

Skin In The Game: Geothermal Power in Hawaii

You may know about the geothermal blow out in 1991 which spewed more than a ton of Hydrogen Sulfide into the air in a 31 hour period, forced the evacuation of Puna citizens and left animals dead. You may know that the noise from drilling and cooling fans is 24/7.

Neighbors to the Puna Geothermal Ventures (PGV) plant have their skin in the game, as well as their lungs, hearts, families, animals and homes as well.

All neighbors are affected by these impacts, depending on what is happening at the plant and which way the wind is blowing.

But for those who are making money from the plant, and live a safe distance away, they have no physical skin in the game. But they are making money, so for them, skin in the game is money.

Ormat, the owner of PGV, says geothermal is safe. Meanwhile, they are going to great lengths to limit their liability--in case things go wrong.

Ormat says their operations are safe. Their actions say otherwise: They have gone to great lengths to insulate themselves from financial liability in the event of a catastrophic accident. If you look up Puna Geothermal Venture in the State of Hawaii's business registration website and hit the "partners" tab, you see the stated partners (owners) for Puna Geothermal Venture are two entities named "Orni8 LLC" and "OrPuna LLC." Reference:
<http://hbe.ehawaii.gov/documents/business.html?fileNumber=8051G5&view=officers>

Who are these companies? An LLC allows an owner, in this case Ormat, to limit their liability to the assets of the LLC. In this case that would be PGV's assets. Ormat states in an SEC filing dated May 15, 2008 that Orni8 LLC and OrPuna LLC are "officers" of Ormat. Reference:
<http://webcache.googleusercontent.com/search?q=cache:aAWx3aKmtr0J:secfilings.nyse.com/csv.php/5670722.xls%3Faction%3Dshowtablex%3D%26ipage%3D5670722%26cik%3D+&cd=2&hl=en&ct=clnk&gl=us>

This legal maneuver means that only PGV's assets, not Ormat's, are at risk in case of a catastrophic failure or toxic release.

But Ormat doesn't risk PGV's assets either. Ormat's 2011 10K report states that, "Pursuant to a 31-year head lease, PGV leased its geothermal power plant to an unrelated company in return for prepaid lease payments in the total amount of \$83.0 million. The unrelated company simultaneously leased back the Puna Power Plant to PGV under a 23-year lease." This means if there is a catastrophic accident or liability for toxic releases, PGV would have no assets to garner.

We have a power plant with huge risks to our community that has no assets. It is clear local residents have much more skin in the game than Ormat executives that live a safe distance away on the mainland and in Israel insulated from financial and legal liability.

If you wish to stay informed about community action and receive the Puna Pono Alliance Newsletter and Bob Petricci's Updates, email newsletter@punapono.com with NEWSLETTER in the subject line.

Puna Pono Alliance needs funds to keep up the fight for Puna. Please contribute by credit card or PayPal at punapono.com/contribute or by check to PO Box 492668, Keaau, HI 96749.

If you want to help in other ways please call (808) 339-4344.