



## **HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

January 31, 2012, 8:15 A.M.

Room 325

**(Testimony is pages long)**

### **TESTIMONY IN SUPPORT OF HB 2490**

Chair Coffman and members of the Committee:

The Blue Planet Foundation supports HB 2490, a measure which seeks to facilitate greater renewable energy adoption by reducing the level of imputed debt assumed by electric utilities when entering into power purchase agreements.

By enacting this legislation, the State of Hawaii will be telegraphing to financial rating agencies that observe and evaluate the effect of these power purchase agreements, including Standard & Poor's, that the risk and perceived debt equivalence on the electric utilities' balance sheets is minimized.

Reducing the imputed debt obligations of electric utilities can benefit electric utility customers by maximizing the utilities' ability to negotiate low cost, fixed price renewable energy contracts. In addition, the elimination of power purchase agreement-created imputed debt obligations of a utility can lower capital costs for that utility, which helps to mitigate energy costs for consumers through lower rates.

Thank you for the opportunity to testify.