



**Honolulu Board of Water Supply  
Stakeholder Advisory Group**

Meeting 19 Tuesday September 12, 2017 4:00 to 6:30 pm  
Honolulu Club, Hawaiian Electric Training Rooms  
932 Ward Avenue, Honolulu, HI

**Meeting Notes**

**PURPOSE AND ORGANIZATION OF MEETING NOTES**

The purpose of these notes is to provide an overview of the Board of Water Supply (BWS) Stakeholder Advisory Group meeting. They are not intended as a transcript or as minutes. Major points of the presentations are summarized herein, primarily for context. Copies of presentation materials were provided to all participants and are available on the BWS website. Participants made many comments and asked many questions during the meeting. These are paraphrased to be more concise.

**ATTENDEES**

There were 14 stakeholders present in addition to BWS and CDM Smith staff. The stakeholders represent diverse interests and communities island-wide.

The following Stakeholders Advisory Group members attended:

- |                  |                                     |
|------------------|-------------------------------------|
| Matt Bailey      | Aqua-Aston Hospitality              |
| Jackie Boland    | AARP Hawaii                         |
| Bill Clark       | Resident of Council District 6      |
| Mark Fox         | The Nature Conservancy of Hawaii    |
| Shari Ishikawa   | Hawaiian Electric Co.               |
| Micah Kāne       | Hawaii Community Foundation         |
| Helen Nakano     | Resident of City Council District 5 |
| Dean Okimoto     | Nalo Farms                          |
| Alison Omura     | Coca-Cola Bottling Co.              |
| Dick Poirier     | Resident of Council District 9      |
| John Reppun      | KEY Project                         |
| Cynthia Rezendes | Resident of Council District 1      |
| Cruz Vina Jr.    | Resident of Council District 8      |
| Guy Yamamoto     | YHB Hawaii                          |

## MEETING AGENDA

- Welcome
- Public Comment on Agenda Items
- BWS Updates
- Accept Notes from Meeting 18
- Stakeholder Input on Potential Customer Assistance Programs and Rate Tiers
- Summary and Next Steps

## WELCOME

Dave Ebersold, meeting facilitator and Vice President of CDM Smith, welcomed the group and outlined the meeting objectives. He thanked Shari Ishikawa, Vice President with Hawaiian Electric Co., for hosting the Stakeholder Advisory Group at their Honolulu Club training rooms.

He told stakeholders that, at this meeting, they will discuss three sets of questions about customer assistance programs, rate tier adjustments, and a potential “Essential-Needs” rate tier.

## WELCOME NEW STAKEHOLDER, GUY YAMAMOTO

Dave welcomed Guy Yamamoto, Vice President of YHB Hawaii, to the BWS Stakeholder Advisory Group. Guy explained that YHB Hawaii is an umbrella group that manages five golf courses on Oahu: Ewa Beach, Hawaii Kai, Mililani, Royal Hawaiian, and Ko‘olau.

## PUBLIC COMMENT ON AGENDA ITEMS

None.

## ACCEPTANCE OF NOTES FROM MEETING 18

The group accepted notes from the prior meeting, after adding Cruz Vina Jr. to the list of stakeholders in attendance and correcting Matt Bailey’s affiliation to Aqua-Aston Hospitality.

## BWS UPDATES

Dave introduced Ernest Lau, BWS Manager and Chief Engineer, to provide updates on BWS programs and issues. Ernest explained the recent decision of the BWS Board regarding which pipeline scenario will be used for upcoming financial modeling. The Stakeholder Advisory Group had recommended PL6 (pipeline scenario) – Step-wise Increase, based on discussions at their August 2017 meeting. Stakeholder group members showed interest in PL2 and PL3 as well. BWS Board members carefully considered the recommendation of the stakeholder group, and demonstrated particular sensitivity to more quickly reducing the number of water main breaks. As stated by the BWS Board Chair, they sought, “to be as aggressive as possible, without being unrealistic.” The BWS Board’s selection of PL2 – Ramp up to 1%, provides a more rapid ramp up in pipeline replacement. PL2 achieves annual replacement of the desired 1% of BWS’s water pipelines about 5 years sooner than PL6. PL2 is projected to prevent 800 more breaks than PL6. PL2 also provides a high level of alignment with the goals of the Water Master Plan, while PL6 provides medium alignment with the WMP goals.

## QUESTIONS AND ANSWERS

**Q.** We just saw all the hurricane destruction in Texas, Louisiana, and Florida. Does BWS have a contingency plan for category four and five hurricanes? What would happen to the storage tanks and other facilities above ground?

**A.** Our hearts go out to both Texas and to Florida. In fact, BWS offered help by reaching out through national water organizations.

BWS has contingency plans for emergency situations like a hurricane that directly hits Oahu. This includes filling up water tanks before disaster hits, as was done in Barbuda and St. Thomas. We store millions of gallons around the island. Most of our tanks are reinforced concrete or pre-stressed concrete; filling them would help to stabilize them in high winds, and enable us to make the stored water available by gravity flow afterwards.

One of the most likely problems in a severe hurricane would be loss of electricity. For contingency purposes, BWS is acquiring more generators. We have emergency portable generators that we can haul to where they are needed. We are also in the process of installing more generators at major pumping stations. Our focus is to try to supply water to critical facilities like hospitals and large shelters, as well as to areas with the largest numbers of people. It's an ongoing effort. Right now we have a large generator being installed and slated for completion next year. We have recently begun construction of three more fixed-in-place generators at key pumping stations. We've applied to the State of Hawaii-EMA, Hawaii Emergency Management, for a hazard mitigation grant to buy a mobile generator.

## AFFORDABLE PROGRAMS UPDATE AND STAKEHOLDER INPUT

Dave reviewed the BWS's current affordability program support for customers. This includes:

1. Inclining-block rate structure
2. Moved to monthly billing
3. Zero interest, case-by-case payment plans
4. Multiple steps and accommodations to avoid turn-off
5. Bill adjustments for underground leaks
6. Referral to community social-service support, for example Helping Hands and Catholic Charities

Dave said that the National Association of Clean Water Agencies led a survey involving 87 utilities and 167 million customers around the nation that looked at increases in water rates. Nationwide, water rates are increasing much more rapidly than the general cost of inflation as shown through the consumer price index.

The Water Research Foundation has reported that customer assistance programs go a long way towards building and sustaining long-term customer loyalty, trust, and satisfaction. A proactive approach in assisting people is more effective than waiting for them to fall behind. There is a cost to bill collections, and water disconnections and reconnections.

A lot of those costs aren't recoverable, so they're written off and, ultimately, paid for by other customers as part of their water rates. Programs tailored to assist customers who may not be able to make their payment can help to avoid water turn offs and result in higher recovery of revenue.

Dave then showed recent examples of customer assistance programs highlighted in the American Water Works Association *Journal*. One of the spotlighted agencies is the City of Detroit, where almost 40% of the population is below the federal poverty level. More than 27,000 Detroit homes had their water shut off last year. In response, the City has developed programs that assist customers who fall behind in their bill payments.

The 10/30/50 program allows delinquent customers to pay off past-due bills over 24 months with zero interest. Customers can remain connected by paying 10% of the amount due. If a subsequent payment is missed, the customer can re-enroll by making a 30% payment of the remaining balance. If another payment is missed, that customer can re-enroll by making 50% payment of the remaining balance.

WRAP (Water Residential Assistance Program) is another Detroit program. Wrap offers up to \$300 per year in financial assistance per household, to secure home water-use audits and home plumbing repair assistance. The program also includes water use kits, training, and other services.

The City of Portland, Oregon has been working on a low-income assistance program for more than a decade, and they continue to revisit and enhance it. Portland also has a utility safety net, intended to prevent water shut offs. They also have a multi-family pilot program, although it is currently under review due to multiple challenges. Projected costs for these programs for 2017-18 are about \$5 million.

Dave thanked Shari Ishikawa from Hawaiian Electric Co. for providing information about her company's customer assistance programs. These include:

- Tiered waiver assistance, which is affiliated with the federally-funded Low Income Home Energy Assistance Program (LIHEAP)
- Special Medical Needs Pilot Program
- Ohana Energy Gift Program
- Interim Time-of-Use Rate

Shari explained that when Hawaiian Electric does its rate making, they budget for a certain amount of bad debt. Compared to mainland utilities, the amount of bad debt in Hawaii is actually very small because Hawaiian Electric customers generally strive to pay their utility bills, no matter what.

Dave told the group that median household income is a common means of measuring affordability. He shared data about BWS's residential customers.

- 56% are single-family residential. Of these, 11.5% live in multi-generation homes; 6.8% are part of SNAP (receive food stamps). They have a median household income of \$102,479 annually; 9.3% live below the poverty level.
- 44% live in multi-family housing (e.g., condos, apartments). Of these, 2.9% live in multi-generation homes; 11.5% are part of SNAP (receive food stamps). They have a median household income of \$53,316 annually; and 14.8% live below the poverty level.

In Fiscal Year 2016:

- BWS had 735 turn-offs, of which 635 were unique customers
- Average monthly single-family residential water bill was \$50
- Average bill was 0.57% of the Median Household Income

Dave discussed the process illustrated below that outlines a “best practice” for developing customer assistance programs:



**QUESTIONS, COMMENTS, AND ANSWERS**

**Q.** When the measurement is 1.5% of Median Household Income (MHI), and the MHI for Oahu’s multi-family homes is \$55,000, what does that work out to be?

**A.** If the household income were \$100,000, 1.5% would be \$1,500. If the MHI were \$55,000, 1.5% would be \$825.

**Q.** What is the population of Portland?

**A.** It’s 640,000. By comparison, BWS serves approximately 900,000 people.

**Q.** You said that around 635 BWS customers had their water shut off. Related to those shut offs, what is the amount of money they collectively owe to the BWS?

**A.** We will look into that and get back with that answer. Ellen Kitamura said that the August monthly delinquency report shows \$3.5 million delinquent and owed to BWS by 18,000 of BWS’s 900,000 customers. Delinquent is anything over 30 days.

**Q.** Would it be possible to get an estimate about what PL2 Ramp-up to 1% will do in terms of an average water bill?

**A.** The change in revenue requirement with PL2 is 1% the first year, 2% the next year, 3% the next couple of years, up to about 4½% when you look 10 years out.

**Q.** Has anybody taken a look beyond delinquencies, to identify people who fall off the radar because of their circumstances and end up being homeless? Is there a way to look at this from a state perspective, to be able to keep people from heading down that path to homelessness? Perhaps funding should come from another source to help them stay out of that path.

**A.** The idea behind any of these programs we're discussing today is to look at what a water utility can accomplish and do its part to help. We recognize that the sphere of influence is just the water utility and what can be accomplished within the realm of the tools that are available to it.

Dave asked stakeholders to discuss the following questions and report out:

- Should BWS enhance its customer assistance program?
- What types of additional program elements should be considered?
- Who should pay for those costs/subsidies?

The two groups reported the following:

#### GROUP 1

- There were some things about the Detroit program that we all liked. We liked the assistance for repairs. We thought that was very proactive. If we were to look at enhancements to BWS's current program, that would probably make sense.
- We agreed there's a big difference between a single-family residential user and business user. If a business account becomes delinquent, should we direct them towards some counseling on business practices, try to help them overall with their business? It's not BWS's responsibility, but if we could direct them there, that might be a good service.
- We talked about usage counseling. If you're applying for customer assistance, we want to make sure you're using the water responsibly; that you're not washing your SUV twice a week. We don't want to become a nanny state, but we think there are some responsibilities if you're getting assistance.
- Some consideration might be given to establishing a revolving fund that could be tapped for the affordable program, because there's going to be a cost to this. From a policy perspective, how much can BWS afford to subsidize a customer assistance program? You could try out different approaches, modify them over time, and try to find a happy medium.
- Looking at the numbers boggles my mind. It would be interesting for us to know more about some of the cases that BWS has experienced and how they've worked with individuals. What are the kinds of situations that those individuals describe that put them into this kind of situation?

#### GROUP 2

- The first half of the conversation was about the idea that water rates and increases are not that high, when taking the water bill alone. It's when you put the water bill together with all the other utilities where it could become burdensome. We're in a pretty precarious state when it comes to the future of older adults in Hawaii, considering their retirement savings and their ability to live

on what they've put away.

