

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 1730

February 13, 2014

AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR
PACIFIC POWER GROUP, LLC, A UTILITY SERVING THE GENERAL PUBLIC IN
PROVIDING ELECTRIC ENERGY

House Bill No. 1730, authorizes the issuance of special purpose revenue bonds (SPRB) to assist Pacific Power Group, LLC, a utility serving the general public in providing electric energy, to install renewable energy projects in Hawaii pursuant to Part IV, Chapter 39A, Hawaii Revised Statutes.

The Department has no position on the issuance of SPRBs as contemplated in this bill. The Department would like to advise the Legislature and prospective issuers that should the legislation be approved, approval of SPRB issuance will still require further discussion and satisfactory review of the financing components involved in the transaction.

Thank you for the opportunity to provide testimony on this measure.

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Pacific Power Group LLC

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Pacific Power Group LLC (“PPG”) is a special purpose entity operating with a mission of developing solar, wind, and related renewable energy projects in the Pacific Basin. One of its founding members, Brian Hayashida, has 30 years of experience in wind and solar project development and finance. In 1987, as president of Imua Kamakani Corporation, the managing partner of Kamaoa Wind Energy Partners, Hawaii’s first modern-day, utility-scale wind energy project was installed at South Point, island, county, and state of Hawaii (please see Attachment I). The Kamaoa Wind Farm Project was the first public-financed project in the U. S. when it floated special purpose revenue bonds for the debt portion of the project. PPG has once again requested the 27th Session of the State of Hawaii Legislature to authorize \$125,000,000 of industrial development bonds to finance the renewable projects it is currently developing.

Gary Kitahata is PPG’s Director of Public Finance. His company, Kitahata & Company, with offices in Hilo, Hawaii and San Francisco, California, has been involved with bond issuances since 1993 (please see Attachment II). Mr. Kitahata and his firm provide a full range of advisory services on debt financing, from analyzing and exploring financing alternatives to implementing and closing both competitive and negotiated deals. Mr. Kitahata was involved with the issuance of \$12,000,000 Special Purpose Revenue Bonds in 1987 for Kamaoa Wind Energy Partners (please see Attachment III).

PPG’s partner for development and structured financing of its solar energy projects is Hyundai Heavy Industries Co., Ltd. (“Hyundai”) as well as the investment arm of the huge conglomerate based in the Republic of Korea, Dong Il TNS Co., Ltd., (“Dong Il”) prevalently known and referred to as the “Korean Berkshire Hathaway” as its roots are in the textile manufacturing sector of Korean industry. Technical and ancillary project development expertise will be provided by its EPC Company, Astronergy Solar Korea Co., Ltd. (“Astronergy”).

The combination of a Hawaii-based project development company, PPG, and three deep-pocket investment and engineering and construction companies from South Korea make for a formidable, proven, and reliable installer of solar energy projects. PPG has extensive experience with and knowledge of HECO and the local-Hawaiian power market, including curtailment issues, and maintains ground personnel in Hawaii.

PPG is excited to combine its deep experience in wind and solar project development and finance with the investment experience and resource capabilities of Hyundai, Dong Il, and Astronergy to install renewable energy projects which will contribute towards Hawaii’s clean environment.

HB1730

Submitted on: 2/12/2014

Testimony for EEP on Feb 13, 2014 08:40AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Brian M. Hayashida	Pacific Power Group LLC	Support	Yes

Comments:

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