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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee Commerce and Consumer Protection
and
Senate Committee on Energy and Intergovernmental Affairs

Thursday, March 20, 2025
9:30 a.m.
Conference Room 229

On the following measure:
H.B. 982, H.D. 3, RELATING TO WILDFIRES

Chair Keohokalole, Chair Wakai, and Members of the Committees:

My name is Nadine Ando, and I am the Director of the Department of Commerce and Consumer Affairs ("Department" or "DCCA"). The Department offers comments for this bill.

The purposes of this bill are to (1) establish the Wildfire Recovery Fund, and (2) allow securitization for electric utilities.

The Department recognizes the urgent need to address the financial impacts of catastrophic wildfires and views this bill as a critical step in achieving that goal. We appreciate the bill's emphasis on creating an efficient administrative claims process, modeled after the One Ohana Fund, to ensure timely compensation for those affected. The provision preserving claimants' rights to pursue litigation if they reject a fund settlement is an important safeguard, and the bill's limitations on total payouts for

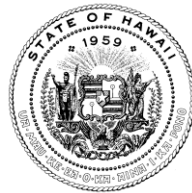
property damage provide a thoughtful balance between supporting those impacted and maintaining the financial stability of public utilities.

While the Department supports the creation of the Wildfire Recovery Fund, the Department does not believe that the Wildfire Recovery Fund should be housed in DCCA or any other state agency. Keeping this fund separate from state agencies will further ensure its operational independence, which is crucial for effective governance and decision making. Maintaining the fund outside of state agencies will help ensure that its resources are used solely for their intended purpose of wildfire recovery and not commingled with other state funds.

The Department appreciates that the current version of the bill provides a contribution share between the ratepayers and the utility, which is intended to decrease the impact on ratepayers. Although the contribution share impacting ratepayers is less than originally provided for in the bill, it is still sizeable and the utility should be required to timely refund interest on the funding amount back to ratepayers (e.g., on an annual basis) and/or using the interest to fund hazard mitigation investments.

The Department believes the proposed Wildfire Recovery Fund will serve the public interest by creating a mechanism for efficient compensation for property damage caused by future catastrophic wildfires while also safeguarding the financial integrity of Hawaii's regulated utilities.

Thank you for the opportunity to testify on this bill.



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On the following measure:
H.B. 982, H.D. 3, RELATING TO WILDFIRES

Chair Keohokalole, Chair Wakai, and Members of the Committees:

My name is Michael Angelo, and I am the Executive Director of the Department of Commerce and Consumer Affairs (Department) Division of Consumer Advocacy. The Department offers comments on this bill.

The purpose of this bill is to establish the Wildfire Recovery Fund and allow securitization for electric utilities.

At the outset the Department notes its preference for a similar version of this bill, which is S.B. 897, S.D. 3, H.D.1. With respect to the provisions of the bill regarding the Wildfire Recovery Fund, the Department hopes that Hawaii will never again suffer the incredible loss and destruction of a major wildfire. The Department also understands the societal benefit of having the ability to provide efficient compensation for property damaged or lost if there is any future wildfire. However, the Department believes that utility customers must not be the primary or sole contributor to such a fund and that it is

appropriate to ensure that customers' contribution to such a fund be significantly limited. Put simply, customers did not start the fire that degraded Hawaiian Electric's credit rating and customers are not responsible for on-going risk. Customers should therefore not bear the financial burden of Hawaiian Electric's costs of additional private insurance coverage or contributing to a wildfire fund intended to serve as supplemental insurance, which Hawaiian Electric asserts may restore its credit rating. Additionally, requiring ratepayers to be the primary or sole contributor to this fund does not acknowledge that the fund delivers a substantial benefit to shareholders because it helps preserve shareholder value if there was another catastrophic wildfire by acting as a shield against the utility's liability exposure. The Department therefore appreciates that S.B. 897, S.D. 3, H.D. 1 does not require customer contributions to a wildfire fund.

Even if a wildfire fund was established, as discussed further below, Hawaiian Electric's credit rating may remain below investment grade status and alternative solutions would likely be needed to shield Hawaiian Electric's customers from Hawaiian Electric's high cost of capital. Hawaiian Electric provided comments from Moody's credit rating agency representing that to protect utility credit quality and retain investor confidence, a policy framework is needed that includes:

- limits on liability,
- a sufficiently large wildfire fund to cover the costs of a catastrophic event, and
- transparent guidelines or certification requirements for fire mitigation.

