



April 11, 2017

Re: Opposition to HB1536, the Water Monopoly Bill

Aloha Senators,

We urge you to vote against H.B. 1536 because this bill eliminates protections for public water resources and irrigation water users throughout Hawai'i. The eight organizations above represent more than 135,000 local supporters concerned that farmers, families, and our natural resources will be harmed if private water purveyors are allowed to operate without any government oversight.

We urge you to amend H.B. 1536 to the same language as S.B. 1275 SD1, or vote down the bill.

Currently, agricultural irrigation projects regulated by the Board of Agriculture (BOA) under Haw. Rev. Stat. Chap. 167 are exempt from Public Utilities Commission (PUC) oversight under Haw. Rev. Stat. Chap. 269. H.B. 1536, however, would indiscriminately expand the scope of this PUC exemption to “**ANY** person who controls, operates, or manages” any “non-potable water” distribution system, and not just irrigation projects regulated by the BOA (emphasis added).

As the Consumer Advocate has pointed out, passing H.B. 1536 would remove 11 private non-potable water companies from any PUC oversight, along with any other such companies that may exist currently or in the future. Such companies include the controversial Wailuku Water Company on Maui, which is in a pending proceeding before the PUC because it sells diverted streamflows to numerous residents and businesses and the County of Maui; the West Maui Land Company, which supplies water to small farmers and residents in Olowalu and Launiupoko; and Grove Farm, which is not yet regulated but has been supplying water to the bottling company in the ongoing Kaua'i Springs case and potentially many other customers.

The PUC plays a critical public interest role in regulating private water companies. The PUC reviews and approves utilities' rates and fares, financial transactions, and business dealings, and ensures utilities' compliance with state and federal laws. Removing these private water monopolies from PUC oversight means these companies could charge discriminatory, excessive, or uneconomic rates, fail to maintain the systems, unjustly

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deny service, or impose oppressive terms--and small farmers and other customers of these companies would have no protection or recourse.

As our laws make clear at every level from the constitution down, water is not a private commodity for private profit, but a public trust resource for the benefit of all, including future generations. The PUC's function is to ensure that private companies that divert and distribute this resource to the public operate consistently with the best interests of customers, communities, and the public.

We know that whoever controls access to water has immense power and influence. The people of Hawai'i rely on government agencies like the PUC to maintain fairness where outsized power like this can be easily abused. If passed, H.B. 1536 would undermine Hawai'i's water laws and leave customers, farmers, and families, vulnerable in the face of powerful water monopolies.

In recognition of Hawai'i's long-standing respect for the value and importance of water, we stand in strong opposition to H.B. 1536 and in support of maintaining PUC regulatory authority over private non-potable water companies. Please do not pass H.B. 1536.

If you have any questions, please contact Marti Townsend at the Sierra Club of Hawai'i 808-538-6616 or hawaii.chapter@sierraclub.org. Thank you.