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Editorial

Legislature can help PUC fulfill key role

The state Public Utilities Commission is embarking on what has to be its most consequential year to 18 months. That's the time span its new chairman said it will take to clear the deck on a string of key dockets, or proposals, affecting the regulation and operation of the islands' principal electric company. Randy Iwase, the longtime lawmaker who once sought the governor's office, was sounding the right notes last week about the process the PUC will soon launch. The job the commission faces is to address one of those outstanding questions: Should the agency support the sale of Hawaiian Electric Industries to Florida-based NextEra Energy, a \$4.3 billion deal?

Answering that in the best interest of the ratepayer means striking a balance between efficiency and thoroughness. Efficiency is critical in that executives for HEI and Next-Era have said they want PUC approval by the end of the year. Iwase, who acknowledges he's on a steep learning curve about commission operations and lacks the staff expertise, said his timeline was based on projections by those experienced with the review process.

State lawmakers should help with the efficiency part by ensuring that the chronically understaffed commission has the resources it needs to manage what is sure to be a complex, quasi-judicial evaluation of arguments and evidence. The thoroughness challenge — to cast a sufficiently wide net in information-gathering — is the commission's job. The PUC needs to make sure all the stakeholders are represented in the review of the sale and, fortunately, leadership seems to be inclined in the right direction.

For example, Iwase told legislators last week he plans to conduct a kind of public listening tour across the state. Although it's not required by law, it's a good idea, as Iwase described it later, to give the commission "a sense of the public" when it sifts through the case in the coming year. Further, numerous local groups want to be players in the commission's fact-finding mission as intervenors in the docket. In the coming weeks, Iwase said, the commission will evaluate the applications, which came from groups ranging from Friends of Lanai to the Hawaii Solar Energy Association. In these cases the public has representation by the staff consumer advocate, but there is reason for more specific interest groups to be heard, too. The applicants have to make their case that they meet enough of the qualification criteria, which include having a property interest in the outcome and standing for a constituency that otherwise would not be represented.

One party that makes a persuasive case for inclusion is the Hawaii Island Energy Cooperative, an entity that seeks to run the Big Island's power utility as a co-op, the same model already in operation by the Kauai Island Utility Cooperative.

ACCORDING to its application announcement last week, HIEC "is not taking a position in favor of or opposition to the proposed merger at this time." Instead, its organizers said, the cooperative "seeks to bring to the proceedings its specific focus on the energy needs of Hawaii Island and its unique perspective on potential cooperative ownership structures."

Indeed, the island has a unique viewpoint that should be allowed to inform the process and enlighten the prospective buyers of the utility. Hawaii island has a particularly rich cache of natural energy resources, with its geothermal potential the most promising. According to the Hawaii State Energy Office, geothermal yields only about 2 percent of electricity generation statewide, but on Hawaii island it delivered about one-fourth of total electricity distributed, according to 2013 figures. For Hawaii island, energy self-sufficiency is a possibility, not a pipe dream.



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It's not at all clear what the path forward is for this co-op. NextEra could insist that it retain control of the island subsidiary, Hawaii Electric Light Co. But it's smart that this county's leaders be on hand to present their perspective and expectations for their power utility. NextEra needs to hear them.

Among the other dockets vying for PUC attention is one concerning the long-range transformation plans for HEI, better known as the Integrated Resource Plan (IRP). NextEra needs to be apprised of that case review.

It's uncertain whether the PUC will finish this case ahead of the decision on the sale, but Iwase rightly argues that this would be preferable. Acceptance of the IRP, whatever its final form, more plainly communicates what Hawaii expects of its monopoly power company. The owner — whoever that happens to be — will need to know that up front.

If the NextEra deal closes and there is any call for changes that make sense with NextEra's capacity and resources, the company can present those facts before the PUC.

For now, the focus should be on Hawaii's vision for its energy future and on charting a course to get there.