
A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 271G-17.5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[+]§271G-17.5[+]~~ **Issuance of securities; execution of**
4 **leases ~~[-]~~; exceptions.** (a) A water common carrier may, on
5 securing the prior approval of the public utilities commission,
6 and not otherwise, issue stocks and stock certificates, bonds,
7 notes, and other evidences of indebtedness, payable at periods
8 of more than twelve months after the date thereof, and enter
9 into long-term leases of more than three years and leverage
10 leases for the following purposes and no other, namely:

- 11 (1) For the acquisition of property; ~~[e]~~
- 12 (2) For the construction, completion, extension, or
13 improvement of or addition to its facilities or
14 service; ~~[e]~~
- 15 (3) For the discharge or lawful refunding of its
16 obligations; or



1 (4) For the reimbursement of moneys actually expended from
2 income or from any other moneys in its treasury not
3 secured by or obtained from the issue of its stocks or
4 stock certificates, or bonds, notes, or other
5 evidences of indebtedness, for any of the aforesaid
6 purposes, except maintenance of service, replacements,
7 and substitutions not constituting capital expenditure
8 in cases where the water carrier has kept its accounts
9 for ~~such~~ the expenditures in ~~such~~ a manner as to
10 enable the commission to ascertain the amount of
11 moneys so expended and the purposes for which the
12 expenditures were made, and the sources of the funds
13 in its treasury applied to the expenditures.

14 As used ~~herein,~~ in this section, "property" and
15 "facilities" mean property and facilities used in all operations
16 of a water carrier whether or not included in its regulated
17 operations or rate base. A water carrier ~~may~~ shall not issue
18 securities nor enter into long-term leases of more than three
19 years and leverage leases~~[-]~~ to acquire property~~,~~ or ~~to~~
20 construct, complete, extend~~,~~ ~~or~~ improve~~,~~ or add to its
21 facilities or service, if the commission determines that the



1 proposed purpose will have a material adverse effect on its
2 operations. No carrier shall repurchase or reissue its own
3 common stock without prior commission approval.

4 All stock and every stock certificate, and every bond,
5 note, or other evidence of indebtedness of a water carrier not
6 payable within twelve months, issued without an order of the
7 commission authorizing the same, then in effect, shall be void.
8 In addition, all long-term leases of more than three years and
9 all leverage leases entered into by a water carrier without an
10 order of the commission authorizing the same then in effect
11 shall be void.

12 (b) This section shall not apply to:

13 (1) Land leases from a governmental entity; provided that
14 either the water common carrier or governmental entity
15 provides a letter to the commission outlining terms of
16 the lease agreement in a reasonable timeframe after
17 the agreement is executed; and

18 (2) Leases of any equipment of which the annual cost of
19 the lease is below a threshold as determined by the
20 commission in the most recently approved rate case or
21 other ratemaking proceeding."



1 SECTION 2. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 3. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Public Utilities Commission; Common Water Carriers; Long-Term Leases; Leverage Leases

Description:

Exempts from the requirement that a water common carrier secure the prior approval of the Public Utilities Commission to issue stocks and stock certificates and enter long-term leases of more than three years and leverage leases: (1) land leases from a governmental entity; provided that either the water common carrier or governmental entity provides a letter to the commission outlining terms of the lease agreement in a reasonable timeframe after the agreement is executed; and (2) leases of any equipment of which the annual cost of the lease is below a threshold as determined by the commission in the most recently approved rate case or other ratemaking proceeding. Effective 7/1/2050. (SD2)

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