

**Kamehameha Schools Motion for Modification, Time Extension, and Release and
Modification of Conditions, LUC Docket No. A87-610**

Written Direct Testimony of Dana K. N. Sato, February 24, 2022

1. **Please state your name and business address for the record.**

Dana K. N. Sato
567 South King Street, Ste. 200
Honolulu, HI 96813

2. **What is your current occupation?**

I am the Director of Leasing and Transactions for Kamehameha Schools (“KS”).

3. **How long have you been in that position?**

Since February of 2021. However, I have been with KS since April of 2003.

4. **Please briefly describe your educational and professional background.**

I earned a BA in Political Science from Gonzaga University. I then earned my JD from William S. Richardson School of Law. I have been licensed to practice law in Hawai‘i since 1989.

I was in private practice until April 2003, working primarily on real property, including residential/condominium/commercial space leasing.

I was Senior Counsel at KS from 2003 to 2015. Again, working primarily in the area of real property, but also commercial space leasing, residential leasing, and agricultural ground leasing. I also focused on KS’ important agricultural lands and renewable energy projects.

I became the KS Director of Asset Management for O‘ahu, Maui, Moloka‘i, and Kaua‘i in 2015. That work involved managing a team of land managers. Our team managed KS’ agricultural, conservation, and residential lands on those islands. In addition, most of KS’ renewable energy projects are managed by that Asset Management Team.

I also have a Real Estate Salesperson license, which is in inactive status.

5. **Please explain your current role, as Director of Leasing and Transactions for Kamehameha Schools?**

As the Director of Leasing and Transactions, I manage a team that facilitates the development, implementation, and documentation of real estate transactions for all of KS’ agricultural and conservation leases, selected residential and commercial mixed-use lease agreements, residential sales, easements and other short term use agreements.

I have been actively involved in our renewable energy projects in Waiawa except for a five month period (from August 1, 2021 and through January 15, 2022), where Kamuela Cobb-Adams stepped in to work on this project to help balance my workload.

6. **Are you familiar with Motion for Modification, Time Extension, and Release and Modification of Conditions that was filed with the LUC on December 10, 2021?**

Yes. I reviewed that Motion and the exhibits before it was filed. We are requesting some modifications to the Commission's 2014 Decision and Order, primarily so that Waiawa Phase 2 Solar, LLC can move forward with a solar farm in the same location that the Commission already approved in 2014. We are calling this area the Phase 1 Site.

7. **Did you provide the affidavit that got filed with that Motion?**

No. Kamuela Cobb-Adams, who was our Senior Director of Integrated Asset Management, provided that affidavit. As I mentioned earlier, Kamuela had stepped in to work on this project to help balance my workload with my new team and a number of new projects. However, he and I met regularly to discuss the status of this project as he sought my mana'o on the project because I had worked on this project as well as the Phase 2 project since 2015.

8. **Is this the first KS Motion before the State Land Use Commission that you have been involved in?**

No. I was closely involved in the 2019/2020 proceedings where we sought an amendment to the 2014 Decision and Order that this Commission issued. To clarify, on November 26, 2014, the Commission issued a Decision and Order authorizing KS to have solar farms within approximately 655 acres of our larger 1,395-acre Urban District property at Waiawa (the "**Petition Area**").

The Commission's approval in 2014 covered two large sites:

(1) the Phase 1 Site, consisting of approximately 387 acres in the northwestern portion of the Petition Area; and

(2) the Phase 2 Site, consisting of approximately 268 acres in the eastern portion of the Petition Area.

The current proceedings are regarding the Phase 1 Site. The proceedings in 2019/2020 addressed the Phase 2 Site.

9. **What decisions did the Commission make in those 2019/2020 proceedings?**

The Commission approved our request to modify its 2014 Decision and Order to allow the Phase 2 Site to be developed as a solar farm. The Commission's original decision, in 2014, allowed both the Phase 1 and Phase 2 Sites to be in solar farm uses until November

2049. Unfortunately, that original solar farm developer faced significant regulatory and financial difficulties and could not perform.

Luckily for KS and for the State's renewable energy goals, we were able to find another solar developer, Waiawa Solar Power, LLC, which is a subsidiary of Clearway Energy Group LLC. They wanted to use the Phase 2 Site for renewable energy until December 31, 2059. The Commission approved that request, with the requirement that Waiawa Solar Power, LLC show that it has an approved Power Purchase Agreement and a ground lease from KS by November 26, 2049.

I testified to the Commission in November 2019 that KS anticipated returning to the Commission to seek whatever approvals necessary for the updated solar farm for the Phase 1 Site. Our pending Motion seeks to do just that.

