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**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY RODERICK K. BECKER  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1319, H.D. 1

**February 27, 2019**  
**11:00 A.M.**  
**Room 308**

RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR ELECTRIC PUBLIC UTILITIES.

House Bill No. 1319, H.D. 1, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist the Hawaiian Electric Company, Inc., including its subsidiaries Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc., Hawaii corporations, finance multi-project capital improvement programs, including costs to cover the acquisition of land or the construction or acquisition of facilities used or related to the production, transmission, or distribution of electricity, or any combination thereof, pursuant to Part VI, Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link:

<http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.

**TESTIMONY BEFORE HOUSE  
COMMITTEE ON FINANCE**

**H.B. 1319, H.D. 1**

**Relating to Special Purpose Revenue Bonds for Electric Public Utilities**

Wednesday, February 27, 2019  
11:00 AM, Agenda Item # 24  
State Capitol, Conference Room 308

Shannon Asato  
Treasurer  
Hawaiian Electric Company, Inc.

Chair Luke, Vice Chair Cullen, and Members of the Committee,

My name is Shannon Asato and I am testifying on behalf of Hawaiian Electric Company, Inc. and its subsidiary utilities Maui Electric Company, Limited and Hawai'i Electric Light Company, Inc. (collectively, "the Hawaiian Electric Companies") in **support** of H.B. 1319 H.D. 1, Relating to Special Purpose Revenue Bonds for Electric Public Utilities. The Companies are seeking authorization for the Department of Budget and Finance of the State of Hawai'i to issue up to \$700 million in special purpose revenue bonds ("SPRBs") over five years (2019-2024) on behalf of the Companies to finance multi-project capital improvement construction programs for the local furnishing of electric energy on Oahu, Hawaii Island and across Maui county.

Interest and principal payments on these bonds, as well as all other costs associated with them, are obligations of the utilities on whose behalf they would be sold. The State of Hawai'i has no obligation to make any payments related to these bonds.

Since 2012, market conditions made it more economical for the Companies to issue taxable debt instead of tax-exempt revenue bonds. However, based on current market conditions, issuing tax-exempt revenue bonds are more economically attractive

than taxable. Thus, the Companies would like the flexibility to issue revenue bonds if future market conditions continue to favor tax-exempt revenue bonds resulting in lower cost to our customers.

The proceeds of the sale of SPRBs will be used by the utilities for the construction of facilities necessary to furnish electricity. All projects eventually financed by SPRB proceeds must be specifically approved by the Hawai'i Public Utilities Commission for SPRB financing.

Accordingly, the Hawaiian Electric Companies support H.B. 1319, H.D. 1. Thank you for this opportunity to testify.



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

HOUSE COMMITTEE ON FINANCE  
Wednesday, February 27, 2019 — 11:00 a.m. — Room 308

**Ulupono Initiative Supports HB 1319 HD 1, Relating to Special Purpose Revenue Bonds for Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc.**

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better manage waste and fresh water resources. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono supports HB 1319 HD 1**, which authorizes a special purpose revenue bond (SPRB) for Hawaiian Electric Company, Maui Electric Company, and Hawai'i Electric Light Company, because it aligns with our goal of increasing the production of clean, renewable energy in Hawai'i.

The electric utility companies for Honolulu, Maui, and Hawai'i counties are slowly transforming their business operations toward more renewable energy production, energy storage, and clean transportation. For this transition to occur, they will require access to low-cost financing. SPRBs can provide a lower cost of capital, and the renewable and clean investments can save ratepayers money over the long run. Both of these aspects would serve the public's interest in the communities they serve.

As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support renewable energy production. Thank you for this opportunity to testify.

Respectfully,

Murray Clay  
Managing Partner

*Investing in a Sustainable Hawai'i*



LAND USE RESEARCH  
FOUNDATION OF HAWAII

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**LATE**

February 26, 2019

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
House Committee on Ways and Means

**Strong Support of HB 1319, HD1, Relating to Special Purpose Revenue Bonds for Electric Public Utilities (Authorizes special purpose revenue bonds for Hawaiian Electric Company, Inc. and its subsidiaries Maui Electric Company and Hawaii Electric Light Company for multi-project capital improvement programs.)**

**FIN Hrg: Wednesday, February 27, 2019, 11:00 a.m., in Conf. Rm 308**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, resort operators and major utility companies. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **strong support of HB 1319, HD1**, which authorizes the issuance of special purpose revenue bonds (SPRBs) to assist Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc. (collectively, "Electric utilities"), to fund multi-project capital improvement programs approved by the Public Utilities Commission, including costs to cover the acquisition of land or the construction or acquisition of facilities used or related to the production, transmission, or distribution of electricity, or any combination thereof. LURF further understands that the SPRBs will assist the electric utilities serving the general public in providing electric energy.

For the above reasons, LURF is in **strong support of HB 1319, HD1** and respectfully urges your favorable consideration.

Thank you for the opportunity to provide comments in support of this measure.