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May 18, 2012

Jay M. Ignacio, P.E.
President

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Mr. Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

Reference: Notice of Probable Violation and
Proposed Compliance Order
CPF No. 5-2012-6011

Dear Mr. Hoidal:

On March 28-29, 2011, Mr. Gerald Davis of the Pipeline and Hazardous Materials Safety Administration (PHMSA) Western Region, pursuant to Chapter 601 of 49 United States Code, inspected Hawaii Electric Light Company (HELCO)'s No. 6 Fuel Oil pipeline facilities in Hilo, Hawaii. As a result of the inspection, PHMSA issued HELCO a Notice of Probable Violation and Proposed Compliance Order (Notice), dated April 17, 2012.

HELCO is proud of our pipeline compliance program, but understands that improvements and enhancements are integral to the success of our program. HELCO has committed significant resources to managing the compliance aspects and mechanical integrity of our pipelines and facilities. These practices have enabled HELCO to historically operate a safe pipeline system on the island of Hawaii.

The purpose of this letter is to provide PHMSA with a preliminary response to the 9 items discussed in the April 17, 2012 Notice of Probable Violation ("Notice"), and to notify PHMSA that HELCO does not contest the compliance order, and as such will comply with all items. HELCO understands that each of the items falls into one of two categories, Proposed Compliance Order and Warning Items.

Warning Items

With respect to Items 1, 2, 4, 6 and 7, HELCO will comply with all items, and appreciates PHMSA's interest in guiding HELCO's program improvements.

Proposed Compliance Order

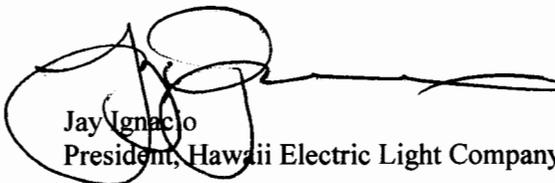
As noted above, HELCO does not contest the Proposed Compliance Order and will comply with all items. HELCO respectfully provides the following with respect to items 3, 5, 8 and 9.

1. In regard to Item Number 3 pertaining to HELCO's systems maps not showing locations of buried utilities and foreign pipeline crossings, HELCO will update their system maps to include the crossing locations of not only all public roads, railroads, and rivers but also all crossings of buried utilities and foreign pipelines. HELCO has already begun identifying potential utility crossings in order to update the system maps.
2. In regard to Item Number 5 pertaining to HELCO not inspecting the mainline block valves on the Hilo pipeline twice each calendar year not to exceed 7 ½ months, HELCO will develop a program to ensure that the mainline valves are inspected and maintained per valve manufacturer guidance at the required interval, and to ensure the results and recommendations of those inspections are documented. HELCO has contracted with a pipeline compliance and consulting firm to assist in the procedure development.
3. In regard to Item Number 8 pertaining to HELCO not electrically checking current drains on the Hilo pipeline, HELCO will develop a program to ensure that all of the Hilo pipeline current drains are electrically checked at an interval of 6 times per year not to exceed 2 ½ months and to ensure the result and recommendations of those electrical checks are documented. HELCO has contracted with a pipeline compliance and consulting firm to assist in the procedure development and to work with HELCO's Cathodic Protection contractor to address this compliance item.
4. In regard to Item Number 9 pertaining to HELCO not having a program to identify, test for, and minimize the detrimental effects of interference currents on the Hilo pipeline, HELCO will develop a program to identify potential areas of interference to the Hilo pipeline's cathodic protection system and to insure that these areas are tested for interference currents and if found, the currents' detrimental effects are minimized. HELCO has contracted with a pipeline compliance and consulting firm to assist in the procedure development and to work HELCO's Cathodic Protection contractor to address this compliance item.

In regard to all of the above Proposed Compliance Order items, HELCO will provide PHMSA documentation showing compliance with those items. HELCO understands that it has 60 days after receipt of the Final Order to complete the Final Compliance Order items. At this time, HELCO does not expect that it will require any extension of time beyond the 60-day period from receipt of the Final Order to address the compliance items and provide the requisite documentation.

HELCO looks forward to resolving each of the items addressed in the Notice and improving our pipeline compliance program. Please do not hesitate to contact Norman Verbanic of our staff at (808) 969-0421 with any comments or questions.

Sincerely,



Jay Ignacio
President, Hawaii Electric Light Company, Inc.

