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STATE PROCUREMENT OFFICE
NOTICE & REQUEST FOR SOLE SOURCE

STATE PROCUREMENT OFFICE
STATE OF HAWAII

- 1. TO: Chief Procurement Officer
- 2. FROM: DBEDT, Strategic Industries Division
Department/Division/Agency

Pursuant to §103D-306, HRS, and Subchapter 9, Chapter 3-122, HAR, the Department requests sole source approval to purchase the following:

3. Description of goods, services, or construction:

Hawaiian Electric (HECO) shall perform services that assist the State in preparing a Request for Information ("RFI") to potential vendors as an initial step for the development and implementation of a comprehensive assessment of the undersea cable systems for the Molokai-Lanai wind projects, and shall also assist the State in reviewing any responses to the RFI and in making follow-up recommendations ("Services"). The RFI shall not be a solicitation for the development, construction, installation, financing, operation, maintenance, repair or replacement, including exploration or testing, of any part of the Molokai-Lanai wind projects. Rather, the intent of the RFI shall be to define the objectives of the procurement related to the undersea cable systems and to solicit responses that will provide the State with recommendations that will serve to accomplish the requirements of such procurement prior to the issuance of any request for bid or request for proposal ("RFP"). The State shall reserve the right to incorporate any recommendation presented in the response to the RFI, but neither the State nor any vendor responding shall have any obligation under the RFI.

4. Vendor Name: Hawaiian Electric Company
 Address: P.O. Box 2750
 Honolulu, Hawaii 96840

5. Price:
 \$50,000.00

6. Term of Contract:
 (mm/dd/yyyy) From: August 2009 To: July 2010

7. Prior Sole Source Ref No. _____

8. Feature: The good, service, or construction has the following unique features, characteristics, or capabilities:

The RFI is for the development of a "first of its kind" undersea power transmission cable within the State. The cable will intertie the electric utility systems of Oahu and Maui to form an electrical grid transmission system. This grid will potentially introduce and transmit 400 Megawatts of non-fossil fueled "clean wind energy" into HECO's electrical system. Also, this electrical grid will enable each island utility to no longer be stand-alone systems; enhancing system sustainability. The definition of procurement objectives for the undersea transmission cable is critical and the involvement and input of HECO is crucial (it holds the franchises to provide electrical utility services for the islands of Oahu, Molokai, Lanai, Maui and Hawaii).

9. Essential features. How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work: HECO provides electrical utility services, transmission planning, renewable energy integration, and interconnection for the islands of Oahu, Molokai, Lanai, and Maui. HECO's role as the electric utility is essential to the State to ensure the proper timing, integration sequencing, interconnection, an implementation of the Interisland Cable Project. Also, HECO is leading or supporting implementation studies for integrating the Molokai-Lanai wind projects, which tie into the cable. These studies include looking at undersea cable system options and performance characteristics, Oahu electrical system and infrastructure impact and need, and wind plant performance requirements and integration. HECO is the sole entity capable of coordinating the timing and sequencing of its operations to support these studies. Further, HECO provides the critical operational control necessary to maintaining the reliability and integrity of the Oahu electrical system; the compatibility which is critical to integrating the major components of the Molokai-Lanai wind projects with the interisland cable.

11. Alternate source. The following other possible sources for the good, service, or construction were investigated but do not meet our needs because:

An alternate source was not available as an option.

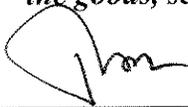
12. Direct any inquiries to:
 Department: DBEDT
 Contact Name/Title: James Bac, Energy Analyst

13 Phone Number:
 587-3876
 Fax Number:
 586-2536

Expenditure may be processed with a purchase order/p-Card: Yes No If no, a contract must be executed and funds certified.

Agency shall ensure adherence to applicable administrative and statutory requirements, including HAR Chapter 3-122, Subchapter 15, Cost or Pricing Data, if required.

14. *I certify that the information provided above is to the best of my knowledge, true, correct and that the goods, services, or construction are available through only one source.*



JUL 13 2009

Department Head Signature

Date

Reserved for SPO Use Only

15 Date Notice Posted: 7/27/09

Submit written objections to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer
 State Procurement Office
 P.O. Box 119
 Honolulu, Hawaii 96810-0119

