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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

LATE

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 1319

February 5, 2019
8:45 A.M.
Room 325

RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR ELECTRIC PUBLIC UTILITIES.

House Bill No. 1319 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
ENERGY & ENVIRONMENTAL PROTECTION**

H.B. 1319

Relating to Special Purpose Revenue Bonds for Electric Public Utilities

Tuesday, February 5, 2019
8:45 AM, Agenda Item # 6
State Capitol, Conference Room 325

Lorie Ann Nagata
Treasurer
Hawaiian Electric Company, Inc.

Chair Lowen, Vice Chair Wildberger, and Members of the Committee,

My name is Lorie Ann Nagata 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, 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. Thank you for this opportunity to testify.

HB-1319

Submitted on: 2/1/2019 6:48:44 PM

Testimony for EEP on 2/5/2019 8:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Winslow	Hawaii Farmers Union	Support	No

Comments: