HB 1891, HD 1
RELATING TO THE ISSUANCE OF
SPECIAL PURPOSE REVENUE BONDS TO FINANCE
THE WAILUA RIVER HYDRO PROJECT

Statement for
House Committees on
Finance
Water, Land Use, Development & Hawaiian Affairs
Consumer Protection & Commerce
Public Hearing – February 27, 1986

By
Doak C. Cox, Environmental Center
Jacquelin Miller, Environmental Center
Edwin Murabayashi, Water Resources Research Center

HB 1891, HD 1 would authorize the issuance of special purpose revenue bonds in support of a project to develop hydroelectric power from the South Fork of the Wailua River on Kauai. This statement on the bill does not reflect an institutional position of the University of Hawai‘i.

The Environmental Center rarely provides comments to legislative committees on bills proposing bond issues or appropriations because the pertinent issues on such bills do not generally include questions to which environmental expertise is pertinent. The Center provided no comments at the earlier hearing of the Committees on Planning, Energy, and Environmental Protection and on Consumer Protection and Commerce at which the original version of HB 1891 was considered. However, there is no evidence in the committee report (HSCR 262) based on the earlier hearing that the Committees were aware of some of the environmental effects of the proposed Wailua hydroelectric project.

To generate the power, water would be diverted from the Wailua South Fork above Wailua Falls and returned to the South Fork below the Falls. Most of the pipeline carrying the diverted water would be constructed underground, well to the north of the edge of the canyon below the Falls, and it would drop down to a power plant, well downstream from the Falls, where the water would be returned to the stream. There would be some effects on the aquatic flora and fauna of the stream between the points of diversion and return. However, the effect that we consider more significant would be an aesthetic one connected with the Falls themselves. Wailua Falls are a scenic attraction enjoyed by both visitors and residents. Their attractiveness is diminished during low-water periods. The proposed diversion will result in a large increase in the times of low flows.
Wailua Falls would not be dried up by the development, because the flow of the South Fork would be augmented by an increase in the rate of diversion of water from the North Fork, and there would be no diversion of flows to the power plant from the South Fork when the South Fork flows are less than 40 cubic feet per second (cfs). The diversion from the North Fork would result in a significant diminution of low-water flows over Kaholalele Falls. These Falls are even more impressive than Wailua Falls, but it is difficult to get to a point from which they may be seen, and few people see them.

A draft environmental impact statement (DEIS) has been prepared in accordance with requirements of the State EIS system in relation to the application that has been made to the Department of Land and Natural Resources (DLNR) for a Conservation District Land Use Permit for the proposed hydroelectric project. There are in this DEIS, now being reviewed, statements concerning the effect of the project on low-water flows over Wailua Falls, although the statements are scattered and the effect on the Falls is not mentioned in the chapter on "unavoidable impacts."

There is a statement in the chapter on probable environmental impacts that: "Flows over the falls will be reduced to 10 cubic feet per second (cfs) by the proposed project approximately 26 percent of the time during periods in which stream flows are between 40-375 cfs." However, a table of the discharge impacts indicates that the flow over the Falls is 10 cfs or less for 32 percent of the time under present conditions and that it would be 10 cfs or less for 54 percent of the time after the hydropower plant is put in operation. Most of the additional time during which the flows would be minimal would, we assume, be during the summer tourist season.

There is no doubt that the power that would be generated by the proposed Wailua hydroelectric project would constitute a very advantageous addition to the power supplies now developed on Kauai, and we have no reason to suspect that the proposed development would be uneconomic. We believe, however, that the development should not be supported or even allowed until its aesthetic consequences have been fully recognized, and unless those having the power to allow or support the project have satisfied themselves that the economic benefits outweigh the aesthetic detriments.

Incidentally, one sentence in the chapter of the DEIS on "Use of Public Funds or Lands" seems misleading. This sentence reads: "The use of public funds are not anticipated for the proposed hydroelectric facility." It is followed by the sentences: "The use of state bonding to fund the Wailua Project would be most favorable for the developer and could greatly enhance the economic viability of the project. The developer is in the process of applying to the State of Hawaii for such approval for a bond issue." We suppose that the proceeds of the sale of the bonds would be public funds even though intended for the support of a private project.

Authorization of the proposed bond issue prior to DLNR approval of the project may be premature, and if such authorization is to be provided through legislation this year, we suggest specification that actual issuance of the bonds should be contingent upon DLNR's acceptance of a final version of the EIS in which the impact on flow over Wailua Falls is clearly recognized, DLNR's judgement that the economic benefits of the project exceed the environmental detriments, and DLNR's grant of a permit for the project subject to the condition that the water diversions be no greater than those identified in the DEIS.
Our statement on the bill prepared for the House Committees on Finance and Water, Land Use Development and Hawaiian Affairs is attached.