

Bill 60  
Testimony

Bill 60  
1<sup>st</sup> Reading  
11/7/24

Mr. Chair and Members of the Council,

My name is Bill Milks, and I am a customer of both the City's water services (Board of Water Supply) and wastewater services (Department of Environmental Services) for 50-plus years. For about 14 of those years, I was involved in the costing and pricing of other regulated services in Hawaii (electric, telecom, cable, ocean-borne freight transportation, and ground transportation [passenger and freight]).

For purposes of preparing this testimony, in addition to the above-described experience, the only facts I currently have access to are those stated in the November 25, 2024, article authored by Ian Baver, published in the Star-Advertiser.

I offer the following thoughts for consideration by the Council, the Department, the BWS, and a few other entities, including the Hawaii Consumer Advocates Office and the Hawaii Public Utilities Commission (HPUC). Indeed, even some of Hawaii's utilities regulated by the HPUC may want to share relevant suggestions from their past experiences, e.g. OPEC's fuel price escalations; digitization of telecom services, alternative pricing made possible by smart electric meters, etc.

At this stage of the process (i.e. first of three required readings), there is ample time to review and explore what adjustments, if any, might be appropriate to ENV's initial submittal. Only as an example, among the thousands of wastewater service components, there are at least hundreds that have performed "cost-of-service" studies, using various costing techniques that enable service providers to customize pricing regimes to address unique arrangements (e.g. ADUs) and changes in agricultural and industrial demands and/or wastewater discharges.

Just ENV's gradual shift over four years, from the fixed/variable usage charge ratio of 70:30 to a 50:50 ratio reveals the present ratio (in place for years) has adversely impacted stand-alone residents that irrigate their lawns/landscaping.

Even a current review of the 2008-2010 court-approved consent decree might reveal needed updates in past engineering assumptions, scientific technology advancements, long-run marginal costing technologies, consumption patterns for water, and varying demands for wastewater services.

In conclusion, ENV's proposal may be right on the mark. It probably is not unless a comprehensive review of changing demands on the system has been done, a cost-of-service study of discrete existing and possibly customer classes has been

conducted, and various options for the recovery of operating expenses, and fixed costs because— the . . . time projected for cost recovery— all costs are— to varying degrees— variable.

Thank you for your consideration of the foregoing. If I can be of assistance in the future, I will try to make myself available.

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