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May 27, 2025

Via E-mail to Daniel.E.Orodenker@hawaii.gov and U.S. Mail

Mr. Daniel E. Orodenker, Executive Officer
State of Hawaii Land Use Commission
Department of Business, Economic Development &
Tourism
P.O. Box 2359
Honolulu, Hawaii 96804-2359

**Re: LUC Docket No. A92-686 - Pu'ukoli'i Mauka and Pu'ukoli'i Triangle
Status Report at the June 4, 2025 Land Use Commission Meeting**

Dear Mr. Orodenker:

We are counsel to Kaanapali Land Management Corp. ("KLMC"), a co-petitioner in the above-referenced docket (the "**Docket**"). We are in receipt of your letter dated April 15, 2025 informing us that the Land Use Commission has scheduled a Status Report at its June 4, 2025 meeting concerning statements made by or on behalf of KLMC regarding the status of water use permits for the Pu'ukoli'i Mauka portion of the Petition Area.

On behalf of KLMC and in connection with the Status Report scheduled for June 4, 2025, we would like to clarify certain points made by or on behalf of KLMC at the May 8, 2024 Status Report for the Docket and in KLMC's 2023 Annual Report to the Land Use Commission, relative to the information provided to you by the Office of Planning and Sustainable Development ("**OPSD**") regarding the status of State of Hawaii Commission on Water Resource Management ("**CWRM**") water use permit applications for Pu'ukoli'i Mauka. As explained below, we do not believe that any misrepresentations were made by or on behalf of KLMC regarding the status of water use permit matters for Pu'ukoli'i Mauka.

Pu'ukoli'i Mauka is within the potable water service area of Hawaii Water Service Company ("**HWSC**"), a private water utility company regulated by the State of Hawaii Public Utilities Commission. As such, HWSC would be a potable water service provider for Pu'ukoli'i Mauka.

Application for a water use permit from CWRM for large developments in need of potable water service is typically made by the water service provider rather than the water service user. With respect to Pu'ukoli'i Mauka, HWSC (rather than KLMC) would submit an application to CWRM for a new water use permit for the potable water service to be provided by HWSC for Pu'ukoli'i Mauka.

To KLMC's knowledge, HWSC has not yet applied for a new water use permit from CWRM for potable water service to Pu'ukoli'i Mauka. KLMC believes that this is due to uncertainties relating to CWRM's processing and issuance of existing water use permits and new water use permits for the Lahaina Aquifer Sector Area.

At the time of the May 8, 2024 Status Hearing for the Docket, and at the time of KLMC's 2023 Annual Report, it was understood by KLMC and others in the community that CWRM would not process applications for new water use permits until CWRM completed processing of all applications for existing water use permits.¹ An indefinite timeframe for CWRM's processing of existing water use permit applications, as well as unknown criteria for water use permit approvals, resulted in substantial uncertainties with respect to the timing and availability of new water use permits.

Testimony at the May 8, 2024 Status Report provided much of, and is consistent with, the above information (see the statements of Mr. Fukunaga (of KLMC) on page 24 of the transcript of the hearing, the statements of Ms. Kato (counsel for OPSD) on pages 66 and 67 of the transcript, and the statements of Mr. Rebugio² (of KLMC) on pages 81 and 82 of the transcript).

With respect to the statement in your April 15, 2025 letter that "*transcripts from the 2024 Status Report hearing recorded Counsel for KLMC mispresenting the use associated with the application and permit for water use (pgs. 24, 66-67, and 82)*", please be advised of the following clarifications: (1) the statements on the cited pages were not made by KLMC's counsel, and (2) the statements at the cited pages are consistent with the information provided above.

The point that KLMC intended to emphasize at the May 8, 2024 Status Hearing and in KLMC's 2023 Annual Report is that until there are fewer uncertainties relating to the timing and availability of new water use permits from CWRM, further development work on Pu'ukoli'i Mauka is not likely to occur. The timing and availability of a new water use permit has practical (including infrastructure) and economic implications for the development of Pu'ukoli'i Mauka.

We understand the request for clarification and appreciate the opportunity to clarify the statements made.

¹ We note that CWRM has subsequently announced that it would process both existing water use and new water use permit applications simultaneously.

² We believe that the transcript incorrectly identifies these statements as those of Mr. Fujimoto.

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State of Hawaii Land Use Commission
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Please do not hesitate to contact us if you have any questions.

Very truly yours,

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Scott Radovich and Diane Yuen Praywell

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