- We recognize that water rates are pretty low, but combining it with sewer, electric and others, it can become burdensome. At first, we couldn't come up with what might be done to offer help. Then we started talking about leaks and problems with existing properties.
- The Board of Water Supply has a good program. When they notice that there is an increase in household use of water going through the meter, they send somebody out to look at it and notify the homeowner if they have a leak somewhere.
- I would like to have BWS extend that service to identify *where* that leak is on the property. Work with the plumbers' unions to accomplish this if needed. It is expensive to pay a plumber to come out and locate, then fix leaks, and many people don't want to pay that much. The extended service of locating the leak could assist customers in reducing that expense.
- Sometimes when homes are put on either lava rock or dirt, a water leak doesn't seep up; it seeps down. I'd like to see the Board of Water Supply give some assistance to households. You could put a ceiling on it or tie assistance to the income level of the household.
- If you want to go further, BWS could give some sort of assistance to have that leak fixed once it's discovered.

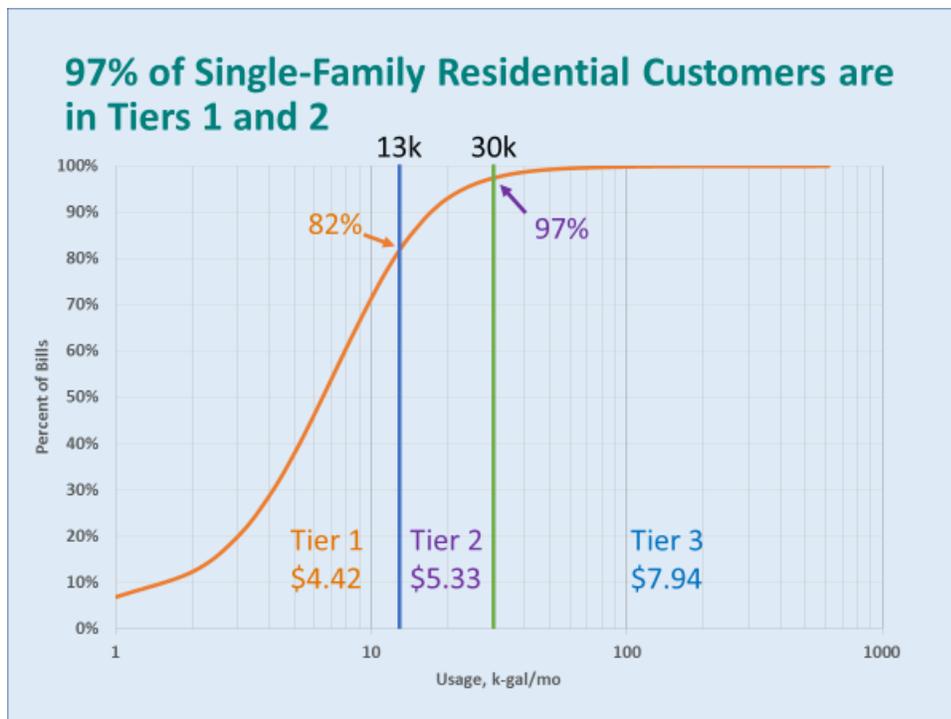
#### STAKEHOLDER RECOMMENDATIONS ON RATE STRUCTURE

The group then moved on to discuss Single-Family Residential Rate Tiers. Dave reminded the members of the advisory group that BWS has three rate tiers:

- Tier 1 covers zero to 13,000 gallons of usage within a month at a charge of \$4.42 per 1,000 gallons
- Tier 2 covers 13,001 gallons to 30,000 gallons per month at a charge of \$5.33 per 1,000 gallons
- Tier 3 covers any usage over 30,000 gallons per month at a charge of \$7.94 per 1,000 gallons.

This basic rate structure of three tiers and the amount of water accounted for in each tier has been in place since about 1993. The dollar amounts charged have changed over time, but the basic structure for those charges has been consistent.

Dave displayed a chart (below) showing the percentage of BWS Single-Family Residential (SFR) bills and the average amount of monthly use.



The chart shows that 80 percent of BWS SFR bills are within the first tier and 97 percent are within the first two tiers. What this tells us is that the current rate structure is doing little to send a price signal to encourage conservation.

