

Groups push co-op utility after failed utility merger

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HONOLULU — People are talking about what's next for the state's largest utility now that a merger between NextEra Energy and Hawaiian Electric Industries failed.

Some are pushing for a different type of utility, such as a community-owned cooperative or utilities operated by the counties.

“There's been a strong desire for a long time from the public to be able to have a say in their electric utility and the decision that it makes, and right now those decisions are made by a board accountable to shareholders,” said state Rep. Chris Lee, chairman of the state House Committee on Energy and Environmental Protection.

“What you've seen on the Neighbor Islands, on the Big Island, on Maui, even here on Oahu ... is how to transition that utility model to be one that is locally controlled, is accountable to the people, will look out for consumers first and foremost and get us to the renewable future that we all know is possible,” Lee said.

There are more than 900 nonprofit energy cooperatives in the United States, mostly in rural, isolated areas, according to the National Rural Electric Cooperative Association. Co-op utilities are less common in cities.

“The co-op model was originally the result of how expensive it is to serve remote locations, and certainly an island qualifies as a remote location,” said Tracy Warren, spokeswoman for the National Rural Electric Cooperative Association.

Kauai started a cooperatively owned utility in 2002 when it bought the local utility for \$215 million. But in that case, the investor-owned company — Citizens Communications Corp. — was looking for a buyer, said David Bissell, president of Kauai Island Utility Cooperative.

Bissell and other utility executives from Kauai have been visiting Neighbor Islands, including the Big Island, to talk about the benefits of co-op utilities, he said.

“Ultimately, what the people who are served want is what the co-op needs to deliver,” Bissell said. “It's very locally focused.”

Hawaii Island Energy Cooperative, a group on the Big Island pushing for a co-op utility here, formed in 2014 in response to the proposed merger between NextEra and Hawaiian Electric, said the group's spokesman, Marco Mangelsdorf.

“Now that we have a decision from the commission, it’s a whole new day in terms of what comes next,” Mangelsdorf said.

Groups such as the National Rural Electric Cooperative Association can provide financing options for potential co-ops.

Another option government officials could pursue is a municipal model, where the utility is operated by the state or county.

The City of Boulder, Colo., is working on starting a municipal utility. To make it happen, the city council there ended its franchise agreement with investor-owned utility Xcel Energy, and it’s considering issuing bonds to purchase the utility’s distribution network for up to \$214 million, said Sarah Huntley, the city’s spokeswoman.

Those opening co-ops typically do so when the utility already there is agreeable, Bissell said.

Hawaiian Electric — the parent company of Hawaii Electric Light Co. — doesn’t have a comment on the idea of a co-op utility model in Hawaii, said Cliff Chen, manager of investor relations.

Hawaii recently approved spending \$1.2 million to study what type of utility would save money and help state reach its aggressive renewable energy goals.