Hawaiian Electric Company

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HECO FILES EAST OAHU TRANSMISSION PROJECT REQUEST WITH PUC

Company Will Do Voluntary Environmental Assessment on Proposed Route

Hawaiian Electric Company (HECO) today filed an application with the Hawaii Public Utilities Commission (PUC) for approval to proceed with the East Oahu Transmission Project to increase electricity reliability for an area that represents 56 percent of power demand on Oahu.

Upon PUC approval, the Kamoku 46 kV Underground-Expanded alternative will be built in two phases, the first between the Makaloa Substation and McCully Substation along Makaloa, Kalakaua, Fern, Pumehana and Lime streets and the second along King Street from the Archer Substation on HECO's Ward Avenue property to the intersection of McCully and Young streets.

In response to public concerns, HECO will voluntarily conduct an Environmental Assessment (EA) for the project.

"Requests for HECO to conduct an EA were made in a follow-up community meeting after HECO's preferred 46kV alternative was announced," Senior Vice President for Operations Tom Joaquin told the PUC in written testimony. "Given the circumstances, and the unique history of this project, HECO has decided to voluntarily conduct an EA -- which will provide a formalized process to address these concerns."

The EA will include an analysis of issues like construction impacts and electric and magnetic fields. As there are no visual impacts, HECO does not anticipate this being an issue.

Performing the EA is estimated to cost an additional $500,000 and take about nine months, though it should not cause the same delay in concluding the project since much of the EA can be done at the same time as other design and planning.

"Voluntarily performing the EA should keep this vital project on track," said Robbie Alm, Senior Vice President of Public Affairs at HECO. "Oahu's electrical system is already at risk and that risk will only increase with time. At the same time, we do take very seriously the concerns of the community that is directly impacted by the construction of this line. An Environmental Assessment will allow us to address those concerns."

Also in response to community concerns, HECO will continue to evaluate an alternative route along Kapiolani Boulevard from Makaloa Substation to McCully Substation. The Kapiolani route was identified to have several disadvantages, including that it has significantly more traffic, thus requiring more traffic control coordination and costs; it does not have existing

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underground ducts that may be used instead of trenching, as the selected route does; it is already heavily used as a utility corridor by other utilities and has a higher probability of less available space under the roadway; and is also somewhat longer than the proposed route alignment.

After several public information meetings earlier this summer, Hawaiian Electric Company selected the Kamoku 46 kV Underground-Expanded alternative by considering public input, project effectiveness, timeliness, impacts and cost.

The total project, totaling nearly three miles of underground lines implemented in two phases, is expected to cost approximately $55 million, which could translate to about $1 a month to the typical residential bill. Any rate increase to cover costs of the project would need to be included in a separate rate case request to the PUC by HECO at a later date.

Completion of the first phase, targeted for 2006, will eliminate transmission line overload concerns in East Oahu and help avoid blackouts in Waikiki and other areas that would result if one line serving Pukele Substation were out for maintenance and the second line was lost for any reason. The second phase, which will back up HECO's service to other parts of its Pukele service area, would take about another two years.

In the first phase, a 46 kV underground line will be laid from the Makaloa Substation to McCully Substation, approximately one mile. Short 46 kV underground line segments will also be laid at Date and Pumehana streets, across Date Street in front of the Kamoku Substation and along Winam Avenue from Hoolulu Street to Mooheau Avenue. In the second phase, an additional 1.9-mile underground conduit for 46 kV lines will be laid from HECO's Archer Street Substation along King Street to Young and McCully streets.

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Attached Fact Sheet: Critical reliability concerns

Hawaiian Electric Company

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FACT SHEET

EAST OAHU TRANSMISSION PROJECT
CRITICAL RELIABILITY CONCERNS

The East Oahu Transmission Project will address critical electric power reliability concerns for the area from downtown to Hawaii Kai and from Kahuku to Makapuu Point. The area comprises 56 percent of the power demand on Oahu and includes downtown, the University of Hawaii at Manoa, Kapiolani Community College and Waikiki as well as Windward Community College, Brigham Young University and countless homes and businesses. The impacted area includes Marine Corps Base Hawaii in Kaneohe, State Civil Defense Headquarters at Diamond Head, Fort Ruger (Hawaii National Guard headquarters), the Honolulu Police Department, and the Prince Kuhio Federal Building that includes FBI Headquarters, all vital to Hawaii's security needs.

1. Pukele Substation, which delivers electricity to Manoa, Palolo, St. Louis Heights, Kaimuki, McCully/Moiliili, Diamond Head, Kapahulu and Waikiki, is supplied with power by two 138 kV lines that run across the Koolau mountain range from the Koolau Substation in Kaneohe. These lines run through difficult terrain with limited access where they are constantly exposed to high winds and corrosive weather. When one line is removed from service for maintenance, the second line must carry the entire load. If the second line goes out for any reason, there is no back up and an immediate major outage would affect 16 percent of the total Oahu power load, including Waikiki.

2. Three 138 kV lines bring power from the Ewa area to the Koolau Substation in Kaneohe. The Koolau Substation serves the area from Kahuku to Hawaii Kai and into Kahala, an area that uses about 14 percent of the power on Oahu. The Koolau Substation also supplies power to Pukele Substation described above, meaning 30 percent of Oahu's total power needs flow through Koolau. If one of the three lines is down for maintenance and a second line goes out for any reason, the third line would have to carry all the power. If that line continues to carry excess electricity, it would heat up and begin to sag. To avoid permanent damage to the line, HECO would be forced to take the third line out of service, cutting power to the entire Windward side and the Pukele service area, including Waikiki. Under forecasted load growth, this vulnerability becomes a risk in about 2005.

3. Similarly, three lines and the Honolulu Power Plant serve downtown, supplying 26 percent of power demand on Oahu. Just as on the Windward side, if one is down for maintenance and another goes out, the result would be an overload risking damage to the third line followed by a blackout over much of the area. This becomes an increasing risk by the year 2023.

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