



**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

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IN REPLY REFER TO:

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

**OAHU**

ISSUANCE OF A CONSTRUCTION RIGHT-OF-ENTRY, GRANT OF EASEMENT (PERPETUAL, NON-EXCLUSIVE), AND ISSUANCE OF LEASE BY DIRECT NEGOTIATION, TO HAWAIIAN ELECTRIC COMPANY, INC., FOR THE INSTALLATION AND OPERATION OF NEW UTILITY LINES AND RELATED FACILITIES NEEDED TO SERVICE THE KAPALAMA CONTAINER TERMINAL, HONOLULU HARBOR, OAHU, TAX MAP KEY NO. (1) 1-2-025:002, 011 (P).

**LEGAL REFERENCE:**

Sections: 171-6, 171-7, 171-11, 171-13, 171-17, 171-35, 171-55, and 171-95, Hawaii Revised Statutes (HRS), as amended.

**APPLICANT:**

Hawaiian Electric Company, Inc. (Applicant) is a domestic profit corporation whose mailing address is P.O. Box 2750, Honolulu, Hawaii 96840.

**CHARACTER OF USE:**

To allow Applicant and its permitted agents (assignees, contractors, sub-contractors and agents) the right to enter upon and take possession of the premises to: a) construct, reconstruct, operate, maintain, repair, and remove overhead and/or underground wire lines, and manholes and such appliances and equipment as may be necessary for the transmission and distribution of electricity and/or communication, including all service lines emanating from the main trunk line, to be used for light and power and/or communications and control circuits, including without limiting the generality of the foregoing; b) easements for overhead and subsurface lines; c) to allow applicant and its permitted agents the right to enter upon and take possession of the premises to construct, reconstruct, operate, maintain, repair, and remove an electric substation facility, and; d) together with, the right from time to time, and at all reasonable times to enter upon the areas for the above-mentioned purposes and maintenance thereof, and, also, the right of ingress, egress, and regress over all the Department of Transportation, Harbors Division (DOT Harbors) roads leading to the areas.

**LOCATION:**

The portion of Government lands situated on Honolulu Harbor, Tax Map Key No. (1) 1-2-025:002, 011 (P), as shown on the attached Exhibits A, B, and C. As stated below, a portion of said lands have been set aside to the State of Hawaii, Department of Transportation (DOT) by Executive Order Nos. 3947 and 4574.

**AREA: See Attached Exhibit A, B, and C**

Area	Description	Type	Approx. Sq. Ft.
1	Auiki Substation Facility (Lease)	Paved Improved Land	29,925
2	46kV Overhead Alignment	Non-Exclusive Utility Easement	25,000
3	46kV Underground Duct line	Non-Exclusive Utility Easement	1,580
4	CSS Overhead & Underground Lines	Non-Exclusive Utility Easement	1,520

**TERM AND CONSIDERATION:**

Utility Easements, (Perpetual, Non-Exclusive), one-time payment determined by independent appraisal - Pursuant to Section 171-17, HRS.

General Lease, sixty-five (65)-year term issued by direct negotiation and determined by independent appraisal – Pursuant to Sections 171-17 and 171-95, HRS.

**ZONING:**

State Land Use Commission: Urban  
City and County of Honolulu: I-3 Waterfront Industrial

**TERM OF CONSTRUCTION RIGHT-OF-ENTRY:**

Until the construction, reconstruction, operation, maintenance, repair and removal of overhead and underground wire lines, and manholes and such appliances and equipment as may be necessary for the transmission and distribution of electricity and/or communication improvements are complete, and the execution of the Grant of Easement and the Lease.

**COMMENCEMENT DATE:**

Upon approval by the Board of Land and Natural Resources and as determined by the Director of Transportation.

**CURRENT USE STATUS:**

Land encumbered under Governor's Executive Order Nos. 3947 and 4574, dated September 24, 2002 and December 7, 2018, setting aside land for harbor and related purposes to be under the control of the DOT.

**LAND TITLE STATUS:**

Owned by the State of Hawaii; management and control of the property was transferred to the DOT by Executive Order Nos. 3947 and 4574.

**TRUST LAND STATUS:**

Land acquired after Statehood (non-ceded).

**CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:**

A Final Environmental Impact Statement, of the Kapalama Container Terminal and Tenant Relocations, Honolulu, Harbor, Oahu: (Published November 8, 2014).

