



December 8, 2017

Chair Suzanne D. Case
Board of Land and Natural Resources
Kalanimoku Building
1151 Punchbowl St.
Honolulu, HI 96813

Re: Agenda item D.4. Holdover of Revocable Permits for Water Use

Dear Chair Case and Board members:

Since 2003, KIUC has operated the Upper and Lower Waiahi hydroelectric plants, utilizing water from the Blue Hole Diversion of the Wailuā River via a revocable permit issued by this body. It is our request today that you grant a holdover for this permit for a period of one year, during which time we anticipate that the Board will act upon our application for a long-term water lease.

The Waiahi hydroelectric plants have been producing energy on Kaua'i since the 1920's. Originally built to supply power to Līhu'e Plantation Company's sugar operation, the plants now generate roughly 1.3 megawatts of electricity, and are among the most cost-effective generation facilities that KIUC operates. Their continued use directly avoids burning roughly 500,000 gallons of diesel each year, and assists us in delivering reliable power to our 24,500 members – virtually every household and business on Kaua'i. These hydroelectric plants are an important component in KIUC's overall strategy to meet the State of Hawai'i's mandate of reaching 100 percent renewable generation by 2045.

In addition to delivering these important community and environmental benefits, the Blue Hole Diversion has allowed agriculture to flourish in Wailuā for nearly a century. As previously mentioned, the hydro facilities and their associated ditch systems supported Līhu'e Plantation until its closure in 1999, and for decades the ditch systems have supported diversified agriculture in central Kaua'i. Numerous farmers and ranchers currently rely on the water that comes out of this ditch system to irrigate their lands.

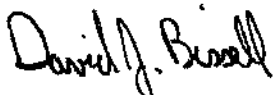
Other downstream uses on the system include a water treatment plant that provides drinking water for County Department of Water customers in the Līhu'e area and utilization of the ditch system by ecotourism businesses. Additionally, we recognize that any lease negotiated with the Department of Land and Natural Resources will provide for reservations for Department of Hawaiian Homelands water rights sufficient to support current and future homesteaders in the area.

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We understand and share the concerns expressed by some members in the community regarding the preservation of cultural resources, wildlife, and the river ecosystem associated with the Blue Hole Diversion. Since applying for the long-term lease in 2004, KIUC has conducted environmental studies, and has worked closely with the staff of the Department of Land and Natural Resources and the Office of Hawaiian Affairs in this regard. The requested Cultural Impact Assessment was recently completed and submitted to the Office of Hawaiian Affairs, and we are currently providing information to the Commission on Water Resources Management in support of its efforts to establish appropriate Interim Instream Flow Standards for the Wailuā River.

In conclusion, allow me to state unequivocally that KIUC, as a not-for-profit organization providing a critical service to the people of Kaua'i, remains committed to being a responsible steward of the resources entrusted to us under this permit. We look forward to continued collaboration with the various state agencies and other stakeholders involved in these matters, to insure that such use is in compliance with all applicable laws and the Public Trust Doctrine of the State of Hawai'i.

Warm regards,



David Bissell
President and Chief Executive Officer