



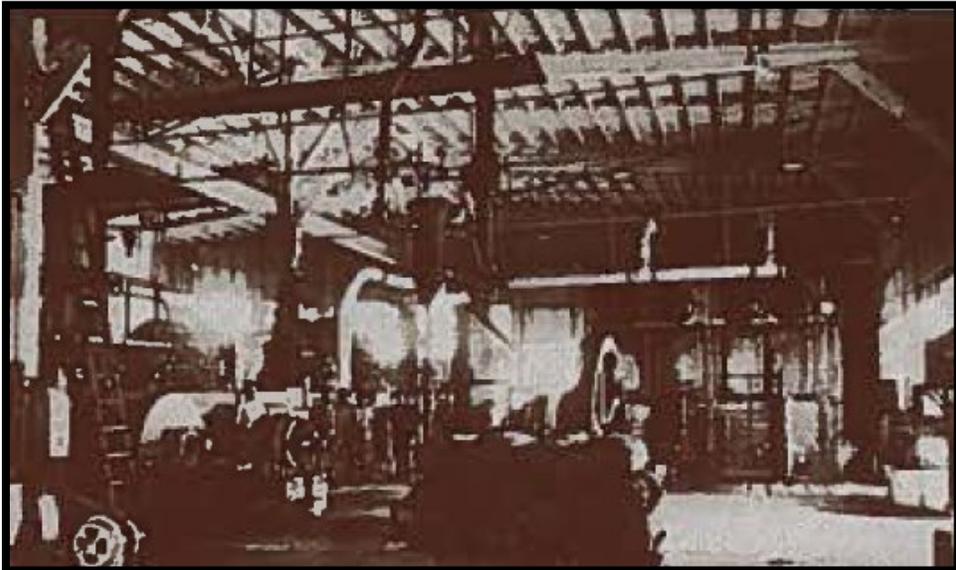
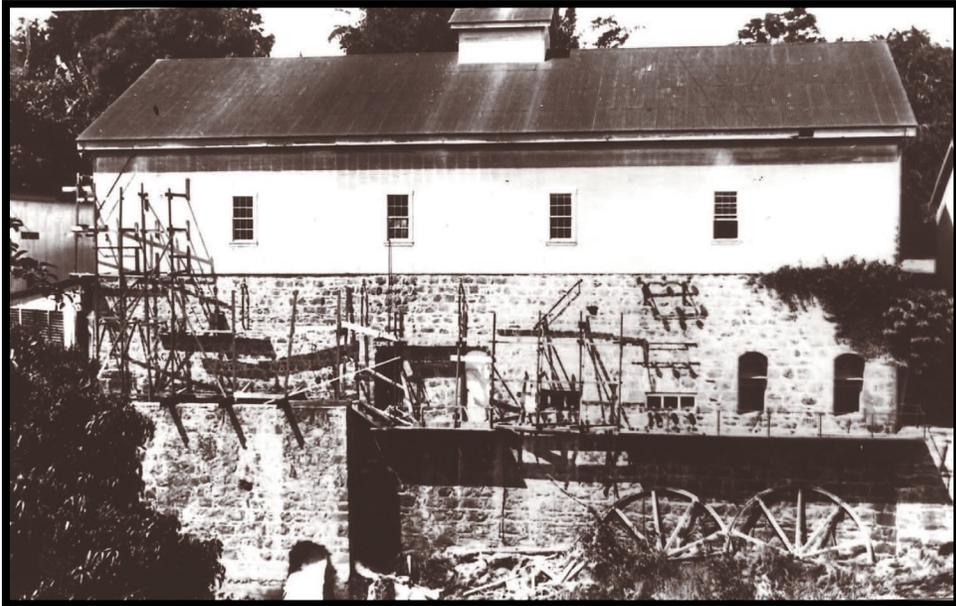
**Hawaiian
Electric**

Pu'u'eo and Waiau Hydro Long-Term Water Lease Update

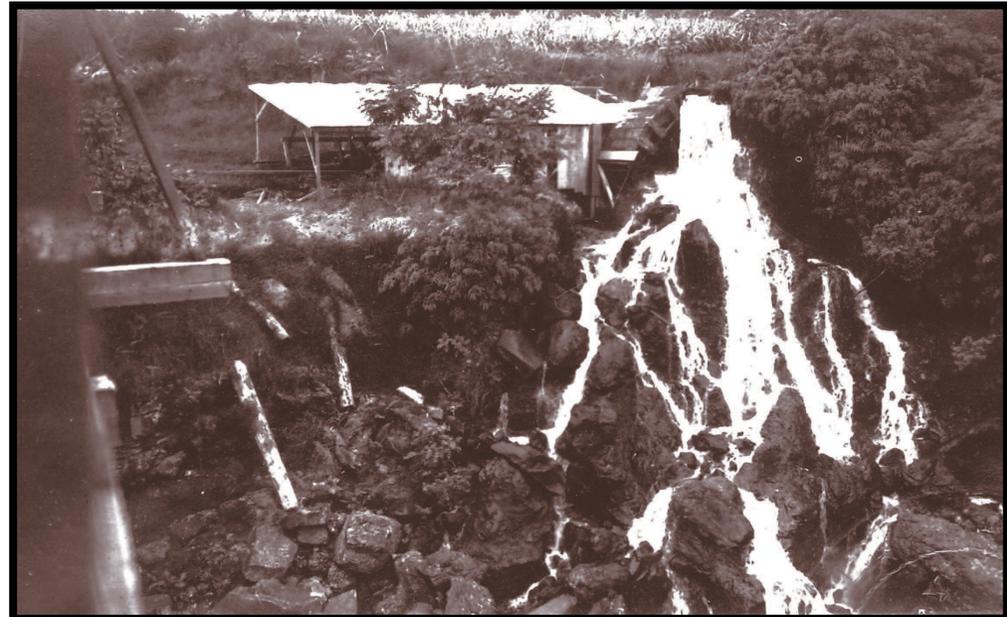
May 17, 2022



PU'U'EO



WAI'AU

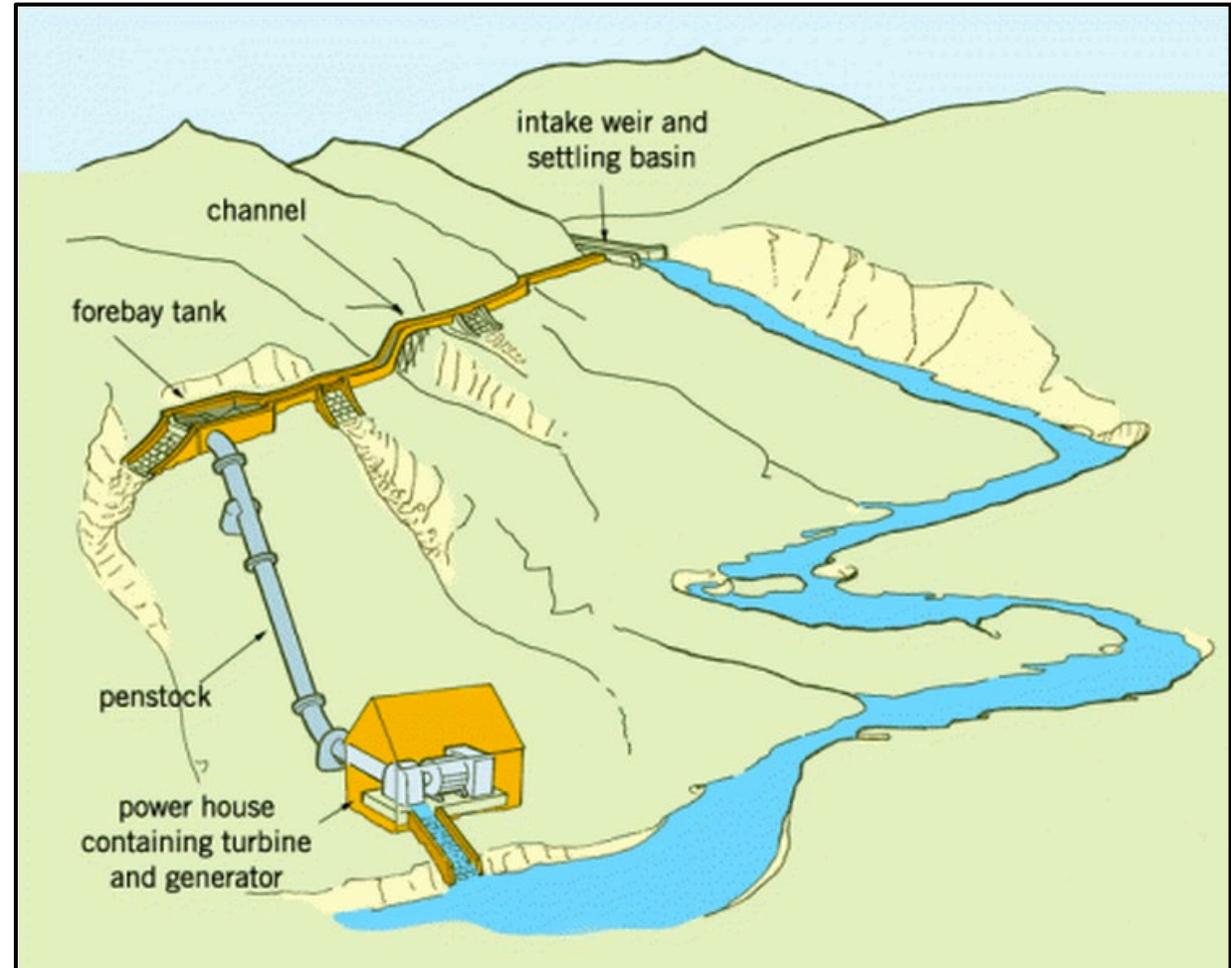


Pu'ue'o and Waiau Hydro Plants



Run of the River

- Portion of river water diverted.
- Water is returned to river.
- Head level control to maintain river flow.



Water Lease Documents

**Watershed
Management
Plan**

Managed by
DOFAW

**Water
Lease**

Managed by
DLNR

**Water
Monitoring
Memorandum
of Agreement**

Managed by
CWRM



Watershed Management Plan Highlights

TERM

- Lease requires a written agreement with DLNR for the implementation of a Watershed Management Plan.
- Plan may be updated every 5 years.

INVENTORY

- 275 million gallons of water flow through the Wailuku River to Hilo daily
- Habitat for 3 native species of fish, 35 species of invertebrates
- 70,000 acres of native forest and home to multiple endangered plant, insect and forest bird species.

COST SHARE

- Cost share contribution based on watershed cost-share less discount for non-consumptive use and contribution to carbon reduction



Water Lease Highlights

TERM

- 30-year lease between Hawaiian Electric and Board of Land and Natural Resources

ANNUAL RENT

- FERC rate or higher as bid at the public auction of .001¢/kWh
- Calculated and paid on a semi-annual basis
- Minimum annual rental based on kWh generated on a semi-annual basis
- Annual rent increased every 10 years and based on the prevailing FERC rate at that time

RIGHTS