The DOT Harbors submitted its publication request of this action to the OEQC for publication, which was published on February 8, 2020. Action is also exempt from Office of Environmental Quality Control (OEQC) requirements pursuant to Sub-Chapter 11-200.1, Hawaii Administrative Rules, which exempts the following:

Exemption Type 3(D): “(3) Construction and location of single, new, small facilities or structures and the alteration and modification of the facilities or structures and installation of new, small equipment or facilities and the alteration and modification of the equipment or facilities, including, but not limited to: (D) Water, sewage, electrical, gas, telephone, and other essential public utility services extensions to serve such structures or facilities; accessory or appurtenant structures including garages, carports, patios, swimming pools, and fences; and, acquisition of utility easements.

**APPLICANT REQUIREMENTS:**

The Applicant shall:

1. Ensure that their contractors and sub-contractors, shall obtain the following insurance during the term of the Construction Right-of-Entry and include the DOT Harbors, as an additional insured:
  - (a) Bodily injury or property damage caused by Applicant's or its permitted agent's negligence in the form of a general liability insurance policy with a combined single limit of not less than \$1,000,000.00 for bodily injury and damage to property per occurrence, and \$2,000,000 in the aggregate.
  - (b) Automobile insurance for any vehicles used to access and are on the Premises with a minimum limit of not less than \$1,000,000.00 per occurrence.
  - (c) All insurance required to be maintained by Applicant and its permitted agents hereunder shall be pursuant to policies in form and substance consistent with policies of a similar type issued to businesses similar to Applicant and its permitted agents and issued by companies of sound and adequate financial responsibility, who are allowed to do business in the State of Hawaii, all as reasonably satisfactory to the State.
  - (d) The Applicant shall include the State as an additional insured on the policies or provide other assurances, reasonably acceptable to the State, that Applicant's insurance policies shall be primary, not in excess of or pro-rata and noncontributing as to and with any other insurance held or maintained by the State, for any injury or claim arising on the Premises due to Applicant's negligence or the negligence of its permitted agents. The "State" shall include the State's officers and employees acting within the scope of their duties.
  - (e) The Applicant shall provide proof of all required insurance to the State either by the production of an insurance certificate or some other written form reasonably acceptable to the State.
2. Use due care for public safety and agrees to defend, hold harmless, and indemnify the State, its officers, agents, and employees, or any person acting for and, on its behalf, from and against all claims or demands for damage, including claims for property damage, personal injury, or death, arising on, about or in connections with the exercise of the rights and privileges herein

granted, caused directly or approximately by any failure on the part of the Applicant in its use of the premises.

3. Take all necessary steps to ensure that any of its work involving the premises will not cause any permanent damage to property or improvements situated on, adjacent to, or near the Premise.
4. Take all necessary steps to ensure that the work done on the premises does not interfere with any of the operational activities of any adjacent property owners.
5. Coordinate all activities with Staff of the DOT Harbors.
6. At all times during the term of Construction Right-of-Entry, comply with all applicable laws, statutes, ordinances, rules, and regulations, whether State, County, or Federal, which are now or hereafter may be in effect.
7. Adhere to other terms and conditions as may be prescribed by the Director of Transportation.

**REMARKS:**

The DOT Harbors is developing a new 94-acre container terminal and adding 2,886 linear feet of pier space to receive overseas cargo and for the trans-shipment of cargo to the neighbor islands (See Final Environmental Impact Statement, Kapalama Container Terminal and Tenant Relocations, Honolulu, Harbor, Oahu: Published November 8, 2014).

Phase I that involves the construction of the Kapalama Container Terminal (KCT) cargo yard has been completed during the fall of 2020. Phase II began in January 2021 to construct the pier structure on which gantry cranes will be erected during 2023 or early 2024. The use of the premise by Hawaiian Electric Company is to supply power to the gantry cranes, high mast yard lights, operations tower, maintenance facility, RFID readers, and power supply to refrigerator containers from a new electrical substation. The scope of the Applicant's work as described above in the "Character of Use" is part of the Kapalama Container Terminal and Tenant Relocations project. The Lease and associated Easements will locate new electrical facilities within the KCT and thus provide power and communication services for the future development of the container yard.

The Applicant's project is also necessary to address reliability and safety risks associated with the forecasted overload on its distribution system in the Kalihi Kai and Palama area. Additionally, the project has been approved by the Hawaii Public Utilities Commission. The Substation footprint is located within KCT. The project is planned to

initially service KCT and, depending on the actual demand, may provide power to offsite uses as additional loads materialize. The initial phase of the project consists of two transformers, overhead and underground transmission and distribution lines of 46 kV, and 11.5 kV circuits and various equipment. In the future and depending on demand, the applicant may install up to two additional transformers within the same substation footprint.

