

SB998

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| Measure Title: | RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR HAWAIIAN ELECTRIC COMPANY, INC.; MAUI ELECTRIC COMPANY, LIMITED; AND HAWAII ELECTRIC LIGHT COMPANY, INC. |
| Report Title: | Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; Hawaii Electric Light Company, Inc.; Electric Utilities; Capital Improvement Programs; Special Purpose Revenue Bonds; Appropriation (\$) |
| Description: | Authorizes the issuance of special purpose revenue bonds to assist Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc., to fund multi-project capital improvement programs and assist utilities serving the general public in providing electric energy. |
| Companion: | |
| Package: | None |
| Current Referral: | CPH, WAM |
| Introducer(s): | WAKAI, ENGLISH, KEITH-AGARAN, KIDANI, Baker, S. Chang, K. Kahele, J.Keohokalole, Nishihara, Shimabukuro, Taniguchi |

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OFFICE OF THE PUBLIC DEFENDER

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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 SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION,
AND HEALTH
ON
SENATE BILL NO. 998

February 11, 2019
9:30 A.M.
Room 229

RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR HAWAIIAN ELECTRIC COMPANY, INC.; MAUI ELECTRIC COMPANY, LIMITED; AND HAWAII ELECTRIC LIGHT COMPANY, INC.

Senate Bill No. 998 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist the Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc., all 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 COMMERCE, CONSUMER PROTECTION, & HEALTH
Monday, February 11, 2019 — 9:30 a.m. — Room 229

Ulupono Initiative Supports SB 998, Relating to Special Purpose Revenue Bonds for Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc.

Dear Chair Baker, Vice Chair Chang, 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 SB 998, 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



February 10, 2019

Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair
Senate Committee on Commerce, Consumer Protection, and Health

Strong Support of SB 998, RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR HAWAIIAN ELECTRIC COMPANY, INC.; MAUI ELECTRIC COMPANY, LIMITED; AND HAWAII ELECTRIC LIGHT COMPANY, INC. (Authorizes the issuance of special purpose revenue bonds to assist Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc., to fund multi-project capital improvement programs and assist utilities serving the general public in providing electric energy.)

Monday, February 11, 2019, 9:05 a.m., in Conference Room 229

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 SB 998**, 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 SB 998, and respectfully urges your favorable consideration.

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

**TESTIMONY BEFORE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION AND HEALTH**

S.B. 998

**Relating to Special Purpose Revenue Bonds for Hawaiian Electric Company, Inc.,
Maui Electric Company, Limited; and Hawaiian Electric Light Company, Inc.**

Monday, February 11, 2019
9:30 AM, Agenda Item # 7
State Capitol, Conference Room 229

Lorie Ann Nagata
Treasurer
Hawaiian Electric Company, Inc.

Chair Baker, Vice Chair Chang, 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 Hawaiian Electric Companies") **in support with amendments** of S.B. 998, Relating to Special Purpose Revenue Bonds for Hawaiian Electric Company, Inc., Maui Electric Company, Limited; and Hawaiian Electric Light Company, Inc. The Hawaiian Electric 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, Hawai'i 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 debt. 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.

We would like to request the following two amendments to mirror the language in the House version of the bill:

1. Page 1, Lines 11-12, amend as follows: “for the purpose of assisting Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc., all Hawaii corporations, [~~to continue~~] for 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; . . .”
2. Page 2, Lines 11-16: To clarify that the specific capital projects that we are referring to, we suggest adding the underlined language so that the sentence reads, “The legislature hereby finds and determines that the capital improvement projects and programs of Hawaiian Electric Company, Inc. Maui Electric Light, Limited; and Hawaii Electric Light Company, Inc. constitute a

project as defined in part VI, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to utilities serving the general public in providing electric energy.”

The Hawaiian Electric Companies support S.B. 998 and respectfully requests adoption of the proposed amendments. Thank you for this opportunity to testify.