Two of the key criteria identified by Moody's are contemplated by the limit on aggregate liability in S.B. 897, S.D. 3, H.D. 1, and by Hawaiian Electric having filed its Wildfire Safety Strategy, which is being reviewed by the Hawaii Public Utilities Commission in Docket No. 2025-0156. However, there is no certainty that establishing a wildfire fund would:

- improve the utility's credit rating,
- by how much the credit rating might improve, and
- no known timeline for any improvement.

The Department therefore appreciates that S.B. 897, S.D. 3, H.D. 1 enables securitization for wildfire recovery costs so that utilities may still access low-cost capital even with a

sub-investment grade credit rating. The Department also appreciates that the H.D. 1 version of S.B. 897 includes the necessary public interest protective measure of requiring that the Commission review and approve requests for securitization.¹ The Department offers that the securitization mechanism contemplated by the legislation may help customers because it could serve as a bridge for Hawaiian Electric to access low-cost capital while it planned and built the infrastructure needed to decrease its risk from wildfires, and other substantial threats such as hurricanes, pays off its wildfire liabilities, and ultimately improve its credit rating.

Thank you for the opportunity to testify on this bill.

¹ The Department notes that utilities should still first seek all available means to offset costs (e.g., through federal funding).

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Testimony of the Public Utilities Commission

To the
Senate Committees on
Commerce and Consumer Protection
and
Energy and Intergovernmental Affairs

March 20, 2025
9:30 a.m.

Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees:

Measure: H.B. No. 982, H.D. 3
Title: RELATING TO WILDFIRES.

Position:

The Public Utilities Commission ("Commission") offers the following comments for consideration.

Comments:

The Commission appreciates the intent of this measure to establish the Wildfire Recovery Fund and to allow for electric utilities to finance their contributions to the Wildfire Recovery Fund through securitization.

The Maui wildfires are tragic reminders of the increased risk of catastrophic wildfires in Hawaii and the tremendous harm such a risk can inflict upon the state. This increased risk of catastrophic wildfires affects not just the public but also the state's public utilities, and any solution must involve fairly balancing between the public and the public utilities the benefits and costs associated with lowering the risk of catastrophic wildfires.

This measure's benefits are easily identifiable. Victims of a future catastrophic wildfire benefit from being able to receive quick compensation for any damages, while participating utilities benefit from potentially avoiding any financial instability stemming from an uncertain litigation process in the event that they are alleged to have caused or contributed to the damage resulting from a catastrophic wildfire. The financial stability that participating utilities may achieve as a result of this bill will, by extension, indirectly

benefit their ratepayers through the lower cost of capital for these more financial stable utilities.

What is not as apparent is how the costs associated with the lowered risk of catastrophic wildfires as a result of this measure is allocated between participating utilities and their ratepayers. This measure does not specify the dollar amount of initial contributions from electric utilities into the Wildfire Recovery Fund, nor does this measure specify the relative allocations between ratepayers and shareholders for those initial contributions from electric utilities into the Wildfire Recovery Fund.

The Commission observes that the House Committee on Energy & Environmental Protection (“EEP”) heard a similar measure, S.B. 897, S.D. 3, last week and grappled with the same difficult question of how to fairly allocate between public utilities and their ratepayers the benefits and the costs associated with lowering the risk of catastrophic wildfires. EEP’s decision was to amend S.B. 897, S.D. 3 such that the proposed Wildfire Liability Trust Fund was removed but would still include the establishment of an aggregate liability limit and the authorization of securitization to recover the costs of infrastructure investments that are needed to reduce wildfire risk and increase reliability and resilience to natural disasters and weather-related events.

The Commission is encouraged by how S.B. 897, S.D. 3, H.D. 1 allocates the benefits and costs associated with lowering the risk of catastrophic wildfires. Although a Wildfire Recovery Fund would provide benefits to participating public utilities and their ratepayers in the event of a catastrophic wildfire, such a fund would not actually lower the risk of catastrophic wildfires. Rather, it would merely mitigate the effects of a catastrophic wildfire should a catastrophic wildfire occur. The infrastructure investments that would be securitized in S.B. 897, S.D. 3, H.D. 1, however, would reduce the risk of a catastrophic wildfire, and therefore may provide the benefits of actual reductions in wildfire risk to both public utilities and their ratepayers. This outcome may result in a more equitable and balanced sharing of the benefits and costs associated with lowering the risk of catastrophic wildfires than the benefits and costs of the proposed Wildfire Recovery Fund in this measure. The Commission is further encouraged by the amendments made by the House Committees on Consumer Protection & Commerce and Judiciary & Hawaiian Affairs when those committees passed out S.B. 897, S.D. 3 H.D. 2 on Tuesday, March 18.