The DOT Harbors requests approval that the effective date of rent for the premises be the first day of the month after the Applicant issues its first utility bill to the requestor of the utility service, that is not the DOT Harbors. Applicant's construction is dependent on the date DOT Harbors completes its Phase II KCT construction (projected between the summer of 2023 or spring of 2024), the date when DOT Harbors tenant (Hawaii Stevedores, Inc.) completes their improvements – including gantry cranes, and the time required to test, calibrate, and acceptance of the tenant improvements to ensure safety to the power grid.

As a public utility, the Applicant requires timely information of its rents to be included in any rate case before the Hawaii Public Utilities Commission. In lieu of rental reopening periods, the Applicant and DOT Harbors have agreed to negotiate a sixty-five (65) year Lease with fixed percentage step-ups of three (3%) percent a year, or fifteen (15%) percent times the current rent effective the 6<sup>th</sup> year, 11<sup>th</sup> year, 16<sup>th</sup> year, 21<sup>st</sup> year, and 26<sup>th</sup> year. The rent reopening period is to occur during the 30<sup>th</sup> year and 50<sup>th</sup> year established pursuant to Section 171-17(d), HRS, as amended. Fixed rent shall be fixed percentage step ups of three (3%) percent a year, or fifteen (15%) percent times the current rent effective the 36<sup>th</sup> year, 41<sup>st</sup> year, and 46<sup>th</sup> year. The rental reopening period is to occur during the 50<sup>th</sup> year established pursuant to Section 171-17(d), HRS, as amended. Fixed rent shall be a fixed percentage step up of three (3%) percent a year, or fifteen (15%) percent times the current rent effective the 56<sup>th</sup> year and 60<sup>th</sup> year.

**RECOMMENDATION:**


That the Board authorizes the issuance of a Construction Right-of-Entry, Grant of Easement (Perpetual, Non-Exclusive), and issuance of Lease by direct negotiation to Applicant to service Kapalama Container Terminal, Honolulu Harbor, Oahu, Tax Map Key No. (1) 1-2-025: Portions of 002 and 011, subject to the terms and conditions outlined above and incorporated herein by reference, and such terms and conditions as may be prescribed by the Director of Transportation; effective the date of the Board's approval.

