

LINDA LINGLE
Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

**TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON AGRICULTURE
WEDNESDAY, FEBRUARY 4, 2009
9:00 a.m.
Room 312**

**HOUSE BILL NO. 244
RELATING TO PUBLIC UTILITIES**

Chairperson Tsuji and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 244 that seeks to authorize the Public Utilities Commission (PUC) to establish preferential rates for public utility services that are used by ratepayers for agricultural activities in a public utility's service area. Public utility services in addition to potable water include electricity and freight transport. Preferential rates are to be subsidized by rates charged to other customers of the public utility.

As a strong advocate for agriculture in Hawaii, the Department supports the intent of this bill. For your information, there is already precedence for preferential rates for agriculture and agricultural irrigation water. We defer to the Public Utilities Commission (PUC) regarding the implementation of this measure.



Legislative Testimony
HB 244, RELATING TO AGRICULTURE
House Committee on Agriculture

February 4, 2009
Room: 312

9:00 a.m.

The Office of Hawaiian Affairs **SUPPORTS** HB 244, which would direct public utilities to establish discounted rates for providing services used for agricultural activities located in agricultural districts.

OHA finds that the purpose of this bill parallels many of the objectives found in the state constitution, county ordinances, and even the current Hawaii Revised Statutes - all of which mandate that the Legislature conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands in this state. By providing public utilities with the ability to offer preferred rates to bona fide agricultural pursuits, there will not only be more support of a much needed expansion of agriculture in this state, but also a degree of flexibility as well. As such, we offer our support of this bill.

However, we must be careful to ensure that the preferred rates from the public utility services are provided to ratepayers who are engaged exclusively in agricultural activities. Otherwise, the intent of this bill will be frustrated and OHA's support cannot be maintained.

As the domestic economic crisis deepens and the worldwide economy crumbles, the impacts to Hawai'i will obviously be harshly felt. Hawai'i imports some 85% of its food. Currently 90% of the beef, 67% of fresh vegetables, and 65% of fresh fruits consumed in our state are imported. Our over-dependence on imports affects everything from the price of eating in Hawai'i to our food stability and safety. OHA recognizes that this was not always the case and it wasn't too long ago that

things were different. We can and should change our current facts, and this bill is a step toward doing just that.

Therefore, OHA urges the Committee to PASS HB 244. Thank you for the opportunity to testify.

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON AGRICULTURE
FEBRUARY 4, 2009**

MEASURE: H.B. No. 244
TITLE: Relating to Public Utilities.

Chair Tsuji and Members of the Committee:

DESCRIPTION:

This bill proposes to direct public utilities to establish discounted rates for providing services such as potable water, electricity and freight transport used for agricultural activities in agricultural districts.

POSITION:

The Public Utilities Commission ("Commission") defers to the Legislature on the substance and merits of this bill that furthers the policy of favoring agricultural activities by requiring the subsidization of all agricultural utility and transportation rates by other ratepayers.

COMMENTS:

- As this committee is already probably aware, if this bill is passed all other utility and transportation ratepayers will have to pay higher rates as a result of this policy to subsidize agricultural utility and transportation ratepayers.
- The Commission will defer to the Legislature's determination in this regard.

Thank you for the opportunity to testify.



Hawaii Agriculture Research Center

Administration: P.O. Box 100, Kunia, HI 96759

Ph: 808-621-1350/Fax: 808-621-1359

TESTIMONY BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

HOUSE BILL 244 Relating to Public Utilities

February 4, 2009

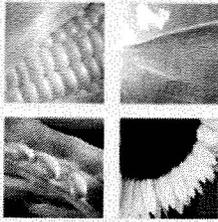
Chairman Tsuji and Members of the Committee:

My name is Stephanie Whalen. I am Executive Director of the Hawaii Agriculture Research Center (HARC). I am testifying today on behalf of the center and our research and support staff.

HARC supports House Bill 244

This bill directs the public utilities to establish discounted rates for providing services used for agricultural activities located in agricultural districts. Because of the high cost of land, water, infrastructure, labor, etc it is difficult for agricultural entities in Hawaii to compete with low cost producers in other geographical areas. This will help in finding ways to support viable agricultural businesses in the state.

Thank you for the opportunity to testify in support of Hawaii's agricultural needs.



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Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony By: Alicia Maluafiti
HB 244, Relating to Public Utilities
House Agriculture Committee
Wednesday, Feb.4, 2009
Room 312, 9:00 am

Position: Strong Support

Chair Tsuji and Members of the House AGR Committee:

My name is Alicia Maluafiti, Executive Director of the Hawaii Crop Improvement Association. The Hawaii Crop Improvement Association (HCIA) is a nonprofit trade association representing the agricultural seed industry in Hawaii. Now the state's largest agricultural commodity, the seed industry contributes to the economic health and diversity of the islands by providing high quality jobs in rural communities, keeping important agricultural lands in agricultural use, and serving as responsible stewards of Hawaii's natural resources.

