

November 5, 2013

2013 NOV 12 A 7:53
LAND USE COMMISSION
STATE OF HAWAII

Mr. Daniel E. Orodener
Executive Officer
Land Use Commission
State of Hawai'i
P.O. Box 2359
Honolulu, Hawai'i 96804-2359

Re: In the Matter of the Petition of
HAWAI'I ELECTRIC LIGHT COMPANY, INC., a Hawai'i Corporation
To Amend the Conservation Land Use District into the Urban Land Use
District for Approximately 15.643 Acres of Land at Keahole, North Kona,
Island of Hawai'i, State of Hawai'i, TMK: 7-3-49: 36 and 37
LUC Docket No. A03-743;

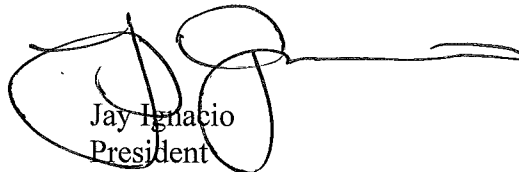
Dear Mr. Orodener:

Enclosed is the Eighth Annual Report of Hawai'i Electric Light Company, Inc.,
(original and three copies), pursuant to the above-referenced matter.

We would appreciate receiving a file stamped copy of the above for our
files. Enclosed is a stamped, self-addressed envelope for your use.

Thank you for your consideration and assistance in this matter.

Sincerely,



Jay Ignacio
President

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAI'I

In the Matter of the Petition of)	DOCKET NO. A03-723
)	
HAWAI'I ELECTRIC LIGHT COMPANY,)	EIGHTH ANNUAL REPORT OF HAWAI'I
INC., A Hawai'i Corporation)	ELECTRIC LIGHT COMPANY, INC.
)	
To Amend the Conservation Land Use District)	
Boundary into the Urban Land Use District for)	
Approximately 15.643 Acres of Land at)	
Keahole, North Kona, Island of Hawai'i, State)	
of Hawai'i, Tax Map Key: 7-3-49: 36 and 37)	
)	
)	

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LAND USE COMMISSION
STATE OF HAWAII

EIGHTH ANNUAL REPORT OF HAWAI'I ELECTRIC LIGHT COMPANY, INC.

TO THE HONORABLE LAND USE COMMISSION OF THE STATE OF HAWAI'I:

COMES NOW HAWAI'I ELECTRIC LIGHT COMPANY, INC., a

Hawai'i corporation, Petitioner herein, and pursuant to Condition No. 20 of the Findings of Fact, Conclusion of Law, and Decision and Order issued on November 07, 2005, hereby submits to the State Land Use Commission ("Commission") its eighth annual report of status of the Project and Petitioner's progress on compliance with the conditions established by said approval as follows:

Project Status:

In August 2006 Hawai'i Electric Light awarded a contract to Black & Veatch (B&V), an engineering consultant, to design the conversion of the two existing simple-cycle combustion turbines ("CT-4" and "CT-5") to a combined-cycle power plant by adding a steam turbine generation system ("ST-7"), two heat recovery steam

generators (“HRSG”), and auxiliary equipment. Engineering and construction of the ST-7 project is complete and Hawai‘i Electric Light placed the new steam turbine generator into service on June 22, 2009

Report on Petitioner’s Progress on Compliance with Conditions Imposed by Commission

1. *Visual Mitigation. Petitioner shall provide additional landscaping to mitigate the visual impacts of the Keahole Generating Station, as set forth in the Landscape Concept Plan.*

Completed. Landscaping improvements were completed in July 2005.

2. *Air Emissions Mitigation, SCR. Petitioner shall expeditiously commence the permitting process and, subsequent to obtaining the necessary permits and governmental approvals, proceed expeditiously with the process of engineering, design, and construction of ST-7 with SCR for installation at the Keahole Generating Station in conjunction with CT-4 and CT-5.*

Completed. On February 7, 2005, Hawai‘i Electric Light submitted an application to modify its PSD/Covered Source Air Permit to include SCR at Keahole. On June 28, 2006, DOH issued the permit amendment to Hawai‘i Electric Light’s PSD/Covered Source Air Permit to include Selective Catalytic Reduction with the installation of ST-7. On May 10, 2007, Hawai‘i Electric Light purchased two Heat Recovery Steam Generators with SCR. With the completion of the ST-7 unit on June 22, 2009, Hawai‘i Electric Light is currently operating CT-4, CT-5, and ST-7 with an SCR system as required by the Air Permit.

