

MCCORRISTON MILLER MUKAI MACKINNON LLP

ATTORNEYS AT LAW

LAND USE COMMISSION
STATE OF HAWAII

April 1, 2016

2016 APR -1 P 2:50

Via Hand-Delivery

Mr. Daniel Orodener
Executive Officer
Land Use Commission
Department of Business, Economic
Development and Tourism, State of Hawaii
235 South Beretania Street, Suite 406
Honolulu, Hawai'i 96813

Re: In the Matter of the Petition of Ka'ono'ulu Ranch
Docket No. A-94-706

Dear Mr. Orodener:

We are writing to inform the State Land Use Commission ("LUC") that Piilani Promenade North, LLC and Piilani Promenade South, LLC (collectively, "Piilani") have been approached by Maui Electric Company ("MECO") to allow construction of a MECO substation on the northeast corner of the property which is the subject of the above-referenced docket (the "Substation"). To provide you with some background information on this matter, we enclose a diagram showing the desired location of the Substation (**Exhibit A**), a letter from MECO dated March 30, 2016 (**Exhibit B**), and the information set forth below.

According to MECO, the existing MECO electrical and distribution infrastructure in South Maui is operating at near capacity and will soon be insufficient to support forecasted loads. MECO infrastructure studies indicate installation of the Substation at this location needs to take place as soon as possible in order to provide adequate system capacity.

In 2011, the proposed Substation use was not a permitted use in the Light Industrial zoning district and would have required approval of a County Special Use Permit application. However, the County of Maui was in the process of updating the zoning for the Light and Heavy Industrial districts, and the subsequent changes to the Light Industrial district now allow for substation facilities as a permitted use.

Because the existing MECO electrical infrastructure is already operating near capacity, MECO has requested the right to initiate construction of the Substation as soon as practicable. MECO has been granted an easement over the subject property to facilitate the preliminary engineering design and grading analysis for this project. They intend to utilize an area along the northern boundary of the site for access and powerline delivery purposes. MECO has already applied for and received PUC approval for the proposed facility, and has applied for and received County approval of a minor SMA permit for the undergrounding of power delivery lines through the Piilani Highway right of way. MECO has indicated that it is prepared to order transformers,

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switching gear, power poles and other material needed so that the Substation may be completed by the fall of 2017.

Provided the LUC has no objections to MECO proceeding with the development of the Substation, MECO has indicated it will move forward with applying for and obtaining a grading permit from the County of Maui for grading activity including the stockpiling of material onsite, an NPDES Permit for grading and construction activity, a building permit for the structures to be located within the substation facility, electrical permits, plumbing permits and a permit to do work in the public right-of-way from the State Department of Transportation.

The development of the Substation has no real bearing on the merits of Piilani's pending Motion to Amend, and no real connection to the project which Piilani hopes to develop on the subject property. Nonetheless, Piilani supports MECO's efforts to complete the Substation, recognizing that development of this substation use is critical not only to the Maui Island Plan long range uses in the area but the overall electrical infrastructure for South Maui.

If the LUC has any objections or concerns with MECO's development of the proposed Substation, or if any further information is needed to properly assess this situation, please let me know at your earliest convenience.

Very truly yours,

McCORRISTON MILLER MUKAI MacKINNON LLP

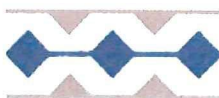
A handwritten signature in dark ink, appearing to read "Randall F. Sakumoto", written in a cursive style.

Randall F. Sakumoto

RFS:dkc

Enclosures

cc: William Spence, Director of Planning, County of Maui (w/enclosures)
Robert D. Poynor, Sarofim Realty Advisors
Honua'ula Partners, LLC (w/enclosures)



March 30, 2016

Piilani Promenade North, LLC
Piilani Promenade South, LLC
C/O Sarofim Realty Advisors
Attn: Mr. Robert Poynor
8115 Preston Road, Ste. 400
Dallas, TX 75225

Dear Mr. Poynor,

As Maui Electric Company, Limited ("Maui Electric") is committed to meeting the current and future electrical needs of all of its customers safely, reliably, and in the most cost-effective manner possible, I am writing to confirm that we are moving forward with our plans to install the Kaonoulu Substation on the Piilani Promenade's property.

On March 11, 2015, Maui Electric submitted an application with the Hawaii Public Utilities Commission ("Commission"), seeking approval for the installation of the Kaonoulu Substation (Docket No. 2015-0071). On October 13, 2015, the Commission approved the application and concluded that "the proposed Kaonoulu Substation Project is a reasonable, cost-effective means by which to address the actual and projected overload conditions in the South Maui area, and approves MECO's request to commit funds for the Project."¹

We have completed the design for the substation, and as the Project Manager, I will be drafting the Request for Proposals ("RFP") to solicit construction bids for this substation by May 2016. Below are the major milestones required to meet our required service date of September 2017.

| MAJOR MILESTONES | PROJECT DATE |
|---|----------------|
| Substation Design Complete | February 2016 |
| Send out Request for Proposals | May 2016 |
| Proposals Due | July 2016 |
| Award Procurement and Construction Contract | September 2016 |
| Construction Start | March 2017 |
| Construction End | September 2017 |
| Substation Energized | September 2017 |

¹ Public Utilities Commission, Decision and Order No. 33261 for Docket No. 2015-0071



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Piilani Promenade South, LLC
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As you may know, the electrical service needs in South Maui are projected to increase significantly based on the current requests for new electrical service we have received from customers, and thus, Maui Electric's existing electrical system needs to be updated to adequately meet this identified load growth. Additional infrastructure, such as the Kaonoulu Substation, is required to reliably meet our customers' current and future needs. If the new substation is not installed, this would result in added costs to all customers and increased safety risks to our employees and the general public as we may see premature equipment failure, resulting in unbudgeted replacement of units.