Consequently, the Commission recommends the Committees adopt amendments to this measure that would align this measure with S.B. 897, S.D. 3, H.D. 2. However, the Commission notes that while S.B. 897, S.D. 3, H.D. 2 allows a public utility to seek a financing order from the Commission to securitize costs related to a public utility’s “wildfire risk mitigation plan and other investments in infrastructure improvements, modernization, and replacement needed to reduce wildfire risks and increase reliability and resilience to natural disasters and weather-related events”, S.B. 897, S.D. 3, H.D. 2 does not mandate that public utilities develop and submit any wildfire risk mitigation plans to the Commission for review.

To address this concern, the Commission recommends that the Committees further amend this measure so that it mirrors S.B. 2922, S.D. 2, H.D. 3 from the 2024 Legislative Session to require electric utilities to have wildfire mitigation plans but limit the costs that can be securitized to infrastructure investments that would reduce wildfire risk. Such an approach would benefit both ratepayers and the electric utilities by detailing the requirements that a public utility's wildfire mitigation plan must have but also create a regular periodic process for those wildfire mitigation plans to be iterated upon and reviewed.

Attached to this testimony is a copy of this measure that incorporates all the suggested amendments detailed above.

Nevertheless, should the Committees instead decide to move forward with the Wildfire Recovery Fund, the Commission urges the Committees to keep the following considerations in mind as it determines both the size of the Wildfire Recovery Fund as well as the ratepayers' and shareholders' shares of the initial contributions into the Wildfire Recovery Fund: (1) the bill impact to ratepayers of any securitized ratepayer contributions; and (2) an electric utility's ability to raise capital independently of any authorized securitization in this bill. The Committees should then weigh those costs against the benefits that ratepayers and shareholders receive from the establishment of the Wildfire Recovery Fund.

These considerations are of no small consequence and no easy task to balance. Hawaii's ratepayers are already saddled with some of the highest electricity rates, and the securitization authorized by this measure will undoubtedly be additive, even if small in absolute dollar amounts per month, to these already high rates. Shifting the burden of these costs to shareholders will lessen this additional burden on ratepayers, but shifting too large of an amount to shareholders may leave the electric utility unable to actually raise the needed capital to make their initial contributions to the Wildfire Recovery Fund, which jeopardizes the efficacy of the Wildfire Recovery Fund.

The Commission notes that many states across the nation have implemented, or are considering implementation of, funds that are like the Wildfire Recovery Fund to address the increased risk of catastrophic wildfires in their jurisdictions. These funds vary with respect to the allocation of the costs associated with these funds between electric utilities and their ratepayers, which is largely attributable to unique facts and circumstances related to the creation of those funds. For example, California has both the California Wildfire Fund (established by AB 1054), and a separate wildfire self-insurance fund for electric utilities. While the California Wildfire Fund splits the contributions between ratepayers and shareholders in a 50/50 manner, the self-insurance fund is fully funded by ratepayers, with shareholders being responsible for a co-pay amount, ranging from 2.5% to 5%. Utah similarly created a wildfire fund that is entirely paid for by ratepayers, with shareholders being responsible for a \$10 million deductible for any wildfire claims in a given year.

These differences in ratepayer and shareholder contributions are consistent with the intended purposes of these various funds. The more that a proposed fund is intended to

serve as insurance, the more appropriate it may be to increase any relative sharing taken on by ratepayers. The California Wildfire Fund's scope, for example, is much broader than a simple insurance fund, and it is therefore not surprising that it mandates a larger shareholder contribution than other funds that function more as insurance funds. Such a practice is consistent with traditional cost-of-service ratemaking principles, in which an electric utility may recover through rates all the reasonable costs associated with the provision of electricity, including insurance costs.

Because the Wildfire Recovery Fund is forward looking and will not be used to make payments for any previously incurred liabilities stemming from a catastrophic wildfire, the Commission believes that the Wildfire Recovery Fund may be more akin to a traditional insurance fund rather than a fund with a broader scope like California's Wildfire Fund. Consequently, requiring shareholders to bear the costs of a co-pay and/or a deductible may be a reasonable means to allocate the benefits and costs associated with the creation of an insurance fund between an electric utility's ratepayers and its shareholders beyond simply having ratepayers absorb the entirety of the costs associated with the Wildfire Recovery Fund.