10. **Is the Phase 1 Site solar farm exactly what the Commission already approved in 2014? If so, why did you bother to file a Motion with the Commission?**

The Phase 1 Site solar farm is very similar to what the Commission approved in 2014. However, a portion of the Phase 1 Site solar farm will be decommissioned earlier than the timeframe approved by the Commission in 2014. Exhibit 2 depicts the KS Petition Area and the two solar farm areas (the Phase 1 Site and the Phase 2 Site). Exhibit 2 also depicts the locations of Parcel A and Parcel B within the Phase 1 Site.

Within the Phase 1 Site, the area we designated as "Parcel A" will be decommissioned no later than December 31, 2044. That's actually a few years earlier than what the Commission approved in 2014 (the Commission authorized this site to be in solar farm uses until November 2049).

However, for the area within the Phase 1 Site that we have designated as "Parcel B", we would like to have the solar energy facility in place somewhat longer. We want that fully decommissioned by December 31, 2054. That is five years longer than what the Commission approved in 2014.

KS filed the pending Motion to get approval for that slightly longer timeframe. Through the Motion we also requested that the Commission release and modify conditions from the 2014 Decision and Order.

The Commission granted the 2014 Decision and Order with 16 conditions. Two of those have been fully satisfied, so we are requesting their release. Eight of those conditions, we believe, require slight modifications, so we requested those through the Motion.

Of course, we also wanted to keep the Commission informed about the solar farm itself, so that we would continue to comply with our representations to the Commission, and the pending Motion provides that information to the Commission.

11. **The KS Motion was served on 19 entities. Why so many?**

My understanding, under the Commission’s Administrative Rules, is that in filing a Motion to Amend we must serve copies of that Motion on all parties that were involved in the boundary amendment proceedings and to any person with a recorded property interest in the Petition Area.

Therefore, we prepared that extensive list of service parties based upon title reports that were prepared in connection with our 2014 proceedings before the Commission. Our analysis of those reports is provided as Exhibit 12, which analysis was confirmed upon our review of updated title reports for any newly recorded property interests. Other than the Memorandum of Agreement to Grant Easement and Memorandum of Grant of Easement (Solar Energy), by and between KS and Waiawa Solar Power, LLC, for the Phase 2 Site, recorded in the Bureau of Conveyances of the State of Hawaii on July 19, 2019 as Regular System Document No. A-71390768, no other interests have been recorded against the Petition Area since the title reports were issued.

12. **Please provide a summary of your understanding of the Phase 1 Site solar farm.**

The solar farm is a 30 MW alternating current (AC)/60 MW direct current (DC) solar photovoltaic system, coupled with a 240 MW-hour battery energy storage system. The solar photovoltaic system includes a series of solar modules mounted on single-axis trackers that rotate on a fixed axis from east to west as the sun moves across the sky. The battery energy storage system would include a series of battery units, which would be housed in containers distributed throughout the site. The battery units would be installed on concrete pads (also referred to as “power conversion stations”), along with other equipment including inverters, transformers and communication equipment.

The project also includes a substation with control cabinets, step-up transformers, an operations and maintenance structure, and other ancillary interconnection equipment. Two 46 kV overhead lines will deliver power from the substation to the existing Waiawa-Mililani and Waiawa-Waimano 46 kV sub-transmission lines, which are generally parallel to the H-2 Freeway. The project components will be enclosed by fencing that will be about 7 feet high.

The Phase 1 Site solar farm developer, Waiawa Phase 2 Solar, LLC, is a wholly owned indirect subsidiary of The AES Corporation. Waiawa Phase 2 Solar, LLC’s Power Purchase Agreement (“PPA”) with Hawaiian Electric Company, Inc. was approved by the Public Utilities Commission approved that PPA in December of 2020.

13. **Why do Exhibits 2 and 13 show two different areas for this solar farm?**

There are two distinct project areas for this solar farm because one of the sites will be decommissioned 10 years earlier than the other site. Parcel A, which is about 151 acres, will be fully decommissioned no later than December 31, 2044. Parcel B, which is about

236 acres, will be fully decommissioned no later than December 31, 2054. The relationship of Parcel A and Parcel B to the overall Petition Area is shown in Exhibit 2. Exhibit 13 provides the conceptual layout of the project components within the two parcels.

14. **If Parcel A is going to be fully decommissioned by the end of 2044, where will the new substation be put?**

Prior to the expiration of the current PPA, Waiawa Phase 2 Solar, LLC will seek an extension of the PPA for Parcel B, or a new PPA for Parcel B. A new or extended PPA for Parcel B would take into account some area for a substation and interconnection facilities, and that would be factored into the Parcel B concept at that time. The substation within Parcel A will be removed by December 31, 2044.

