



Representative Bertrand Kobayashi Community Update

DIAMOND HEAD, KAHALA,
KAIMUKI, KAPAHULU

October 2015

LAWMAKERS CALL FOR EXPLORATION OF PUBLICLY OWNED UTILITIES FOR HAWAII

Public officials from all islands seek best interests of the people

More than forty state and county leaders representing all islands -- including Democrats, Republicans, and non-partisans -- joined together to commit to putting the best interests of the public first and called for moving forward to examine the potential of public utilities owned by the people.

Public utilities often don't charge higher rates to make profits for shareholders, and as a result they tend to have lower rates than for-profit utilities across the country. Concerned lawmakers want to explore this option, especially if it can save residents money.

What is a Publicly Owned Utility?

Broadly, publicly owned utilities fall into two categories: cooperative and municipal. The differences among utilities in each category vary greatly in size, structure, organization, and other elements.

Cooperative ownership is democratic, in which the customers own the utility, and each customer has an equal say in the cooperative's decisions. Today, over 1,000 coops provide electric power to over 42 million customers across 47 states in the United States. Kauai has already adopted the cooperative model, called the Kauai Island Utility Cooperative (KIUC) which has been providing power to Kauai residents since 2002.

Municipal ownership is similar to cooperative ownership, but with support from county government, though completely separate from county politics and accountable only to the utility board elected by the people. Over 2,000 municipal utilities in 49 states (all but Hawaii) currently serve 47 million customers nationwide, including those operated by the cities of Los Angeles, San Antonio, Seattle, and Orlando. One highly successful example has been the Sacramento Municipal Utility District (SMUD), which has produced energy at the lowest rates in the entire state of California for 11 years, while at the same time earning the highest customer satisfaction ratings of any utility in the state.

Why Would Public Ownership Be Good for Hawaii Ratepayers?

Economic: Municipal utilities on average charge 13 percent less than investor-owned utilities (IOUs), and co-ops charge 7 percent less than IOUs. Neither municipalities nor co-ops have to keep rates high to make a profit for their shareholders. Nor would they force electricity customers to pay lavish executive bonuses common to many IOUs. The CEO at Hawaiian Electric received over \$5.6 million in 2014. While HECO made \$35 million for its shareholders last quarter, KIUC actually refunded its \$2 million profit over the same period to its customers and has returned \$30.5 million to its customers between 2002 and 2014.

Accountability: Another benefit of municipal and cooperative ownership is enhanced public accountability and transparency. SMUD, for example, broadcasts its board meetings on television, and its elected directors hold regular community meetings to solicit feedback and keep their constituents informed. Co-op and municipal directors are selected by a vote of all customers. That means the people of Hawaii, instead of mainland shareholders, would choose the leadership and direction of Hawaii's utilities.

Responsibility: Hawaii's state constitution states that the conservation and protection of our energy sources is a public trust "for the benefit of present and future generations." Utilities should exist to serve customers, not the other way around.

Model for the Future: Publicly owned utility models have the ability to embrace innovative solutions for Hawaii's energy future. IOUs tend to be tied down by shareholders expectations and a financial disincentive to adapt to change in a world where everyone can generate their own renewable energy. Public utilities are much freer to explore renewable energy options and distributed generations. While HECO has delayed implementing smart-meters for over seven years that would allow innovative new ways for customers to save money, KIUC has already deployed them across Kauai to great benefit. SMUD is actually deploying Solar PV and batteries to their own customers.

OAHU LAWMAKERS IN SUPPORT: State Representatives – Chris Lee, Della Au Belatti, Matt Lopresti, Cynthia Thielen, Tom Brower, Takashi Ohno, Lauren Matsumoto, Bert Kobayashi, Feki Pouha, Jarrett Keohokalole, Beth Fukumoto-Chang State Senators – Glenn Wakai, Gil Riviere, Laura Thielen, Mike Gabbard, Maile Shimabukuro City Council Members – Ernie Martin, Ikaika Anderson, Kym Pine, Trevor Ozawa

MAUI LAWMAKERS IN SUPPORT: State Representatives – Kaniela Ing, Lynn DeCoite, Justin Woodson Maui Council Members – Don Guzman

KAUAI LAWMAKERS IN SUPPORT: State Representatives – Dee Morikawa Kauai Council Members – Mel Rapozo, Gary Hooser, Ross Kagawa, Mason Chock

BIG ISLAND LAWMAKERS IN SUPPORT: State Representatives – Nicole Lowen, Cindy Evans, Mark Nakashima, Richard Creagan State Senators – Gil Kahele, Josh Green, Russell Ruderman Big Island Council Members – Dru Kanuha, Margaret Willie, Karen Eoff, Greggor Illagan, Maile David

Culinary Institute of the Pacific Breaks Ground At Diamond Head (finally)

The Culinary Institute of the Pacific at Diamond Head celebrated its ground breaking on September 8, 2015. The culinary institute will bring together the tastes and influences of Asia and the Pacific with those of the mainland U.S. and Europe. It will be the home to the third-year advanced professional certificate in culinary management that articulates into a bachelor of applied science at the University of Hawaii at West Oahu.

The first phase to be constructed will house two cooking laboratories, one advanced multi-function laboratory and one advanced Asian cuisine laboratory. Other buildings that will be constructed in the first phase are the locker room/restrooms/student lounge, storage room, and support (central plant) building. Construction is expected to be completed by December 2016.

When fully built out, the second phase will also house the advanced pastisserie and confiserie courses of the Kapiolani Community College's current associate in science pastry art degree.

