



FOR IMMEDIATE RELEASE

Paniolo Power to Withdraw from Merger Docket

(KAMUELA, HAWAI'I, JULY 15, 2015)—Paniolo Power Company, LLC, a subsidiary of Parker Ranch, Inc., announced that it will withdraw from the Hawaiian Electric Companies/NextEra Energy, Inc. merger docket before the Hawaii Public Utilities Commission (PUC) and will instead concentrate on the PUC's pending Power Supply Improvement Plan (PSIP) docket, which is better suited to address transformational planning issues.

"It's a strategic move," said Neil "Dutch" Kuyper, CEO of Parker Ranch, Inc. "The Ranch and our neighboring communities continue to be burdened with the highest electricity rates among the HECO companies. Our efforts need to be on lowering rates for the most people on the Big Island in the shortest timeframe."

"The merger docket before the PUC is focused on the utility ownership model and NextEra's capabilities", said Jose Dizon, general manager of Paniolo Power Company, LLC. "Since the merger docket opened, two other ownership models have been discussed or proposed: a municipal electric utility and a utility cooperative. Paniolo Power's plan works with all ownership models. It is not dependent on the outcome of the merger docket."

"We plan to promote the development of microgrids and community renewables regardless of who owns the utility," said Dizon.

"That means looking to current technologies and known resources, and to how we can insulate our community from the uncertainty of the utility's plans. The PSIP docket deals with these issues, while the merger docket deals with the merger itself," Kuyper said.

In 2013, Parker Ranch hired Siemens and Booz Allen Hamilton to evaluate the Ranch's natural resources and develop realistic, compelling alternatives to the utility's Integrated Resource Plan (IRP). A regional microgrid is optimal for Parker Ranch and the surrounding community, as it can provide significant savings compared to the utility's IRP, the Siemens-led team found.

Using the team's studies, Parker Ranch has concluded that the Hawaii Island grid could be decentralized into separate interconnected microgrids around the island, given the energy potential of available natural resources.

In April 2014, the PUC rejected Hawaiian Electric's IRP and gave the utility 120 days to develop the PSIP with clear directives—prioritize the customer, renewables and lower rates. The PUC subsequently opened the PSIP docket in August 2014. Paniolo Power filed a motion to intervene in the PSIP docket; the motion is still pending.

“The PSIP docket is the more appropriate venue to bring about transformative change within Hawaii’s energy ecosystem on a statewide level,” said Kuyper. “When NextEra announced its planned acquisition of HEI and the PUC opened the merger docket, we felt it was necessary to intervene to protect our interests and the interests of our community. We also intervened because there was no action in the PSIP docket at that time. The PUC is handling an incredible workload in light of all that is happening in Hawaii, but we are hopeful that there will be movement in the PSIP docket in the near future.”

After analyzing the utility’s proposed PSIP, Paniolo Power developed an alternative. The Paniolo Power plan accelerates the retirement of fossil-fueled power plants, integrates more renewable energy and adds pumped storage hydro in order to enable higher renewable penetration and improved grid stability on Hawaii Island.

“It has become clear that NextEra is not going to discuss its plans for Hawaii’s energy future until it completes the merger with HECO,” said Jose Dizon, General Manager of Paniolo Power. “Paniolo Power filed a motion to consolidate the PSIP and merger dockets in order to address key planning issues in the merger docket. The PUC found that the issues are too complex to be handled effectively in a consolidated docket, and concluded that each docket must proceed to resolution on separate tracks. We completely understand that approach.”

“It is best for the Ranch and our larger community to focus our resources on the PSIP docket so we can accelerate adopting more renewable energy for Hawaii Island. We believe it is possible to reach 80 to 100 percent renewable for electricity generation within 10 years or less,” said Dizon. “We will continue our plans to promote renewable energy technologies that are triple bottom-line driven—good for people, environment and business. We need to reduce costs to ratepayers, speed up retirement of the utility’s oil-fired generation assets to reduce price volatility, and promote installation of storage solutions including pumped hydro projects to integrate more renewables.”

About Parker Ranch, Inc. and Parker Ranch Foundation Trust

Parker Ranch was established in 1847 and remains one of the largest and oldest cattle ranches in the United States. In 1992, following the death of sixth generation Parker descendant Richard Palmer Kaleioku Smart, it became owned by the charitable Parker Ranch Foundation Trust. PRFT’s mission is focused on the sustainability of the Waimea community, the hometown of Parker Ranch, by providing perpetual support for PRFT’s four Waimea-based beneficiaries: North Hawai’i Community Hospital (an affiliate of The Queen’s Health Systems), Hawai’i Preparatory Academy, Parker School Trust Corporation and the Richard Smart Fund of the Hawai’i Community Foundation. Parker Ranch, Inc., established in 1995 and wholly-owned by PRFT, continues cattle ranching and is proactively leveraging its and the trust’s extensive land and natural resources to support the trust’s beneficiaries, achieve a secure energy future, expand the sustainability of local food systems, and facilitate the general betterment of the Waimea area. To learn more, visit www.parkerranch.com and www.prft.org.

About Paniolo Power Company, LLC

Paniolo Power Company, LLC is a subsidiary of Parker Ranch, Inc., one of the largest and oldest cattle ranches in the United States. Paniolo Power was established in April 2014 to pursue community-based and reasonably priced clean energy for the Waimea and Kohala communities as well as for Hawai’i Island. Paniolo Power is leveraging Parker Ranch resources to develop affordable, renewable energy to

increase Hawai'i Island's energy security. To learn more, visit www.paniolopower.com.

Media Contact:

Ashley L. Kierkiewicz
alk@hastingsandpleadwell.com
(808) 989-4004

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