15. **Why are there two different timeframes for decommissioning of this solar farm?**

So that this very important solar energy farm does not interfere with KS' plans for development of the larger Waiawa Master Plan.

16. **Please explain what you mean.**

KS has plans that cover approximately 2,010 acres in this area, which includes the 1,395-acre Petition Area. Our Waiawa Master Plan includes the 1,395 Urban District acres that are subject to the Commission's jurisdiction in this Docket. The solar farms are located within these Urban District lands.

The Waiawa Master Plan also includes 476 acres that are adjacent to the Urban District land, and are currently in the Agricultural District (and that we hope to reclassify). The Master Plan also includes approximately 139 acres that are in the Agricultural District that we intend to retain in the Agricultural District.

We submitted a Revised Master Plan and Schedule for Development to the Commission on October 7, 2019. That package set forth our vision for the Waiawa Master Plan. We identified five phases of development (Phases A-E), which are depicted on the exhibits we filed with the Master Plan submittal. Exhibits 37 and 38 filed with the present Motion are copies of Exhibits 1 and 3 from our 2019 Master Plan submittal.

Exhibit 37 (Exhibit 1 of the 2019 Master Plan submittal) shows the approximate location of the five phases of the Master Plan. Development will start from the south of the property and move north from Phase A through E. As shown on Exhibit 37, Phase A is at the south of the KS property, and Phase E is at the north, and largely outside of the Petition Area.

A portion of the Phase 1 Site solar farm is within Phase C. This is well depicted on Exhibit 38 (Exhibit 3 of the 2019 Master Plan submittal). The portion of the solar farm that is within Phase C of the Master Plan is the area we designated as Parcel A. Compare

Exhibit 37, and Exhibit 38. Please also see Exhibit 2, that we filed with our Motion, showing Parcel A and Parcel B.

Consistent with what we told the Commission at the end of 2019, and what my colleague Walter Thoemmes presented to the Commission in January 2020, solar uses in that area must be gone by the end of 2044. That is so that Master Plan Phase C can move forward.

Parcel B of the solar farm is within Phase D and a portion of Phase E of the Waiawa Master Plan. Compare Exhibit 37, and Exhibit 38. Infrastructure development for Phase D of the Master Plan is planned for 2060, and 2066 for Phase E. Therefore, the currently proposed solar farm, which must be decommissioned by the end of 2054, will not impede KS's Master Plan efforts.

17. **Why is renewable energy important to the State of Hawai'i?**

Today, imported oil supplies nearly all of Hawai'i's energy, making it the most oil-dependent state in the U.S. According to the Hawaii State Energy Office, Hawai'i imports its crude oil primarily from Russia, Libya, Argentina, and South Sudan. That makes Hawaii vulnerable to disruptions in the energy markets. This project will lessen our dependence on imported oil. It is estimated to avoid the need for 2,908,097 barrels of oil over the term of the PPA. It will also help Hawaii meet its renewable energy goals.

Act 97, passed in 2015 (in other words, after the Commission approved the solar farms in November 2014), set a goal of Hawai'i achieving the nation's first-ever 100% renewable portfolio standards by the year 2045. In 2020, only 30.5% of O'ahu's electricity was generated by renewable energy. We have a long way to go to meet the 100% renewable energy goal.

I also note that Act 15 passed in 2018 set a goal for Hawai'i to become carbon neutral as quickly as practicable, and no later than 2045. Solar farm projects will help the State achieve these goals.

18. **Why is renewable energy important to KS?**

KS is a trust, with a vision that extends into perpetuity. It is not limited by a set number of years. Renewable energy has not only an environmental benefit, but financial and educational benefits as well.

KS is always looking for ways to maximize its financial return on KS properties in a way that is consistent with KS's values and that allows KS to retain a financial endowment that will last for future generations. Renewable energy provides a secure and growing revenue source for KS so that future generations can have at least the same educational benefits as are provided to today's generation.

Everything that we do must ultimately come back to achieving our goal of providing education to native Hawaiians and others. On December 31, 2021, KS issued its 2021 Annual Report. A copy of which was filed as Exhibit 39. KS provided 42,599 learner experiences through its campuses, preschools, community education, community investing and scholarships between July 1, 2020 and June 30, 2021, all during the height of the pandemic. KS invested \$438 million in education, which included \$191.9 million on K-12 learners, \$39.4 million on preschools, \$27.4 million on financial aid, and \$28.2 million on scholarships.