Much has been said about the food security and sustainability of Hawaii's agriculture. We are all concerned about the limited supply of food in the islands. This measure will provide farmers within an agricultural district PUC approved preferred rates for potable water, electricity and freight transport. HB 244 brings Hawaii closer to increasing food supply and agriculture sustainability.

We urge your support of this bill. Thank you for the opportunity to testify.

TESTIMONY

House Agriculture Committee

RE: HB 244 Relating to Public Utilities

Chair Tsuji and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of its member farmers and ranchers is in **support** of HB244 requiring the PUC to provide an agricultural rate structure for agriculture.

Last year, the Legislature passed a measure requiring the PUC to provide an agricultural rate structure for potable water deliveries. While water is a critical component to agriculture, our farmers and ranchers are finding equal challenges in electricity costs on their farms. Many produce farmers have refrigeration units and other infrastructure that require electricity. Current food safety requirements have strict guidelines about keeping produce at required temperatures in the name of food safety. To meet these requirements, farmers expend a significant portion of their monies on power costs. This measure seeks to assist in this area. Additionally, farmers and ranchers are seeking ways to increase their revenue streams by having value added products. Many of these processes will also require power. In passing this measure, the overall winner in providing a more affordable rate will be the consumer as farms will stay in business and locally grown produce will be available.

In addition to the precedence of agricultural rates for potable water in Hawaii, there is other examples of such discounts. Massachusetts law provides for agricultural discounts to those engaged in farming. Cited below is the statute and further information can be found at: <http://www.mass.gov/agr/admin/farmenergy.htm>

Chapter 164 of the Acts of 1997

AN ACT RELATIVE TO RESTRUCTURING THE ELECTRIC UTILITY INDUSTRY IN THE COMMONWEALTH, REGULATING THE PROVISION OF ELECTRICITY AND OTHER SERVICES, AND PROMOTING ENHANCED CONSUMER PROTECTIONS THEREIN.

SECTION 315. Notwithstanding the provisions of any general or special law, rule, or regulation to the contrary, any distribution company, aggregator, gas company, municipal lighting plant, or supplier, as defined and governed pursuant to the provisions of chapter 164 of the General Laws, **shall be required to provide electricity or gas services to persons or corporations engaged in the business of agriculture or farming**, as defined pursuant to section 1A of chapter 128 of the General Laws, at rates, prices, and charges established at least 10 per cent below any other rate, price, or charge category, with further rate, price, or charge considerations granted for off-peak consumption.

Approved November 25, 1997.

We respectfully request your support of HB244 to help ensure the long term viability of agriculture in Hawaii. Thank you for this opportunity to provide our views on this matter.

Maui County Farm Bureau

An Affiliate of the American Farm Bureau Federation and Hawaii Farm Bureau Federation

Serving Maui's Farmers and Ranchers

P.O. Box 148

Kula, Hawaii 96790

TESTIMONY

House Agriculture Committee

RE: HB 244 Relating to Public Utilities

Chair Tsuji and Members of the Committee:

Maui County Farm Bureau is a general agricultural advocacy non-profit organization. Affiliated with the Hawaii Farm Bureau and American Farm Bureau Federation, we represent Maui's farm and ranch families and organizations. We **strongly support HB244**, directing the PUC to provide agricultural discounts for utilities under their control.

At one time, Maui served as the States' source of lettuce, tomatoes and cabbage. Over time, we have seen the viability of our farms decline, so the large farms growing these vegetables no longer exist and remaining farms struggle to remain viable in an increasingly competitive market. The days in which farms planted, grew, then harvested crops and delivered them to markets are gone. E. coli and Salmonella related illnesses, has brought food safety to heightened awareness. High costs demand that sale of raw produce alone is not enough ... value added products using the raw produce can significantly add to a farm's revenue stream.

Whether it be refrigeration to meet food safety requirements or power needs for value added product processing, they all require electricity. Farmers and ranchers are facing increasing costs without receiving equivalent increases in prices. Ways to contain costs to ensure that farmers and ranchers remain viable to produce the food and other agricultural products we need to provide for Hawaii's increased self sufficiency. HB244, requiring the PUC to provide an agricultural discount for energy requirements is such a proactive support initiative.

MCFB respectfully requests your strong support to help revitalize the agriculture industry, providing an additional measure contributing to the process to prepare Hawaii's agriculture meet the challenges of tomorrow. Thank you for this opportunity to provide our opinion on this matter.

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200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 3, 2009

TO: Honorable Clift Tsuji, Chair
House Committee on Agriculture

Honorable Joey Manahan, Chair
House Committee on Tourism, Culture & International Affairs

FROM: Gladys C. Baisa
Councilmember

DATE: February 04, 2009

SUBJECT: **SUPPORT OF HB 244, RELATING TO PUBLIC UTILITIES**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to direct public utilities to establish discounted rates for providing services used for agricultural activities located in agricultural districts.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

It is imperative that the State of Hawaii support our local farmers and ranchers to ensure a viable agriculture industry. By providing incentives to this industry, it helps to be competitive and self-sustaining.

I ask for your support of this important measure.

GCB:amm