

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
THE STATE OF HAWAII)
DEPARTMENT OF BUSINESS,)
ECONOMIC DEVELOPMENT,)
AND TOURISM)
For an Order Approving the Green)
Infrastructure Loan Program)

DOCKET NO. 2014-0135

ORDER NO. 33592

CONDITIONALLY APPROVING PROGRAM NOTIFICATION NO. 6

PUBLIC UTILITIES
COMMISSION

2016 MAR 15 P 3 21

FILED

At the Conference, the Authority shared its plan to deploy a \$100,000,000 term loan ("DOE Loan") to the Department of Education ("DOE") and Department of Budget and Finance ("B&F") for an Energy Efficiency/Heat Abatement Project ("DOE Project").¹ The DOE Project would utilize GEMS funds to finance the retrofiting of a number of DOE schools with energy efficiency measures and the installation of heat abatement measures, including air conditioners.

The Authority explained that the issuance and repayment of the DOE Loan would require legislative action. Specifically, the Authority explained that House Bill No. 2569 (2016), as amended ("HB 2569"), was introduced, in part, to appropriate \$100,000,000 from the Hawaii Green Infrastructure Special Fund ("GEMS Special Fund") to be loaned to DOE and B&F. Without this appropriation, the Authority explained that it would not be able to issue the DOE Loan. House Bill No. 2569 also authorizes DOE and B&F to borrow the money from the Authority and authorizes an appropriation out of the general revenues of the State for the initial DOE Loan repayment.

On February 23, 2016, the Authority filed Program Notification No. 6 to deploy capital to government agencies for commercial energy efficiency. At the Conference,

¹Commission Letter issued on February 8, 2016, attachment, at 8.

the Authority explained that the DOE Loan would be made pursuant to Program Notification No. 6.

II.

Findings and Conclusions

The commission finds that Program Notification No. 6 meets the minimum requirements as provided in Decision and Order No. 32318, filed September 30, 2014, which approved the GEMS Program. However, it is not clear that HB 2569 will be enacted. Further, the commission is concerned that Program Notification No. 6 does not provide sufficient assurances or safeguards to ensure repayment of the DOE Loan, as repayment is contingent upon legislative action, as discussed above.

Senate Bill No. 3126 (2016), as amended ("SB 3126"), was introduced as a companion bill to HB 2569, meaning that the two bills were introduced with the exact same content in order to allow both houses of the legislature to consider the proposal simultaneously. However, on February 29, 2016, the Senate Committee on Ways and Means ("WAM") adopted amendments to SB 3126 that would do the following:

- 1) Delete the authorization of DOE and B&F to borrow moneys from the Authority;
- 2) Delete the appropriation of general funds to make the initial loan repayment; and

3) Replace the GEMS Special Fund as the means of financing the DOE Project with a \$100,000,000 appropriation out of the general funds.²

Accordingly, the commission finds that Program Notification No. 6 should be approved, subject to the legislature and Governor enacting legislation that authorizes an appropriation out of the GEMS Special Fund to loan such moneys to DOE and B&F for capital improvement program equipment, installation costs for air conditioning, energy efficient lighting, and other energy efficiency measures related to heat abatement at public schools. In addition, the Authority shall not deploy any funds to state agencies under Program Notification No. 6 in excess of borrowing amounts authorized by the legislature.

The absence of such legislation obviates the need for Program Notification No. 6, as explained to the commission and docket parties by the Authority. Thus, in the event that such legislation is not enacted, this approval shall be deemed void and of no effect.

²Senate Standing Committee Report No. 2787 (2016) ("SSCR No. 2787").

