

SB 1214

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1214, S.D.1

February 25, 2011

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST PACIFIC POWER AND WATER COMPANY, INC.

Senate Bill No. 1214, S.D. 1, authorizes the issuance of special purpose revenue bonds to assist Pacific Power and Water Company, Inc. (PPWC), with the planning, permitting, designing, constructing, equipping and operating hydropower plants at locations throughout Hawaii pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Under Section 144 of the Internal Revenue Code of 1986, as amended, tax exempt financing for industrial projects may be limited to \$10 million. The Department staff met with representatives of PPWC and they stated that they have consulted with a bond counsel firm and believe that their project is eligible for the \$25,000,000 of special purpose revenue bond financing as originally contained in Senate Bill No. 1214.

Senate Standing Committee Report No. 179 required PPWC to obtain a statement from the Department that we have reviewed their business plan and financial statements. The Department has requested that PPWC submit this information to the Department so that we can provide the required statement.

Dr. Patrick Sullivan
Chairman, Pacific Power & Water Company, Inc.
828 Fort Street Mall, Suite 600
Honolulu, HI 96813
February 24, 2011

Ways and Means Committee

Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair

Hearing on Feb 25, 2011 at 9:00am in room 211

TESTIMONY in SUPPORT of SB 1214, Relating to the Issuance of Special Purpose Revenue Bonds to Assist Pacific Power and Water Company, Inc.

Dear Committee Members,

Thank you for hearing SB 1214 today. You already have our previous testimony in support from the hearing before ENE/CPN.

As requested by the ENE/CPN committees, we have had initial meetings with Budget and Finance (Scott Kami) and DBEDT (Joshua Strickler). We will be providing them with our business plan and any financials for review soon, so that they can respond to the committees by the April 15 deadline.

As previously stated, **small-scale hydropower at Hawai'i's existing dams will:**

- a) Generate revenue to pay for dam maintenance and repairs, thereby improving public safety
- b) Reduce Hawai'i's dependence on fossil fuels and help meet our renewable energy goals
- c) Create jobs in the renewable energy sector
- d) Keep the door open to future traditional agriculture and green energy needs

Thank you for considering this bill today. Please contact me if you have any questions.

Sincerely,

Patrick Sullivan
Pacific Power and Water Company, Inc.
808-531-3017