

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII

STATEMENT OF WEST MOLOKAI ASSOCIATION

JULY 15, 2008 PUBLIC HEARING

HPUC Docket 2008-0115

Good Morning. My name is Paul Mordasini. I am the president of West Molokai Association.

WMA MEMBERSHIP

WMA is a non –profit corporation organized to provide the management, maintenance, protection, preservation, architectural control, and development of properties within the area commonly referred to as "West Molokai" or "Kaluakoi," on behalf of its members. The Association is comprised of owners of more than 800 units located in the region. Our membership is served by Molokai Public Utilities, Inc (MPU), and Mosco, Inc (jointly referred to as "Utilities.")

RECENT ACTIVITIES OF WMA

WMA has retained counsel and recently filed motions with this Commission to intervene and participate as a party in each of two proceedings, namely HPUC docket No. 2008-0115 (this rate proceeding) and HPUC docket No. 2008-0116, which proceeding was initiated by a complaint filed by the County of Maui. WMA's motions have not been decided.

WMA has retained a water law attorney to monitor a contested case now pending before the Commission on Water Resource Management ("CWMR"). The use of water from Well No.

17 is subject to the jurisdiction of the CWMR. The CWMR issued a permit for Well No. 17 but that decision was appealed to the Hawaii Supreme Court. And on December 26, 2007, the Supreme Court reversed that decision and remanded the matter back to the CWRM for further proceedings. (Case Number CCH- m097-1) WMA can provide the CWMR's Findings of Fact and Conclusions of Law, today, should the Commission not yet have a copy. This document, relied on by the Supreme Court, provides a history that is helpful and facts that will be useful to the Commission.

With respect to the provision of essential services such as water and wastewater, WMA has been organizing meetings, writing letters, compiling and distributing information, consulting with attorneys, etc. to try and resolve the utility crisis this island and most agencies have known about for more than 4 months.

FACTORS UNDER WMA'S CONSIDERATION

Since April of this year, when MPL and the Utilities announced their intentions to shut down most of their operations, there has been much anxiety on the island.

One of the unavoidable conclusions WMA has drawn, is that at a time when creative, resourceful, and coordinated leadership is required, there is a void. Perhaps because so many public entities are involved, virtually every entity has the ability to "pass the buck", but each also has the ability to contribute to a solution. For example, the following entities have jurisdiction over certain aspects of Utilities' operations:

- State of Hawaii Legislative and Executive branch -- has the ability to provide financing through the issuance of bonds. The Governor can declare a state of emergency as a temporary measure.
- State of Hawaii PUC – regulates the economics of the utilities.

- State of Hawaii Department of Health – regulates quality of the water and wastewater discharges.
- State of Hawaii Department of Agriculture– has determined that an environmental assessment is a prerequisite before a lease can be entered into between the utilities and the MIS. .
- State of Hawaii Department of Hawaiian Homelands – has contractual and other rights to apportionment of the water from well No. 17.
- State of Hawaii Division of Consumer Advocacy –has responsibility for advancing the interest of all consumers of utility services.
- State of Hawaii Commission of Water Resource Management – has jurisdiction over the allocation and use of water from Well No. 17.
- County of Maui – has the ability to own and operate water and wastewater systems to protect health and safety.

Ultimately, there are four legs to the table upon which we all must place our rights. If any entity refuses to cooperate and creates an unbalanced table, solutions will fall off the table. Make-shift efforts will be short-term, expensive, unwieldy, and disruptive. Those four legs, or entities, are **State of Hawaii, County of Maui, MPL/Utilities, and customers of the Utilities.** It is past time for all entities to sit at the same table and devise a resolution for both the short term and the long term.

WMA'S PROPOSED SOLUTION IS NOT UNREASONABLE

It is respectfully suggested that while each county and state agency can proceed with their administrative hearings, contested case proceedings, interim orders, emergency proceedings, etc, this Commission – the only one that regulates the economics of utilities -- can exhibit leadership

with the Governor, and call the principals of the Utilities, each State agency, the County of Maui, and the parties in all pending proceedings into one room and work toward an agreement on all necessary logical steps. Their work should not end until essential services for the foreseeable future at reasonable rates are assured and legally enforceable.

If such a meeting does not occur, the consequences for all of us could become very unpleasant. And, until and unless it occurs, rate increases may do little or nothing to solve our problem, short or long term.