Additionally, our agreement with the solar farm developer, Waiawa Phase 2 Solar, LLC, requires them to work with KS to establish educational programs for Hawai'i students and teachers. The developer is obligated to provide up to \$200,000 in funding for these educational programs. Actual program activities will be jointly agreed upon between KS and Waiawa Phase 2 Solar, LLC.

The Petition Area is in the Urban District and is therefore very important to KS. Because we plan in perpetuity and not based on quick financial returns or demands of shareholders, we can take the time to properly plan and see this land developed in a way that is truly beneficial to the community. Renewable energy gives us an opportunity to generate a degree of financial return on the land while we pursue long-term development goals. It also offers a low impact use of the property that has a beneficial impact to the State's renewable energy goals.

19. **What are Waiawa Phase 2 Solar, LLC decommissioning obligations?**

Waiawa Phase 2 Solar, LLC is required to fully decommission the project within 12 months of the expiration of solar farm operations. That means removal of all above-ground structures from the property such as photovoltaic panels, transformers, substation infrastructure, energy storage facilities and foundations and all below-ground structures. Any materials then known to be harmful to the environment or health must be completely removed from the property in their entirety. Decommissioning also includes all road reclamation, re-seeding and re-planting, as applicable and appropriate at the time of decommissioning. Waiawa Phase 2 Solar, LLC is also required to provide KS with decommissioning security in the amount of 100% of the estimated costs of the work.

20. **Does KS' agreement with Waiawa Phase 2 Solar, LLC require them to decommission in a manner consistent with how the Office of Planning and Sustainable Development recommends that the Commission modify its 2014 condition regarding decommissioning?**

Yes. Moreover, the agreement between Waiawa Phase 2 Solar, LLC and KS requires Waiawa Phase 2 Solar, LLC to comply with all laws and regulatory approvals.

21. **What is the status of KS' compliance with the conditions of approval under the original Waiawa Order?**

KS is in compliance with the ten conditions of approval imposed under the original Waiawa Order.

22. **Is KS in compliance with the conditions of approval under the 2014 Order?**

Yes. The Commission imposed 16 conditions under the 2014 Decision and Order. We are in compliance with those conditions, several of which are ongoing obligations.

We have satisfied two of those conditions, and therefore request that the Commission release those.

We also request that the Commission modify eight of those 2014 conditions, primarily to reflect updated information, and to update the authorized development period for this Phase 1 Site solar farm.

23. **What conditions from the 2014 Decision and Order has KS satisfied?**

Conditions 1 and 9.

Condition 1 from 2014 required KS to “submit to the Commission a revised master plan and schedule for development for the approximately 1,395-acre Petition Area within five (5) years from the date of the Commission’s issuance of an order approving the Motion to Amend.” We filed our Revised Master Plan and Schedule for Development, with Appendices A (list of KS’ due diligence efforts), B (list of KS’ community outreach efforts), and C (KS’ master development schedule) to the Commission on October 7, 2019. I also note that on January 9, 2020, my colleague Walter Thoemmes presented the Master Plan to the Commission and submitted a PowerPoint presentation articulating KS’ vision for Waiawa, and estimated timeframe for the development of its Master Plan.

Condition 9 from 2014 required KS to provide a metes and bounds map and description of the Phase 1 Site and the Phase 2 Site by November 26, 2015. This was satisfied by a submittal our counsel made to the Commission on October 2, 2015.

24. **What conditions from the 2014 Decision and Order does KS want to modify?**

Conditions 3 - 8, 10, and 11. Primarily to reflect the timeframe of this Phase 1 Site solar farm and the fact that this project is being developed separately from the solar farm at the Phase 2 Site. Other modifications are to reflect updates to the record. I point to Table 1 of our pending Motion, on pages 9-23 of the Motion, for the modifications we propose to the relevant conditions from 2014.

However, in consultation with the Office of Planning and Sustainable Development we have agreed to some further modifications to those conditions. Exhibit 40 shows those conditions.

25. **What is KS asking from the Land Use Commission under this current Motion?**
KS respectfully asks that this Commission modify the 2014 Decision and Order to expressly authorize the use of the identified portions of the Petition Area for the solar farm to be developed by Waiawa Phase 2 Solar, LLC. Within Parcel A, the solar farm would be decommissioned by December 31, 2044. Within Parcel B, the solar farm would be decommissioned no later than December 31, 2054.

We also respectfully request that the Commission release two conditions it imposed under the 2014 Decision and Order because they have been fully satisfied, and approve this Motion subject to the conditions presented on Exhibit 40, which conditions have been agreed to between KS and the Office of Planning and Sustainable Development.

DATED: Honolulu, Hawaii, February 24, 2022.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Dana K. N. Sato", is written over a horizontal line.

DANA K. N. SATO