A 2013 South Maui Distribution Study also confirmed that the installation of a new distribution substation would be the most cost effective means to meet the current and future needs of customers in South Maui.

I look forward to working with you more as we continue our progress on the Kaonoulu Substation. Please let me know if you have any questions. I can be reached via email (kim.vaituulala@mauielectric.com) or phone (808-871-2345) at any time.

Sincerely,

Kimberly Vaituulala
Kaonoulu Substation Project Manager
Engineering Department

cc: Mr. Charles Jencks

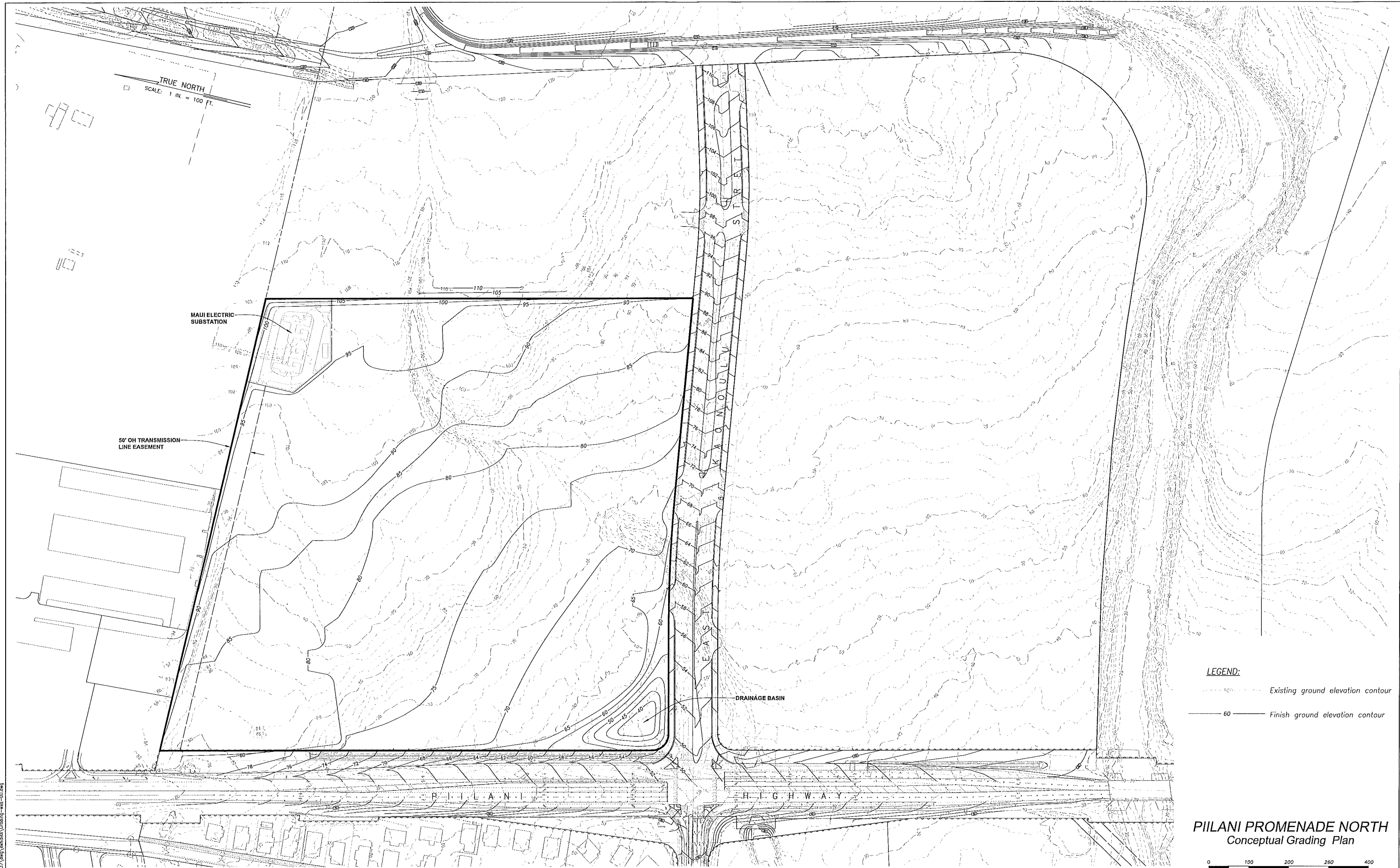
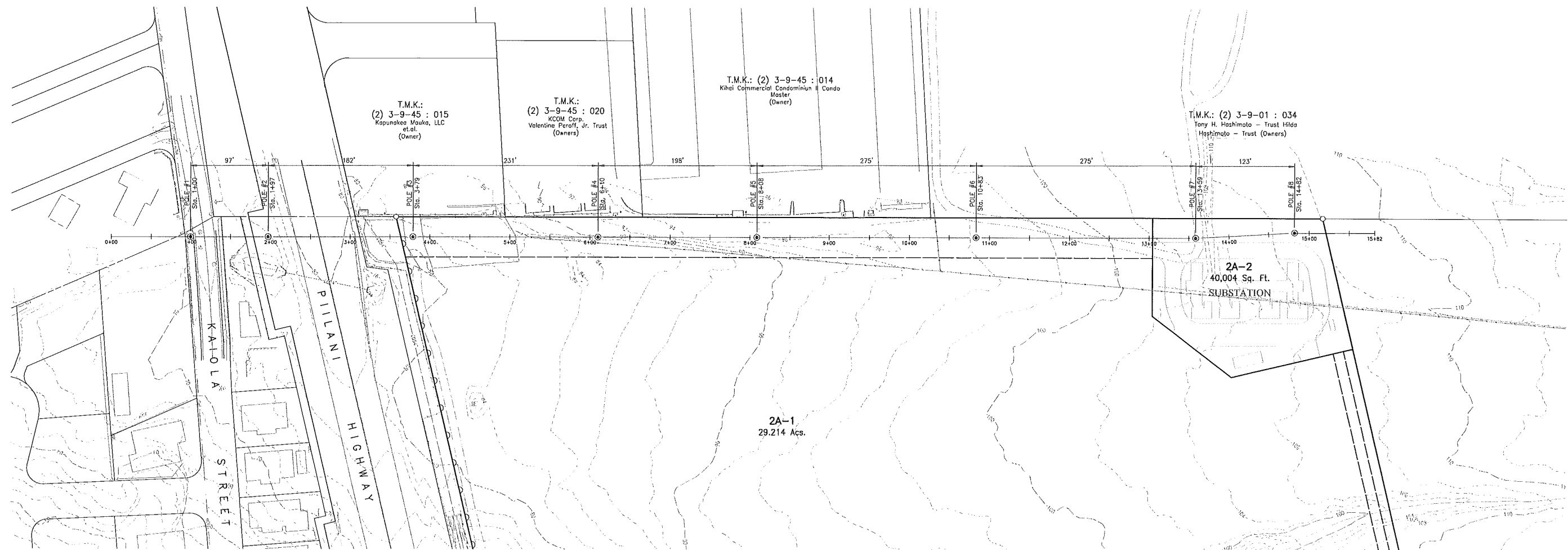


