



Hawaii cooperative achieves non-profit status in bid to challenge HECO power service

Author Robert Walton

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DIVE BRIEF:

- Hawaii Island Energy Cooperative (HIEC) wants to provide electric service on Hawaii island, also known as “the Big Island,” and announced this week it has been granted non-profit status by the Internal Revenue Service, multiple news outlets report.
- HIEC was formed during the state’s review of NextEra Energy’s proposal to acquire Hawaiian Electric Industries (HECO). While the deal ultimately fell through, HIEC is continuing its plans to provide service focused on keeping rates low and increasing clean energy utilization.
- Pacific Business News asked HIEC if the cooperative was negotiating to acquire Hawaii Electric Light Co. (HELCO), which is owned by HECO, but a spokesman said any discussions were confidential. HIEC said it can save residents saying it can save residents \$234 million if HELCO converted to a cooperative.



DIVE INSIGHT:

A group of community and business leaders are moving to evict HELCO from Hawaii’s Big Island, saying rate increases are on the way and a cooperative structure could keep down costs. A part of that process is being certified as a tax-exempt 501(c)(12) organization, and this week HIEC cleared that hurdle.

“Receiving this official approval is fantastic news,” HIEC spokesman Marco Mangelsdorf said in a statement. “This sets the stage for HIEC to be an operating non-profit utility serving the Big Island. This is particularly important as both HELCO and HECO roll out new electric rate increases. Cost control and efficiency are core to a cooperative, not shareholder profits.”

HIEC is attempting to follow in the footsteps of Kauai Island Utility Cooperative, which handles 5% of the state’s load. You can read more of Utility Dive’s coverage on HIEC and public options being considered to serve Hawaii here. The state has a 100% renewables goal, and concerns surrounding how that will be met were among reasons Hawaii regulators rejected the HECO-NextEra deal.

“We first sought to get a seat at the table in early 2015 as the docket on the HEI-NextEra was opened,” said HIEC president Richard Ha. “Those of us who founded HIEC were convinced that the tumblers had fallen into place for us to do all that we could to try and replicate the success that Kauai Island Utility Cooperative has been achieving.”

The cooperative warns that rate increases are on the way, and indeed Pacific Business News reports Hawaiian Electric last week unveiled a proposed 7% hike for residents on Oahu.