

STAND. COM. REP. NO. 1067

Honolulu, Hawaii

FEB 28 2025

RE: S.B. No. 897
S.D. 3

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 897, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to help mitigate the negative financial impacts of any future catastrophic wildfires in the State.

More specifically, the measure:

- (1) Establishes the wildfire liability trust fund (trust fund) to be administered by the Hawaii Electricity Reliability Administrator; and
- (2) Requires the Public Utilities Commission to contract for a Hawaii Electricity Reliability Administrator and to require payment of the Hawaii electricity reliability surcharge.

Your Committee received written comments in opposition to this measure from the Hawaii Association for Justice.

Your Committee received written comments on this measure from the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, Attorney General, Public Utilities



Commission, Kauai Island Utility Cooperative, Hawaiian Electric, and Hawaiian Telcom.

Your Committee finds that the processes and fund established by this measure will help mitigate the negative financial impacts of any future wildfires on electric utility ratepayers by facilitating the expedient processing of claims and allowing electric utilities to obtain timely recovery of the utilities' costs. Your Committee also finds that requiring electric utility companies to replace fossil fuel resources with firm renewable energy sources will help make renewable energy more affordable for ratepayers.

Your Committee has amended this measure by:

- (1) Deleting section 1 of the measure to avoid potential confusion about the measure's purpose;
- (2) Assigning the administration and management of the trust fund to an Executive Director appointed by the Governor and confirmed by the Senate, rather than to the Hawaii Electricity Reliability Administrator established in part IX of Chapter 269, Hawaii Revised Statutes (HRS);
- (3) Deleting the definitions of "administrator," "low carbon fuel," and "wildfire risk mitigation capital expenditures," in the definitions section of the new part that is being added to chapter 269, HRS, by the measure;
- (4) Placing the trust fund under the Department of Commerce and Consumer Affairs for administrative purposes;
- (5) Deleting provisions allowing contributors to receive payments from the trust fund to support the contributor's wildfire mitigation plan;
- (6) Clarifying that, to be eligible to participate as a contributor, a public utility must have a wildfire risk mitigation plan that has been approved by the Public Utilities Commission and adhered to by the utility;



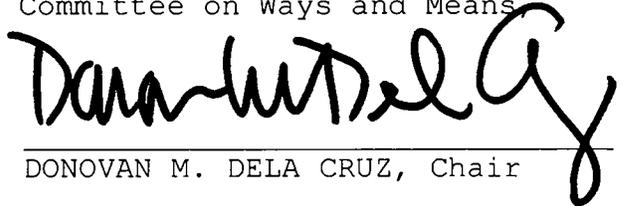
- (7) Clarifying that the trust fund shall not be considered the property or asset of any of its contributors for purposes of a bankruptcy reorganization or other insolvency proceeding;
- (8) Specifying that the initial contributions from investor-owned electric utilities shall be \$1,000,000,000 collectively;
- (9) Changing from \$1,000,000,000 to an unspecified sum the amount required to be recovered from the customers of investor-owned electric utilities in nonbypassable rates;
- (10) Changing from \$500,000,000 to an unspecified sum the amount required to be funded by the shareholders of investor-owned electric utilities for the payment of the Executive Director's salary and other salaries;
- (11) Inserting language allowing contributors to bond-fund their initial payments into the trust fund via securitization;
- (12) Permitting, rather than requiring, a court to consolidate cases arising from a covered catastrophic wildfire;
- (13) Adding a new chapter to the Hawaii Revised Statutes that authorizes securitization for electric utilities;
- (14) Deleting provisions that authorized the Executive Director to expend moneys from the trust fund on wildfire risk mitigation capital expenditures;
- (15) Deleting a provision barring a qualified claimant who failed to file a claim by the established deadline from pursuing a lawsuit against a contributor;
- (16) Requiring the Executive Director to submit a comprehensive report to the Legislature regarding the financial status and resources of the trust fund prior to the Regular Session of 2035;



- (17) Deleting all references, including the entirety of section 3 of the Senate Draft 2 version of the measure, to an advisor of the wildfire liability trust fund;
- (18) Authorizing electric cooperatives to recover commission-approved wildfire mitigation, repair, and restoration costs through a mechanism established by the Public Utilities Commission;
- (19) Inserting language that:
 - (A) Requires the Public Utilities Commission to establish standards for each electric utility to replace fossil fuel resources with firm renewable energy sources in the renewable portfolio standard; and
 - (B) Creates a definition of "firm renewable"; and
- (20) Making technical nonsubstantive edits for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 897, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 897, S.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means


DONOVAN M. DELA CRUZ, Chair