3. *Air Emissions Mitigation, CT-2. After CT-4 and CT-5 are operational, Petitioner shall operate within the limits set forth in the original air permit granted for CT-2.*

Petitioner is complying with this condition.

4. *Air Emissions Mitigation, General. Petitioner shall comply with all applicable federal, state, and county laws, rules, and regulations relating to air quality in the operation of the Project.*

May 3, 2013 was the deadline for compliance with new EPA requirements to reduce carbon monoxide (CO) emissions from stationary internal combustion engines. The regulation, known as Reciprocating Internal Combustion Engines – National Emission Standards for Hazardous Air Pollutants (RICE-NESHAP), required installation of post combustion, engine exhaust catalytic elements on each diesel engine and fuel conversion to ultralow sulfur diesel (ULSD) with no more than 15 ppm sulfur content. Hawai'i Electric Light has three (3) diesel engines located at Keahole which are subject to, and in compliance with, this regulation. Petitioner is complying with this condition.

5. *Noise Mitigation. Petitioner shall install and use noise mitigation equipment, operating procedures, and other measures to meet the 55 dBA (day time) and 45 dBA (night time) Class A Zoning District noise standards for the normal operation of the Keahole Generating Station, provided the foregoing requirements shall not apply to occasional and unavoidable noise peaks associated with Keahole Generating Station operations, emergency operational impacts, construction, startup and testing of generators, and other equipment at the Keahole Generating Station.*

Petitioner shall not commence full time (twenty-four (24) hours a day, seven (7) days a week) operations of CT-2, CT-4, and CT-5 until after the noise mitigation equipment is installed and Petitioner is able to comply with the foregoing noise standards.

Petitioner has complied with this condition through installed noise mitigation measures and operating procedures and restrictions. Additional noise mitigation measures were installed with the construction of ST-7. Petitioner was complying with the noise standards through the installed noise mitigation measures and constrained operating procedures.

On September 24, 2010, Hawai'i Electric Light and the Department of Hawaiian Home Lands (DHHL) agreed to modify the noise standard as set forth in a 2003 Settlement Agreement between the parties, on the northern border (only) of the Keahole Generating Station. The Second Supplement to the Settlement Agreement (SSSA) modifies the permitted noise standards for the normal operation of the Station along the northern border of the Station to be 55 dBA (day time) and 55 dBA (night time). The affected adjacent landowner, DHHL, no longer plans to build a residential development across from the Station and is willing to accept a payment from Hawai'i Electric Light in exchange for a higher night time noise standard. The payment was sent to the DHHL on October 14, 2011.

Hawai'i Electric Light, with DHHL's assistance and cooperation, sought and received the appropriate approvals by the State of Hawai'i Land Use Commission and the County of Hawai'i zoning authorities to allow operations of

the Station consistent with the newly agreed upon noise standard and otherwise consistent with the existing LUC order.

All parties to the original settlement agreement, including the Department of Health (DOH), have signed the SSSA. The new noise standard is consistent with DOH noise rules.

On September 22, 2011, the Land Use Commission approved the Motion for Modification of Condition No. 5 of Docket No. A03-743 as stated in the Second Supplement to the Settlement Agreement. The Order Granting Modification of Condition No. 5 of Docket No. A03-743 was granted on October 3, 2011. The Declaration of Conditions was subsequently recorded on October 7, 2011. Hawai'i Electric Light is operating the Keahole Power Plant in accordance with the noise standards as modified by the SSSA. The revised Condition No. 5 is included below for reference:

5. Noise Mitigation. Petitioner shall install and use noise mitigation equipment, operating procedures, and other measures to meet the 55 dBA (day time) and 45 dBA (night time) Class A Zoning District noise standards for the normal operation of the Keahole Generating Station along the eastern, southern and western boundaries of the Station, and meet a 55 dBA (day time) and 55 dBA (night time) noise standard along the northern boundary of the Station, provided the foregoing requirements shall not apply to occasional and unavoidable noise peaks associated with Keahole Generating Station operations,

emergency operational impacts, construction, startup and testing of generators, and other equipment at the Keahole Generating Station.