Dave next showed a map of Oahu scattered with about 850 small red dots indicating the approximate location of the highest 1% of SFR water customers, each of whom uses over 44,000 gallons of water per month. This equates to about 1,500 gallons per day. Members of the stakeholder group looked at the map for trends and insights.

COMMENTS included:

- How can you use so much water?
- They must be estates.
- I'm assuming these are bigger estates with lots of yard space, or vacation rentals.
- The ones further in the valley in Makaha are in a gated community. They're large places with lots of grass.
- Some of the other valleys look like they must be farms.
- Out in the Waianae Valley, some of those are farming. They're not single-family.
- Those must be eight houses in a lot or something like that.
- I'm having a hard time figuring out 1,500 gallons per day for anybody in Waianae Valley. We water our lawn twice a week, and I know we don't use anywhere near that much.
- Some may be multi-generational
- There are places in East Honolulu or Lanikai that are unoccupied, but they have the huge yards.

Dave then showed another map of Oahu, with small blue dots showing the approximate location of BWS SFR customers who use less than 1,000 gallons per month.

COMMENTS included:

- Along the coastline they are using less water, right along with the customers who are using more water.
- There’s a dichotomy between the highest monthly users and the lowest monthly users being in the same place. I can understand Mililani being low, or some areas of Kaneohe and Kailua. I look at the leeward coast and I see both very high and very low monthly users.
- How many times can you shower or flush the toilet for only 1,000 gallons in a month.

**Q.** For my family in Waimanalo, we have a meter that runs into the house and we have a separate meter for the farm areas. The house meter is adjacent to some of the farm land, and we do use that water for irrigation.

**A.** Ernest Lau explained that given these conditions, it might be wise to separate out connections so the farming water is on an agricultural rate.

Ernest shared information about the extraordinary measures taken by BWS customers to save water and reduce their bill. These individuals may be among the customers using less than 1,000 gallons per month. As BWS Manager, he has spoken with some of them. They might be a one-person or two-person household. Often seniors fall into this category.

Jennifer Elflein, BWS Customer Care Manager, confirmed Ernie’s comments explaining there are many people who really cut back. She recalled that, “they talk to me about when they wash rice, they don’t throw away the water; they use it for something else. They don’t water plants; they do rain catchment, things like that.”

Dave then went on to provide a comparison of BWS rate tiers and other water utilities (below).

### Comparison of Single-Family Residential Rate Tiers

| Agency         | BWS           | Maui          | Kauai          | Hawaii        | Portland            | Detroit             |
|----------------|---------------|---------------|----------------|---------------|---------------------|---------------------|
| Monthly Charge | \$9.26        | \$19.25       | \$17.45        | \$18.30       | \$13.60             | \$7.02              |
| Tier 1         | 13<br>\$4.42  | 5<br>\$2.00   | 1<br>\$3.80    | 5<br>\$0.91   | unlimited<br>\$6.15 | unlimited<br>\$3.17 |
| Tier 2         | 30<br>\$5.33  | 15<br>\$3.80  | 7<br>\$4.85    | 15<br>\$1.88  |                     |                     |
| Tier 3         | >30<br>\$7.94 | 35<br>\$5.70  | 14<br>\$5.65   | 40<br>\$3.30  |                     |                     |
| Tier 4         |               | >35<br>\$6.35 | 18<br>\$9.50   | >40<br>\$4.35 |                     |                     |
| Tier 5         |               |               | >18<br>\$10.00 |               |                     |                     |

Based on 5/8-inch or 3/4-inch meter, whichever is lowest available

Dave noted that even among Hawaii water utilities, rates and tiers differ substantially. Compared to BWS’s three tiers, Maui and Hawaii have four tiers; Kauai has five tiers. BWS’s first tier covers 13,000 gallons priced at \$4.42 per gallon. Maui’s first tier is less than half of BWS’s, with pricing at \$2 per thousand gallons. Kauai’s first tier covers only 1,000 gallons. Hawaii’s first tier is set at 5,000 gallons and is priced at less than a dollar a gallon.

Portland and Detroit are framed quite differently. They don’t break out tiers. Both have a uniform rate, regardless of water use. Each of these agencies also has a monthly charge, but there are differences in what is included in these charges.