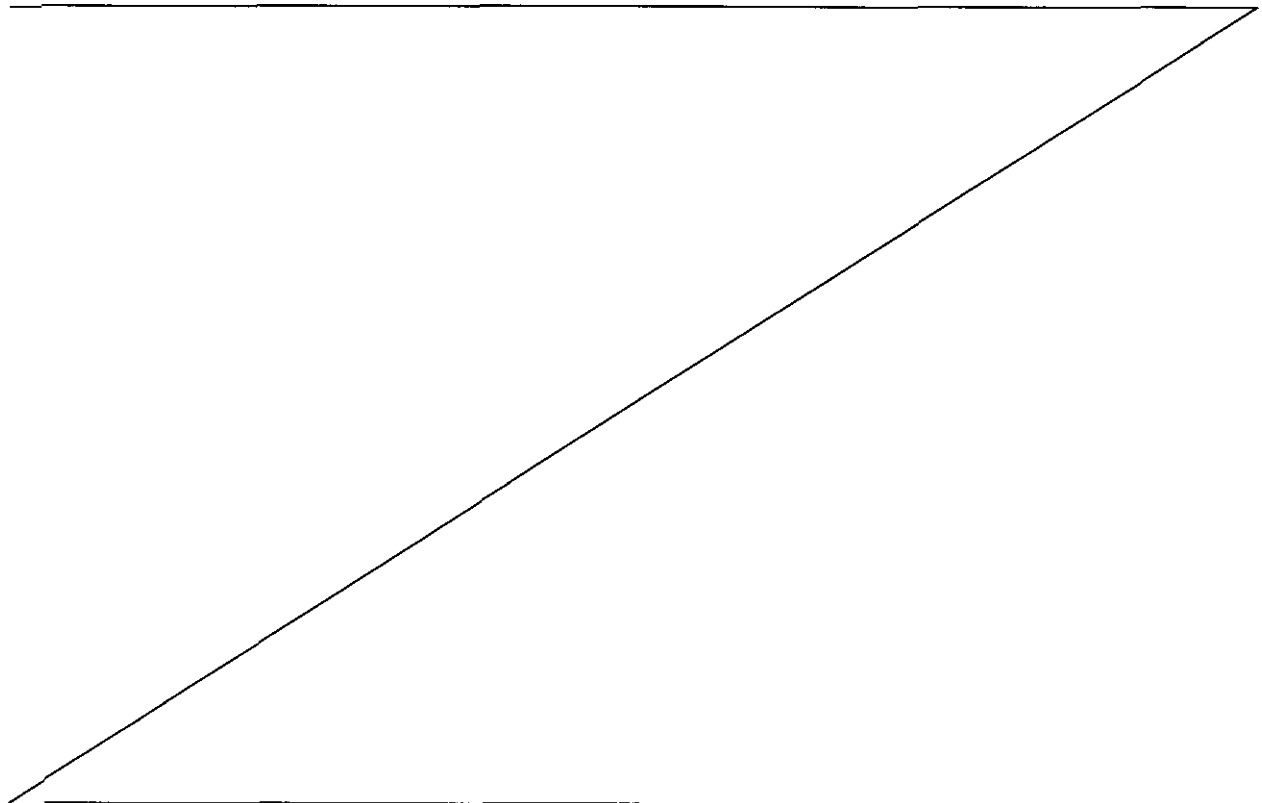
III.

Orders

The commission orders:

1) Program Notification No. 6 is conditionally approved, provided that the legislature and Governor enact legislation authorizing an appropriation out of the GEMS Special Fund to loan such moneys to DOE and B&F for capital improvement program equipment, installation costs for air conditioning, energy efficient lighting, and other energy efficiency measures related to heat abatement at public schools.

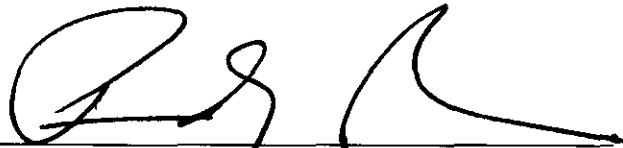
2) In the event that such legislation is not enacted, this approval shall be deemed void and of no effect.




3) The Authority shall not deploy any funds to state agencies under Program Notification No. 6 in excess of borrowing amounts authorized by the legislature.

DONE at Honolulu, Hawaii MAR 15 2016.


PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Randall Y. Iwase, Chair

By 
Michael E. Champley, Commissioner

By 
Lorraine H. Akiba, Commissioner

APPROVED AS TO FORM:


Shannon Mears
Commission Counsel

2014-0135.ljk

CERTIFICATE OF SERVICE

The foregoing Order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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Certificate of Service

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