Respectfully submitted,



JADE T. BUTAY  
Director of Transportation

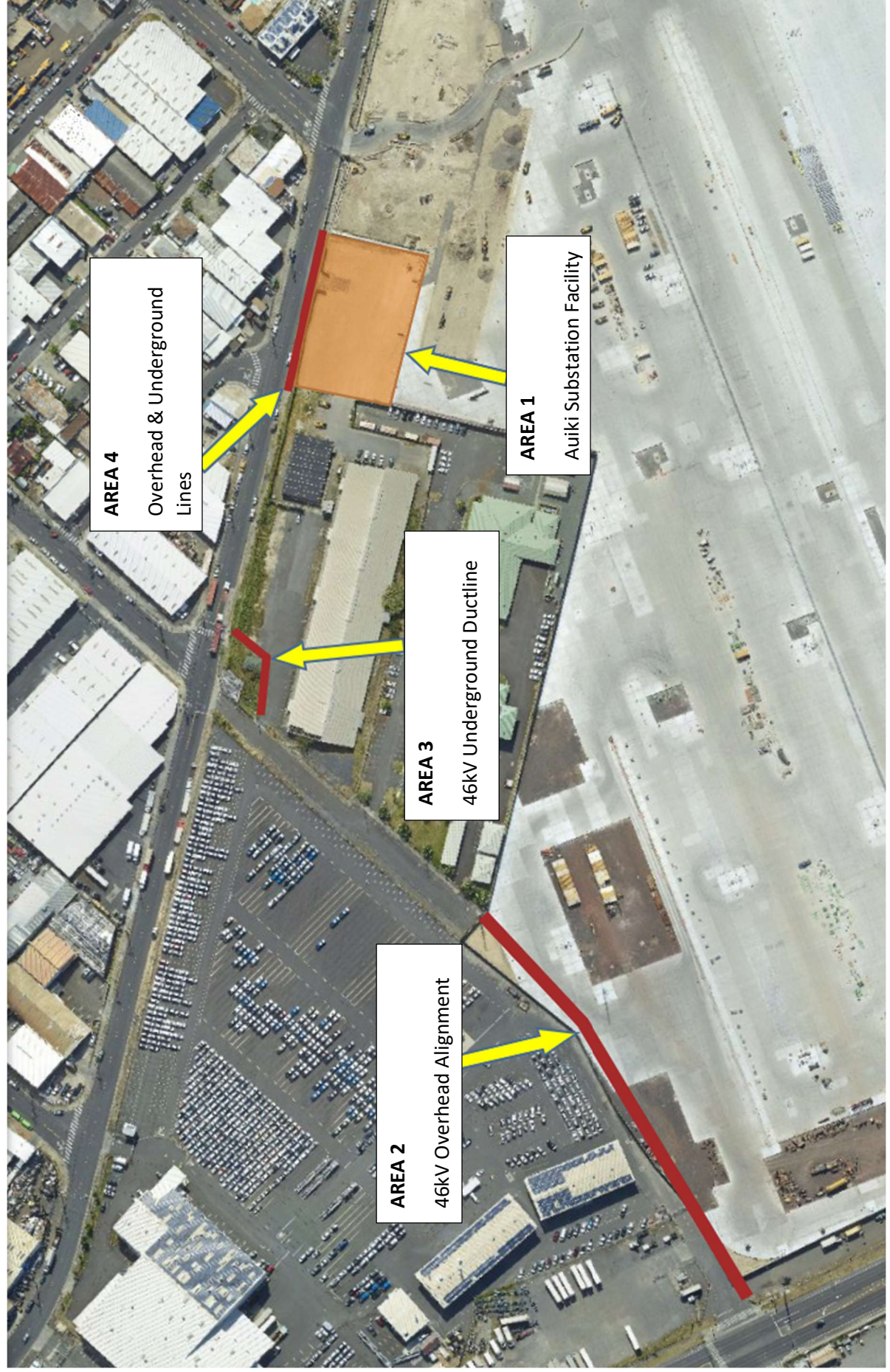
APPROVED FOR SUBMITTAL:



SUZANNE D. CASE  
Chairperson and Member  
Board of Land and Natural Resources

Attachments: Exhibits A, B, and C







**EXHIBIT B**

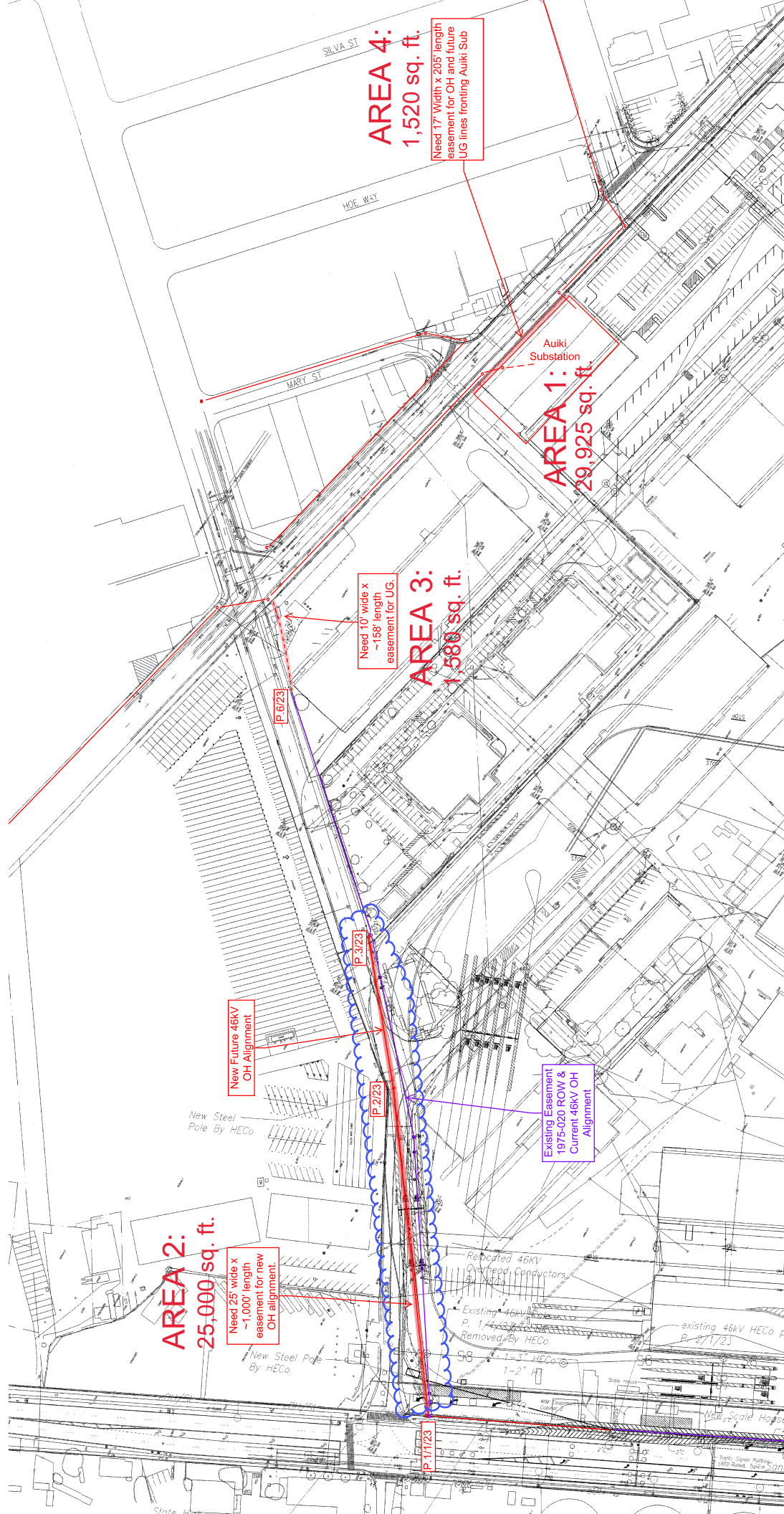


EXHIBIT C

AREA 4:  
25' x 20'  
10' x 17'  
25' x 17'  
25' x 17'  
TOTAL: 1,520 sq. ft.

CONTROL/COMM CONDUIT SCHEDULE			
DUCT SIZE	TYPE	FROM	TO
1 2'	CONTROL	MOTOR OPERATOR S1	AUTO-TRANSFER JUNCTION BOX #1
2 2'	CONTROL	MOTOR OPERATOR S2	AUTO-TRANSFER JUNCTION BOX #1
3 2'	CONTROL	AUTO-TRANSFER JUNCTION BOX #1	FUT. AUTO-TRANSFER JUNCTION BOX #2 (STUB & CAP)
4 2'	CONTROL	AUTO-TRANSFER JUNCTION BOX #1	FUT. AUTO-TRANSFER JUNCTION BOX #2 (STUB & CAP)
5 2'	CONTROL	AUTO-TRANSFER JUNCTION BOX #1	BATTERY CABINET #1
6 2'	CONTROL	SWITCHGEAR #1	AUTO-TRANSFER JUNCTION BOX #1
7 2'	CONTROL	SWITCHGEAR #1	AUTO-TRANSFER JUNCTION BOX #1
8 2'	CONTROL	SWITCHGEAR #1	BATTERY CABINET #1
9 2'	CONTROL	SWITCHGEAR #1	SWITCHGEAR #2
10 2'	PWR/COMM	SWITCHGEAR #1 EXT. CONTROL J-BOX	3'X5' HANDHOLE #1
11 12'	COMM	SWITCHGEAR #1 EXT. COMM. J-BOX	3'X5' HANDHOLE #1
12 2'	COMM	SWITCHGEAR #1 EXT. COMM. J-BOX	SWITCHGEAR #2 EXT. COMM. J-BOX
13 2'	COMM	SWITCHGEAR #1 EXT. COMM. J-BOX	FUT. SWITCHGEAR #3 EXT. COMM. J-BOX (STUB & CAP)
14 2'	COMM	SWITCHGEAR #1 EXT. COMM. J-BOX	FUT. SWITCHGEAR #4 EXT. COMM. J-BOX (STUB & CAP)
15 2'	CONTROL	SWITCHGEAR #1	FUTURE (STUB & CAP)
16 2'	CONTROL	SWITCHGEAR #1	FUTURE (STUB & CAP)
17 2'	SECURITY	SWITCHGEAR #1	SECURITY CABINET
18 2'	CONTROL	SWITCHGEAR #2	AUTO-TRANSFER JUNCTION BOX #1
19 2'	CONTROL	SWITCHGEAR #2	AUTO-TRANSFER JUNCTION BOX #1
20 2'	CONTROL	SWITCHGEAR #2	BATTERY CABINET #1
21 2'	PWR/COMM	SWITCHGEAR #2 EXT. CONTROL J-BOX	3'X5' HANDHOLE #1
22 2'	COMM	SWITCHGEAR #2 EXT. COMM. J-BOX	3'X5' HANDHOLE #1
23 2'	COMM	SWITCHGEAR #2 EXT. COMM. J-BOX	FUT. SWITCHGEAR #3 EXT. COMM. J-BOX (STUB & CAP)
24 2'	COMM	BATTERY CABINET #1	3'X5' HANDHOLE #1
25 2'	CONTROL	SWITCHGEAR #2	FUTURE (STUB & CAP)
26 2'	CONTROL	SWITCHGEAR #2	FUTURE (STUB & CAP)
27 2'	CONTROL	SWITCHGEAR #2	FUTURE (STUB & CAP)
28 2'	COMM	3'X5' HANDHOLE #1	COMM. CABINET
29 2'	COMM	3'X5' HANDHOLE #1	COMM. CABINET
30 2'	COMM	3'X5' HANDHOLE #1	COMM. CABINET
31 2'	COMM	3'X5' HANDHOLE #1	COMM. CABINET
32 2'	COMM	COMM. CABINET	2'X4' HANDHOLE #2
33 2'	COMM	COMM. CABINET	2'X4' HANDHOLE #2
34 2'	COMM	2'X4' HANDHOLE #2	HALAWA #3 POLE P.2/6
35 2'	COMM	2'X4' HANDHOLE #2	HALAWA #3 POLE P.2/6
36 2'	SECURITY	SECURITY CABINET	PERIMETER FENCE SECURITY (STUB & CAP)
37 2'	SECURITY	SECURITY CABINET	PERIMETER FENCE SECURITY (STUB & CAP)