Exhibit A



TRUE NORTH
SCALE: 1 in. = 60 ft.

PLAN

Scale: 1 in. = 60 ft.

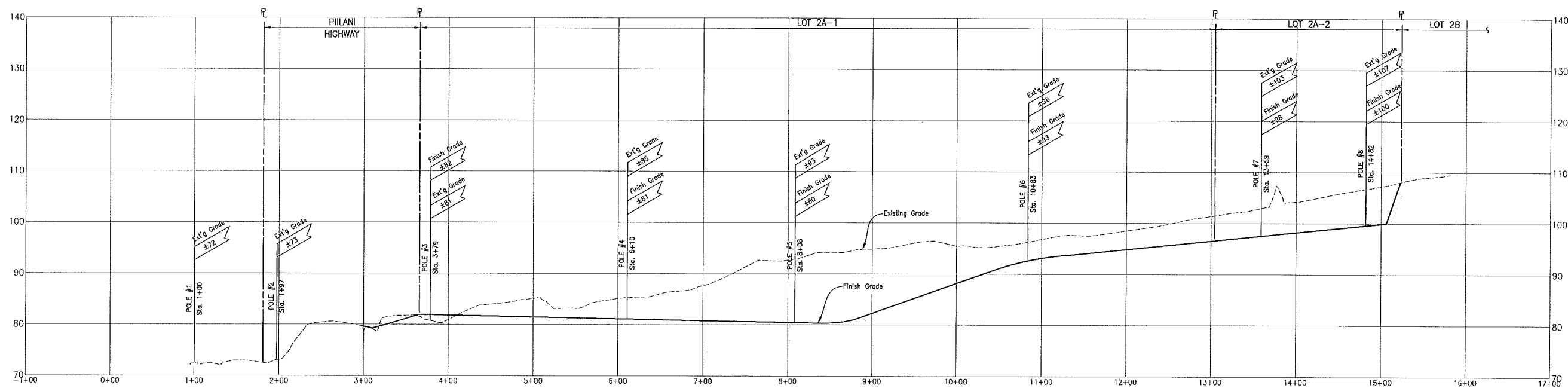


Exhibit A

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PROFILE ALONG TRANSMISSION LINE TO SUBSTATION

Scale: Horiz. 1" = 60'
Vert. 1" = 10'



January 28, 2011