- DLNR reserves rights to inspect diversion work and hydroelectric generating facility at reasonable times to confirm compliance with lease
- DLNR reserves the right to restrict what HE can withdraw based on constitutional protected water rights and instream flow standards

AUDIT

- DLNR reserves rights to examine and make copies of information relating to use of water resource which shall include kWh generated by use of water resource.
- DLNR does not have the right to audit any other records.



FERC Rate for Annual Rent

- ◆ Researched 30 states and analyzed water rights laws and fees for hydroelectric plants in the continental United States.
- ◆ FERC rate is used for hydroelectric plants across the United States.
- ◆ FERC and BOR fees are about 10 times higher than water rights fees in the states that assess an annual water rights fee.
- ◆ There is prior Hawai'i precedence for the FERC rate being used as a good market comparison as shown with the Wailuku Hydro Lease. The FERC rate is reasonable when comparing the minimum annual lease rental and the additional annual rental in the Wailuku Hydro Lease.



Water Monitoring MOA Highlights

MOA

- Memorandum of Agreement with Commission of Water Resource Management (CWRM) only effective if a long-term lease is in effect

COST SHARE

- Monitoring equipment installation
- Monitoring equipment maintenance

DATA

- CWRM will manage the data
- Hawaiian Electric has the right to request access to this data



Cost Considerations Summary





Mahalo for your time.

Any questions?