A BILL FOR AN ACT

RELATING TO WATER COMMON CARRIERS.

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 "[f]\$271G-17.5[f] Issuance of securities[; execution of 4 leases]. (a) A water common carrier may, on securing the prior 5 approval of the public utilities commission, and not otherwise[7] 6 issue]: 7 (1) Enter into vessel leases longer than five years; 8 (2) Enter into leverage leases for vessels; or 9 (3) Issue stocks and stock certificates, bonds, notes, and 10 other evidences of indebtedness, payable at periods of 11 more than twelve months after the date thereof, [and 12 enter into long-term leases of more than three years and leverage leases,] for the following purposes and 13 14 no other, namely: 15 $[\frac{1}{1}]$ (A) For the acquisition of property; $[\frac{1}{1}]$

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| 1 | [(2)] <u>(B)</u> | For the construction, completion, extension, or |
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| 2 | | improvement of or addition to its facilities or |
| 3 | | service; [or] |
| 4 | [(3)] <u>(C)</u> | For the discharge or lawful refunding of its |
| 5 | | obligations; or |
| 6 | [(4)] <u>(D)</u> | For the reimbursement of moneys actually expended |
| 7 | | from income or from any other moneys in its |
| 8 | | treasury not secured by or obtained from the |
| 9 | | issue of its stocks or stock certificates, or |
| 10 | | bonds, notes, or other evidences of indebtedness, |
| 11 | | for any of the aforesaid purposes, except |
| 12 | | maintenance of service, replacements, and |
| 13 | | substitutions not constituting capital |
| 14 | | [expenditure] expenditures in cases where the |
| 15 | | water carrier has kept its accounts for [such] |
| 16 | | the expenditures in [such] a manner as to enable |
| 17 | | the commission to ascertain the amount of moneys |
| 18 | | so expended and the purposes for which the |
| 19 | | expenditures were made, and the sources of the |
| 20 | | funds in its treasury applied to the |
| 21 | | expenditures. |
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1 (b) As used [herein,] in this section, "property" and 2 "facilities" mean property and facilities used in all operations 3 of a water carrier whether or not included in its regulated 4 operations or rate base. A water carrier may not issue 5 securities [nor], enter into [long-term] vessel leases [of more 6 than three] longer than five years [and] or enter into leverage 7 leases $[\tau]$ for vessels, to acquire property or to construct, 8 complete, extend [or], improve, or add to its facilities or 9 service, if the commission determines that the proposed purpose 10 will have a material adverse effect on its operations. No 11 carrier shall repurchase or reissue its own common stock without 12 prior commission approval. 13 (c) All stock and every stock certificate, and every bond, 14 note, or other evidence of indebtedness of a water carrier not 15 payable within twelve months, issued without an order of the 16 commission authorizing the same, then in effect, shall be void. 17 In addition, all [long-term] vessel leases [of more than three] 18 longer than five years and all leverage leases entered into by a 19 water carrier for vessels without an order of the commission 20 authorizing the same then in effect shall be void."

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- 1 SECTION 2. Statutory material to be repealed is bracketed
- 2 and stricken. New statutory material is underscored.
- 3 SECTION 3. This Act shall take effect upon its approval.

Report Title:

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

Description:

Clarifies that a common water carrier may enter into vessel leases longer than five years or enter into leverage leases for vessels upon prior approval of the Public Utilities Commission. (CD1)

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