

Hawaii commission says no to major electric utility merger

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Published July 16, 2016

HONOLULU — The state Public Utilities Commission voted to not approve a merger between Florida-based NextEra and Hawaii's largest utility, saying the companies didn't show they would provide adequate benefits to ratepayers or help the state meet its aggressive renewable energy goals.

The regulatory body announced Friday that it voted 2-0 to reject the merger. One commissioner, recently appointed by Gov. David Ige, abstained.

The commission said NextEra and Hawaiian Electric Industries — the parent company of Hawaii Electric Light Co. — failed to show the merger would be in the public's interest. They called the companies' proposed \$60 million in benefits to ratepayers — who pay the highest electricity rates in the nation — inadequate and uncertain.

“The proposed \$60 million is a conditional guarantee that is not irrevocable,” they wrote in the decision summary. “Accordingly, it does not represent a ‘guaranteed’ benefit to ratepayers.”

In a joint statement, NextEra and Hawaiian Electric said late Friday that they received the order and are currently reviewing it.

Commissioners also questioned the companies' commitment to clean energy and were worried about what would happen if the utility lost local control. The state has a goal of using 100 percent renewable energy by the year 2045.

NextEra has considerable resources and experience with renewable energy, but the company lacks experience in the unique renewable energy issues facing Hawaii, they said. For example, it doesn't have experience integrating high levels of distributed energy — particularly from residential rooftop solar systems — into isolated island grids, commissioners said.

NextEra critics, including Ige, environmental groups and solar companies, praised the decision.

“This decision is a huge win for local consumers and affirms that from this day forward major utility decisions must make the interests of local residents a priority, that the centralized utility monopoly must change and that replacing one monopoly with an even bigger one isn't the answer people are looking for,” state Rep. Chris Lee, chairman of the House Energy and Environmental Protection Committee, said in a statement.

But the decision could make potential investors wary of doing business in Hawaii, said Sherry Menor-McNamara, president and CEO of the Chamber of Commerce of Hawaii.

“We had hoped that this would have been an opportunity to have additional investment into our infrastructure that would benefit all ratepayers,” she said.

The companies announced NextEra’s plans to acquire Hawaiian Electric in December 2014. The deal was valued at \$2.6 billion, or \$4.3 billion including the assumption of Hawaiian Electric’s debt.

NextEra is one of the nation’s largest electrical utilities and owns a major wind and solar energy company, while Hawaiian Electric supplies power to 95 percent of Hawaii’s population.

Commissioners reviewed thousands of documents and hosted weeks of public hearings before making the decision.

State Consumer Advocate Jeff Ono said the commission’s decision was warranted, but the companies are reviewing the order to decide whether they’ll ask for reconsideration.

“We’re not assuming that this proceeding is over yet,” Ono said.

In a written statement, Marco Mangelsdorf, spokesman for Hawaii Island Energy Cooperative, said his group “will continue to maintain open and friendly communication with HEI management and contribute where we can to advocate for the best interests of the residents of the Big Island. We have said in our public filings on the docket that we believe exploring a cooperative alternative for Hawaii Island is in the best interests of our community, and we stand ready to begin that process at any time.”

Thomas Gorak, the commissioner recently appointed and who abstained from the vote, said he supports the decision. Gorak’s status as a commissioner was challenged late Friday in a lawsuit that said he shouldn’t have taken office because he wasn’t confirmed by the state Senate.

Hawaii Tribune-Herald staff writer Ivy Ashe contributed to this article.