Dave stressed that there’s a lot of variability. You could put up 100 different providers, and you wouldn’t find a single water utility that has the same rates and tiers as any other.

BWS explored water use averages for their SRF customers, looking at 2015 and 2016 data combined.

- For the “mode” average, most SRF water bills are at 5,000 gallons
- The “median” average, where half of the water bills are above a given amount and half are less, is 7,000 gallons per month.
- The “mean” average is computed by adding up total water usage by all SRF customers and dividing by the number of customers. This comes to 9,100 gallons per month.

This is under the current tiers. What would happen if the tiers were modified (see table below)?

| Unit Rate, \$/k-gal/mo                   | Tiers, k-gal/mo | % Bills in Block | Est. Quantity Rev., \$M | COS, %       |
|--|-----------------|------------------|-------------------------|--------------|
| <b>Current</b>                           |                 |                  |                         |              |
| \$4.42                                   | 0 – 13          | 82.4%            | \$60.3                  |              |
| \$5.33                                   | >13 – 30        | 15.1%            | \$12.7                  |              |
| \$7.94                                   | > 30            | 2.5%             | \$8.1                   |              |
|  |                 |                  | <b>\$81.2</b>           | <b>88.7%</b> |
| <b>Ex. 1: 85 gpcd in Tier 1</b>          |                 |                  |                         |              |
| \$4.42                                   | 0 – 8           | 61.0%            | \$48.6                  |              |
| \$5.33                                   | >8 – 21         | 32.9%            | \$23.4                  |              |
| \$7.94                                   | > 21            | 6.0%             | \$13.4                  |              |
|  |                 |                  | <b>\$85.4</b>           | <b>92.4%</b> |
| <b>Ex. 2: 50 percent bills in Tier 1</b> |                 |                  |                         |              |
| \$4.42                                   | 0 – 6           | 46.7%            | \$40.4                  |              |
| \$5.33                                   | >6 – 21         | 47.3%            | \$33.2                  |              |
| \$7.94                                   | > 21            | 6.0%             | \$13.5                  |              |
|  |                 |                  | <b>\$87.1</b>           | <b>94.0%</b> |

Dave showed how modifying the amount of water billed in each tier changes not only the amount of revenue, but also the cost of service recovery. Dave reminded the group of the Zero Sum Game at advisory group meeting 17 in July 2017, where they saw that Single-Family Residential customers cover around 88 percent of the cost of serving them. The remaining 12 percent is subsidized by other customer classes. Even before considering rate changes, it is possible to reduce the subsidy from other customer classes by making adjustments to tiers.

**Q:** Is this without the PL2 Scenario, discussed previously, to provide funding for pipeline repair and replacement.

**A:** Yes. This is looking at your 2016 water bill. No other changes. We're doing this so we can see the comparison to current conditions.

With this foundation of understanding established, stakeholders were asked to discuss possible changes to the BWS rate tiers, with the following considerations:

- Should the top tier be adjusted to include more customers, e.g. 10%, 15%, 20%
- Should a higher rate apply to the top tier, to discourage wasteful use and encourage conservation by the highest water users? Why or why not?
- Should tiers be added? If so, to what purpose?
- Should the tiers be adjusted to generate more revenue from Single Family Residential customers, to close the gap between revenues and cost of service?

The report outs were as follows:

#### GROUP 1

Group 1 began by indicating they discussed a number of scenarios. All agreed that it would be appropriate to increase costs for the top tier by as much as \$2 to \$3 per 1,000 gallons. They also recommended reducing the level for entering Tier 3, figuring that if entry into Tier 3 were lowered from the current level of >30,000 gallons per month to >21,000 gallons per month, it would capture the top 9% highest water users rather than just the top 1%.

Group 1 further favored establishing a new tier so lower use, say under 3,000 gallons per month, would be charged at around \$2 per thousand gallons. This would reward people who are consciously trying to save water. BWS would need to see how the numbers line up, but the idea would be to reward the people who are trying to conserve, while addressing those who are “using more than their share” of the resources. Dave noted that there are some water utilities who call their top tier “water wasters” to really drive home the point.

