is one of the owners, for about \$5M over the last few years which funded the recent capital work, and cumulative losses. Bottom line, with the addition of the skimming well, LIC has the capacity to provide water 7x24 but are not doing so because customer revenue does not cover pumping costs.

The three HOAs have decided to encourage our members to write the PUC to try to spur action on the temporary rate increase. LIC has stated that if the temporary increase is approved, they will move toward 7x24 service availability. We support this action. The temporary rate is enough to cover the 7x24 operational cost (but not depreciation on assets or new capital projects which would be handled in the permanent case). The temporary case is essentially risk free in that if it is later determined by the PUC that too much was charged, it would be clawed back and returned to customers. Note that members are encouraged to support the temporary rate case request but not the permanent case at this time as more review, analysis and maybe changes are needed.

Please take a few minutes to send the **attached** proposed letter to the PUC. If you chose to write your own letter, the key message to send is that you **Support LIC's temporary rate request to provide LIC enough revenue to support service to their customers on a consistent basis.**

Please send the letter via email to the PUC at puc@hawaii.gov. Include the following to associate your letter to the temporary rate case:

Subject: Docket No: 2020-0089
Docket Title: APPLICATION FOR TEMPORARY RATE RELIEF
For Launiupoko Irrigation Co., Inc.

Continued.....

Subject: Docket No:2020-0089

Docket Title: APPLICATION FOR TEMPORARY RATE RELIEF

For Launiupoko Irrigation Co., Inc.

Dear Chair and Members of the Public Utilities Commission ("PUC") Committee:

As a resident of Launiupoko I am writing to register my support to approve the temporary rate increase proposed by Launiupoko Irrigation Company for Non Potable water. We are in desperate need of 24/7 ag water not only for our land but for our Safety during this drought we're experiencing.

Thank You for your consideration.

Sincerely

Name

& Address