

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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 SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1319, H.D. 2, S.D. 1

March 28, 2019
10:15 A.M.
Room 211

RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR ELECTRIC PUBLIC UTILITIES.

House Bill No. 1319, H.D. 2, S.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.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Thursday, March 28, 2019 — 10:15 a.m. — Room 211

Ulupono Initiative Supports HB 1319 HD 2 SD 1, Relating to Special Purpose Revenue Bonds for Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc.

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, 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 2 SD 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

TESTIMONY BEFORE SENATE COMMITTEE ON WAYS AND MEANS

H.B. 1319, HD2, SD1

Relating to Special Purpose Revenue Bonds for Electric Public Utilities

Thursday, March 28, 2019
10:15 AM, Agenda Item # 2
State Capitol, Conference Room 211

Written Testimony in Strong Support

Shannon Asato
Treasurer
Hawaiian Electric Company, Inc.

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, 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 Companies") in support of H.B. 1319 HD2, SD1, 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



**Hawaiian Electric
Maui Electric
Hawai'i Electric Light**

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 HD2, SD1.
Thank you for this opportunity to testify.