

STAND. COM. REP. NO. 2932

Honolulu, Hawaii

MAR 06 2026

RE: S.B. No. 2694
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2694, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO WATER CARRIERS,"

begs leave to report as follows:

The purpose and intent of this measure is to create a more responsive rate-setting process for water carriers to timely reflect increasing costs and provide more rate stability for water carriers and their customers.

More specifically, this measure:

- (1) Authorizes the Public Utilities Commission to establish automatic adjustment mechanisms to address economic factors, upon its own initiative or upon application by a water carrier;
- (2) Requires the Public Utilities Commission to establish and apply annually a water carrier inflationary cost index automatic adjustment mechanism to address wharfage rate increases; and
- (3) Authorizes the Public Utilities Commission to waive or exempt any water carrier from any requirement of the Hawaii Water Carrier Act.



Your Committee received written comments in support of this measure from the Department of Transportation; Department of Agriculture and Biosecurity; Hawaii Harbor Users Group; Matson Navigation Company, Inc.; THE MARITIME GROUP; Young Brothers, LLC; Hawaii Agricultural Foundation; Hawaii Lions Foundation; District 50 Hawaii Lions; and numerous individuals.

Your Committee received written comments in opposition to this measure from the Local Food Coalition, AARP Hawaii, ABC Stores, Maui Chamber of Commerce, Grassroot Institute of Hawaii, Hawaii Floriculture and Nursery Association, and three individuals.

Your Committee received written comments on this measure from the Department of Commerce and Consumer Affairs' Division of Consumer Advocacy, Public Utilities Commission, and Hawaii Farm Bureau.

Your Committee finds that the current rate-setting process for water carriers is time-consuming and results in long periods having no rate adjustments followed by a sudden large rate increase. This uneven rate adjustment process is difficult for both water carriers and customers to bear financially. Incremental rate adjustments authorized by this measure will help to provide certainty and stability in addressing increased costs due to economic factors while retaining appropriate consumer protections.

Your Committee has amended this measure by:

- (1) Exempting from automatic adjustment mechanisms customers eligible for preferential agricultural water rates under section 269-26.5, Hawaii Revised Statutes;
- (2) Prohibiting any water carrier that has received a general rate increase from implementing an automatic adjustment mechanism for two years following the effective date of the general rate increase; and
- (3) Changing the cap on the water carrier inflationary cost index automatic adjustment mechanism to an unspecified percentage.



As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2694, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2694, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