There were people in Group 1 who thought some customers might say they have worked hard to be able to pay for what they want, and could ask why they should pay more for the same item. The suggested response was “They’re using more than their fair share. We live on an island of limited resources. They’re going so far beyond the norm that they’re taking up more than their share, so they get to pay more for it.”

#### GROUP 2

Group 2 indicated they generally agree with Group 1. Some suggested creating a fourth tier at the upper end. The group didn't assign a rate to that tier. The group also talked about bumping the third tier trigger down to 18,000 gallons per month. Some in the group strongly advocated for an additional tier at the lower end.

Dave introduced the concept of an “Essential Needs” tier that could be set at a basic level of indoor use by residential customers. It probably would recover less money than the actual costs to serve that tier, but this could be recovered by higher rates in the other tiers. He noted that all customers would have access this tier, which would reward efforts toward conservation.

Dave provided several examples of how an Essential Needs tier would work, and how it could impact varied levels of water use, including higher rates at the upper tier to offset the Essential Needs subsidy.

**Q.** If the top 1% were to change their behavior, it might no longer cover the Essential Needs subsidy. This would create an imbalance between costs and revenue. What would you do then?

**A.** If you raise the rate for the top tier and you're relying on the revenue generated from those people, that portion of the revenue is at risk. If it really does what you hope it will, it would cause them to conserve more, resulting in a reduction in revenue. We'd have to take that into account, then see how BWS's customers respond.

Dave asked the groups to discuss establishing an Essential Needs tier, based around the following considerations:

- Is establishing an Essential Needs tier recommended?
- What's an appropriate level for an Essential Needs tier?
- What level of discount?
- Who would support this rate?
- Where might opposition arise?
- What issues should be anticipated?

In the report out, Group 2 indicated they discussed implementation of a lower tier and also possibly a higher tier. The group felt that the middle tier rates should not be increased. By maintaining current rates in the middle tier, consumers would be appreciative because lots of costs are going up. The group also felt there was little value in bills being reduced in the middle. The group felt there was a lot of value in creating a lower tier, coupled with a high tier for those using 50,000 gallons per month or more.

Group 1 indicated agreement with these ideas. One member of the group added they would like to see rates increased to the level where the Single-Family Residential cost of service subsidies from other customer classes would be reduced.

Dave wrapped up the meeting with a preview of upcoming Stakeholder Advisory Group meeting topics:

- Non-residential rate. Should it be kept at the current uniform rate or should that structure change?
- Monthly billing charge. What should it cover? How much should it be? Should it be uniform for all customers, or should it change based on meter size?
- Agricultural water rates and subsidies.
- Fire meters. Water must be available at a certain flow and pressure all the time where these are installed. There's a cost to maintain that readiness to serve. A lot of utilities charge a monthly fee for fire flow capacity. Should BWS do the same?
- Non-potable rates and subsidies.
- Recycled water rates and subsidies.

Ernest Lau brought forth several key topics that BWS wants to be sure the stakeholder group is aware of, to be covered at future meetings:

- Subsidy to support affordable housing. The Mayor has presented this to the BWS Board. It might include projects for homeless people.
- Subsidy for fire protection in multi-story condominiums. This might be requested, based on the Marco Polo fire. A sub-group of the City Council is working on this.
- Emergency standby connections. These exist between the BWS and the army, navy, and private purveyors. These groups can open up a valve and take the capacity from the public system if there's a problem on the private system. There's no existing BWS rate structure for this water availability and use.

**Q.** Does BWS charge the Department of Environmental Services to use the BWS billing system?

**A.** Yes. They are charged. When we went through the Sources of Revenue it was included in "other revenues". It's a couple of million dollars.

**Q.** Is it listed on the bill?

**A.** No. Customers are not charged for it. It's an agreement between ENV and BWS; kind of a memorandum of understanding.

Dave thanked the group for their attendance and great input. To date, the advisory group has looked at multiple topics, some of them in isolation. As the group provides input on more of these subjects, BWS will soon be able to share the initial rate modeling results.

Dave commented that we're getting to the good stuff. It's harder stuff too. We look forward to tackling some of these at the next BWS Stakeholder Advisory Group meeting to be held on Tuesday, October 17, 2017 at the Neal S. Blaisdell Center, Hawaii Suites.