POWER DUCT SCHEDULE			
DUCT	SIZE	TYPE	FROM TO
1P,2P,3P,4P	5"	POWER SWITCHGEAR #1	MH-35-S15
5P,6P,7P,8P	5"	POWER SWITCHGEAR #2	MH-35-S14
9P,10P,11P,12P	5"	POWER MH-35-S15	MH-35-S14
13P,14P,15P,16P	5"	POWER MH-35-S14	TO CUSTOMER
17P,18P,19P,20P	5"	POWER MH-35-S14	FUTURE (STUB & CAP)
21P,22P	5"	POWER MH-35-S15	FUTURE (STUB & CAP)
23P,24P,25P,26P	5"	POWER MH-35-S15	FUTURE (STUB & CAP)
27P,28P	5"	POWER MH-35-S15	FUTURE (STUB & CAP)
29P,30P,31P,32P	5"	POWER IWILEI #1 46KV UG	MH-69
33P,34P,35P,36P	5"	POWER MH-69	46KV RISER POLE
37P,38P,39P,40P	5"	POWER FUTURE 46KV UG	MH-69A
41P,42P,43P,44P	5"	POWER MH-69A	FUTURE (STUB & CAP)

REFERENCE DRAWINGS:

730624	FENCING PLAN
730627	CSS - DUCT SECTIONS, HANDHOLE/MANHOLE DEVELOPMENT DETAILS & MISC. DETAILS
730628	CSS - UNIT SUB CONDUIT LAYOUT
730629	FOUNDATION PLAN
730632	STRUCTURE PLAN

AUKI SUBSTATION		ISSUED FOR CONSTRUCTION	REVISED	NO.	DATE	BY	CHK'D	APP'D
HAWAIIAN ELECTRIC CO., INC. ENGINEERING DEPT.		730626						
RECD DWG. or P.D. NO.		REV.						
730626		1						
TYPE OF REVIEW								
<input type="checkbox"/> Preliminary, submit final copy								
<input type="checkbox"/> Review as noted & resubmit for review								
<input type="checkbox"/> Review as noted & submit final copy								
<input type="checkbox"/> Final Review								
<input type="checkbox"/> Approved								
Reviewed By:		Date						
Reviewed	M	E	CSA					
Hawaii Electric Company's review shall be no way taken as a guarantee of responsibility for any errors or omissions in this drawing or for any other work performed by the company or its employees.								

*PRELIMINARY* FOR REVIEW ONLY	
REV.	DESCRIPTION
A	5/24/2014 ISSUED FOR FIRST REVIEW
B	9/6/2014 ISSUED FOR SECOND REVIEW

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