6. *Potable Water Rights Transfer. Petitioner shall transfer its excess potable water right commitments for the Project to the DHHL in accordance with the provisions of the Settlement Agreement.*

Completed. As agreed, 90% of Hawai'i Electric Light's incremental potable water commitments were transferred to DHHL in June 2005 via tri-party agreement between Hawai'i Electric Light, DHHL, and DWS.

7. *Transportation. When a roadway connection (concerning access to Queen Ka'ahumanu Highway such as via Reservoir Road) next to the Petition Area at the Kona International Airport entrance becomes necessary as determined by the DOT, Petitioner shall participate in the planning for the roadway in facilitating the connection, including any necessary arrangements for the use of the Keahole Generating Station's two access roads (from Reservoir Road off Queen Ka'ahumanu Highway, and from Pukiawe Street off Kaiminani Drive).*

Petitioner understands its obligation to comply with this condition, when and if triggered. Hawai'i Electric Light has been participating in planning meetings with the State of Hawai'i Department of Transportation regarding the Phase 2 widening of the Queen Ka'ahumanu Highway from Kealekehe Parkway to the Keahole International Airport.

8. *Wastewater Treatment and Disposal Facilities. Petitioner shall provide adequate wastewater treatment, transmission, and disposal facilities, including underground injection wells and groundwater monitoring (including consideration of*

groundwater monitoring wells in the future if deemed by the DOH to be a necessary and appropriate monitoring method to address groundwater issues arising in the operation of the Keahole Generating Station) as determined by the DOH.

Petitioner understands its obligation to comply with this condition.

9. *Previously Unidentified Burial/Archaeological/Historic Sites.*

Without any limitation to any other condition found herein, if any burials or archaeological or historic sites, such as artifacts, marine shell concentrations, charcoal deposits, stone platforms, pavings, and walls not previously identified in studies referred to herein, are discovered during the course of construction of the Project, then all construction activity in the vicinity of the discovery shall stop until the issuance of an archaeological clearance from the SHPD that mitigative measures have been implemented to its satisfaction.

During construction of ST-7, no burial, archaeological or historic sites were found.

10. *Air Quality Monitoring. Petitioner shall participate in an air quality monitoring program as specified by the DOH.*

Petitioner understands its obligation to comply with this condition. No post ST-7 construction air monitoring program was required by DOH.

11. *Drainage Improvements. Petitioner shall fund the design and construction of drainage improvements required as a result of the Project to the satisfaction of appropriate State and County agencies.*

Completed. Hawai'i Electric Light has constructed the drainage improvements that were identified in Hawai'i Electric Light's drainage plans for

ST-7 that were approved by the County of Hawai'i Department of Public Works on April 15, 2008.

12. *Integrated Solid Waste Management Plan. Petitioner shall cooperate with the DOH and County of Hawai'i to bring the operation of the Project into conformity with the program goals and objectives of chapter 342G, HRS, and the County of Hawai'i's approved integrated solid waste management plan in accordance with a schedule and timeframe satisfactory to the DOH.*

Petitioner is complying with this condition. On April 16, 2007, Hawai'i Electric Light's Solid Waste Management Plan for the Keahole Generating Station was approved by the County of Hawai'i Department of Environmental Management.

13. *Water Resources Allocation. Petitioner shall provide adequate potable and non-potable water source, storage, and transmission facilities and improvements to accommodate the Project as approved by appropriate State and County agencies.*

Petitioner is complying with this condition.

14. *Best Management Practices. Petitioner shall implement Best Management Practices ("BMP") to protect surface and groundwater resources on or beneath the Petition Area. The BMP shall be designed to minimize infiltration and runoff from construction and vehicle operations, reduce or eliminate soil erosion and ground water pollution, and effect dust control measures during and after the development process in accordance with the DOH guidelines.*

Petitioner is complying with this condition. On April 2, 2008, Hawai'i Electric Light received from the State of Hawai'i Department of Health the Notice of General Permit Coverage for the construction activity for ST-7.

