

## PUC urged to consider co-op

By CHRIS D'ANGELO Hawaii Tribune-Herald

The Hawaii Island Energy Cooperative has — for the first time — urged state regulators to seriously consider the cooperative model as an alternative to the proposed merger of Hawaii Electric Industries with Florida-based NextEra Energy.

And if HIEC ever were to become an operating utility, it is likely Kauai Island Utility Cooperative would be there as a partner, according to documents filed Monday with the state Public Utility Commission.

“Fundamentally, the commission will be determining whether the (HEI-NextEra) merger as proposed is in the public interest of Hawaii residents,” HIEC’s co-founder and spokesman Marco Mangelsdorf wrote in an email Monday. “We are making the case that Big Island residents may be better served by the co-op model.”

In testimony filed Monday with the PUC, Mangelsdorf echoed statements made by KIUC President and CEO David Bissell in a previous interview with the Tribune-Herald, saying there is a “once-in-a-many-lifetimes opportunity” to achieve something transformational on the Big Island.

“The energy cooperative model versus investor-owned model is a unique and appropriate discussion worth having at this critical juncture in the state’s and island’s energy, security and economic development,” Bissell wrote. “The time could not be better for residents here to make their case for greater self-determination and control over the most important energy infrastructures of Hawaii Island.”

Still, HIEC maintains it is not opposed to the pending \$4.3 billion sale of Hawaii Electric Industries to NextEra, which is before the PUC.

In February, the fledgling nonprofit, made up of Big Island community and business leaders, filed a motion to intervene in the sale to explore the idea of public ownership.

Mangelsdorf said HIEC’s latest move is about “opening the door” for state regulators to consider alternatives. He acknowledges Hawaii Electric Light Company currently is not for sale.

In a document filed in June, HEI and NextEra made clear that spinning off HELCO “is not something the applicants have considered or plan to consider at this time.”

The 47-page document filed Monday by HIEC also details the nonprofit’s ongoing relationship with KIUC, the state’s only electric cooperative, and a potential future partnership between the two entities if HIEC were ever to become operational.



HIEC Director Marco Mangelsdorf

In addition to offering time and access, Mangelsdorf wrote that KIUC has committed to support the development of an alternative for HIEC to operate as a stand-alone cooperative with management services to replace the services presently provided by HECO to Hawaii Electric Light Co. at a 2014 cost of approximately \$10.8 million.

“Based on our preliminary discussions, using existing KIUC staff on a part-time basis, adding a relatively small number of additional staff at KIUC (whether located on Hawaii or Kauai), and fully utilizing the 360 HELCO employees, we believe that HIEC could become fully operation at a lower cost than HECO is currently billing HELCO while still providing for incremental margins to KIUC, which would benefit their ratepayer owners by lowering their cost of management overhead,” Mangelsdorf wrote.

Among the services KIUC says it could provide for HIEC are general management and board coordination, accounting, billing and collection, customer service, information technology support and project management.

HIEC is in the process of conducting a 10-year financial analysis that would quantify potential savings and other costs involved in operating a stand-alone utility.

“We believe that the case can be made for why the co-op model should be considered a superior alternative for the 194,000 Big Island residents,” Mangelsdorf wrote in an email.