

SB 1214

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON ENERGY AND ENVIRONMENT AND
COMMERCE AND CONSUMER PROTECTION
ON
SENATE BILL NO. 1214

February 12, 2015

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HAWAIIAN ELECTRIC COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED, AND HAWAII ELECTRIC LIGHT COMPANY, INC.

Senate Bill No. 1214 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Company, Inc. pursuant to Part VI, Chapter 39A, Hawaii Revised Statutes.

The Department would like to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of SPRB issuance will require further discussion and satisfactory credit underwriting review of the financing components with respect to any proposed financing.

Thank you for the opportunity to provide testimony on this measure.

Testimony Before The Senate Committee On
Energy And Environment And
The Senate Committee On
Commerce And Consumer Protection

Senate Bill No. 1214

February 12, 2015

By

Tayne S. Y. Sekimura, Senior Vice President and Chief Financial Officer
Hawaiian Electric Company, Inc.

Financial Vice President
Hawaii Electric Light Company, Inc.
Maui Electric Company, Limited

Chairs Gabbard and Baker, Vice Chairs Green and Taniguchi and Members of the
Committees:

Hawaiian Electric Company, Inc., Maui Electric Company, Limited and Hawaii
Electric Light Company, Inc. (collectively, "the Companies") support the passage
of Senate Bill No. 1214. This bill seeks authorization for the Department of Budget
and Finance to issue up to \$800 million in special purpose revenue bonds over
five years on behalf of the Companies to finance multi-project capital improvement
construction programs for the local furnishing of electric energy.

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 has no obligation to make any payments related to these bonds.

Depending on market conditions, tax-exempt revenue bonds could be cheaper for
customers than taxable debt. In 2012 and 2013, capital market conditions made it
more economical for the Companies to issue taxable debt than revenue bonds.
However, the Companies would like the flexibility to issue revenue bonds if it again
becomes more economical to do so for our customers.

The proceeds of the sale of special purpose revenue bonds will be used by the
utilities for the construction of facilities necessary to furnish electricity. All projects
eventually financed by revenue bond proceeds must be specifically approved by
the Hawaii Public Utilities Commission for revenue bond financing.

Thank you very much for the opportunity to testify in support of this measure.