15. *Water Conservation Measures. Petitioner shall implement water conservation measures and best management practices, such as use of indigenous and drought tolerant plants and turf, and incorporate such measures into the landscape planting.*

Completed in July 2005. The landscaping makes use of indigenous and drought tolerant plants. Irrigation is done during the evening hours to minimize evaporation. Water saving fixtures are used throughout the facility.

16. *Hazardous Materials. Storage and/or disposal of hazardous materials/wastes on the Petition Area shall be in conformance with all applicable DOH and EPA requirements.*

Petitioner is complying with this condition.

17. *Civil Defense. Petitioner shall fund and construct or provide its fair share of adequate civil defense measures serving the Petition Area as required by the State Department of Defense, Office of Civil Defense, and the County Civil Defense Agency.*

Petitioner understands its obligation to comply with this condition.

18. *Compliance with Representations to the Commission. Petitioner shall develop the Petition Area in substantial compliance with the representations made to the Commission. Failure to so develop the Petition Area may result in reversion of the Petition Area to its former classification, or change to a more appropriate classification.*

Petitioner understands its obligation to comply, and has acted consistently, with this condition.

19. *Notice of Change of Ownership.* Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Petition Area, prior to development of the Petition Area.

Petitioner understands its obligation to comply with this condition. There is currently no intent to voluntarily alter the ownership interests in the Petition Area.

20. *Annual Reports.* Petitioner shall timely provide without any prior notice, annual reports to the Commission, OP, and the Planning Department in connection with the status of the Project and Petitioner's progress in complying with the conditions imposed herein. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission.

Petitioner is complying with this condition.

21. *Release of Conditions.* The Commission may fully or partially release the conditions provided herein as to all or any portion of the Petition Area upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.

Petitioner understands its obligation to comply with this condition.

22. *Notice of Imposition of Conditions.* Within seven days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a statement that the Petition Area is subject to

conditions imposed herein by the Commission in the reclassification of the Petition Area; and (b) file a copy of such recorded statement with the Commission.

Completed. Statement recorded with Bureau of Conveyances on 11/10/2005 and copy filed with LUC on 11/28/2005.

23. *Recordation of Conditions. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances pursuant to section 15-15-92, HAR.*

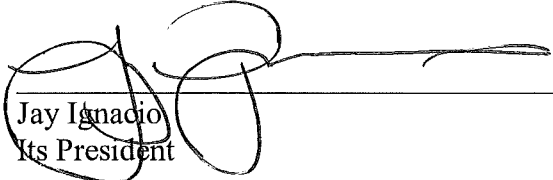
Completed. Conditions recorded with the Bureau of Conveyances on 11/23/2005 and copy filed with LUC on 11/28/2005.

Conclusion

Efforts to maintain compliance with conditions currently in effect shall continue. Efforts to comply with the remaining conditions shall begin when required as part of a permit requirement for construction, or when such conditions otherwise become applicable.

Dated: Honolulu, Hawai'i, November 1, 2013

HAWAI'I ELECTRIC LIGHT COMPANY, INC.
Petitioner

By:  _____
Jay Ignacio
Its President

CERTIFICATION OF SERVICE

I hereby certify that due service of a copy of the within document will be made by depositing the same with the U.S. mail, postage prepaid, within (5) days of the date on this report, addressed to:

JESSE K. SOUKI

BY MAIL

Director

Office of Planning

State of Hawai'i

P.O. Box 2359

Honolulu, Hawai'i 96804-2359

MARY LOU KOBAYASHI

BY MAIL

Planning Program Administrator

Land Use Division

Office of Planning

State of Hawai'i

P.O. Box 2359

Honolulu, Hawai'i 96804-2359

Dated: Honolulu, Hawai'i, November 1, 2013

Jay Ignacio

President

HAWAI'I ELECTRIC LIGHT COMPANY, INC.