Thank you for the opportunity to testify on this measure.

A BILL FOR AN ACT

RELATING TO WILDFIRES

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the risk of
2 catastrophic wildfires has increased, making it imperative that
3 electric utilities develop, implement, and administer effective
4 plans for wildfire risk mitigation. Electric utilities should
5 develop, implement, and administer wildfire mitigation plans,
6 and, through a public process, the public utilities commission
7 should review and either approve or accept such plans. The
8 ~~legislature finds that as the risk of catastrophic wildfires in~~
9 ~~Hawaii has increased, so has the threat of property damage from~~
10 ~~these fires. The legislature further finds that the public~~
11 ~~interest is served by providing a rapid, efficient, and low-cost~~
12 ~~process for property owners, renters, businesses, and their~~
13 ~~insurers to obtain compensation if a regulated utility is~~
14 ~~alleged to have caused or contributed to the damage resulting~~
15 ~~from a catastrophic wildfire. The legislature also finds that~~
16 ~~under existing law, individuals and businesses must pursue civil~~
17 ~~litigation, which is a lengthy, costly, and contentious process.~~

~~This Act would help individuals and businesses recover by giving them the option to obtain payment quickly through an administrative claims process similar to the One Ohana Fund, also known as the Maui Wildfires Compensation Fund. The administrative claims process will begin based on a preliminary determination that a utility was involved, without waiting for the conclusion of a comprehensive investigation of the origin and cause of a catastrophic wildfire. Claimants are not required to prove that the regulated utility was negligent in order to receive payment through the administrative claims process.~~

~~This Act:~~

~~(1) Preserves claimants' right to pursue litigation if they choose to reject the amount offered through the administrative claims process;~~

~~(2) Limits the total amount that can be paid for property damage through both the administrative claims process and litigation, balancing the interests of those affected by a catastrophic fire in obtaining compensation and the interests of the public utilities in mitigating the risk of financial instability that can result from unlimited liability;~~

~~(3) Requires the public utilities commission to review the conduct of the public utility and to order the utility to replenish the fund, up to a cap, if it finds that the utility acted imprudently; and~~

~~(4) Provides for the legislature to re-evaluate the risk of catastrophic wildfires in 2035 and to refund to customers the amounts they contributed, plus earnings on those funds, to the extent the legislature concludes that the size of the fund can be reduced based on actions taken to reduce risk.~~

~~The legislature also finds that the public interest is served by establishing a compensation mechanism that does not expose regulated utilities to the financial instability that can result from the existing litigation process. Regulated utilities alleged to have caused a catastrophic wildfire face massive costs from litigation. Those costs can overwhelm those utilities, undermining their ability to make investments that the State needs. Indeed, even the possibility of litigation regarding a future catastrophic wildfire can create a cloud of uncertainty that can impair a utility's ability to attract capital on reasonable terms. These costs and uncertainties result in increased rates paid by customers and may reduce~~

~~utilities' ability to make investments in wildfire prevention and resilience initiatives, among other priorities that may affect the health and safety of the State's residents.~~

The legislature additionally finds that securitization may be the most efficient, least costly way for a utility to finance the contributions to the wildfire recovery fund much needed infrastructure investments that would reduce wildfire risk.

Utility securitization transactions have an extensive track record of success.

The legislature further finds that uncertainty regarding an electric utility's potential liability arising from a catastrophic wildfire may hinder the State's progress on its ambitious climate and renewable energy goals.

Therefore, the purpose of this Act is to serve the public interest by:

- (1) requiring electric utilities to develop and submit effective wildfire mitigation plans to the public utilities commission for approval or acceptance to reduce their wildfire risk;
- (2) creating a process through which electric utilities may finance any infrastructure investments needed to reduce wildfire risk; and

(3) limiting an electric utility's civil liability for actions taken in accordance with an approved or accepted wildfire mitigation plan.

~~establishing a mechanism to provide efficient compensation for property damage resulting from a future catastrophic wildfire allegedly caused by a regulated utility, while also protecting the financial integrity of Hawaii's regulated utilities.~~

~~SECTION 2. The Hawaii Revised Statutes is amended by adding two new chapters to be appropriately designated and to read as follows:~~

~~**"CHAPTER A**~~

~~**WILDFIRE RECOVERY FUND**~~

~~**§A-1 Definitions.** As used in this chapter, unless the context otherwise requires:~~

~~"Catastrophic wildfire" means a wildfire occurring in the State on or after the operation date that destroys more than five hundred commercial structures or residential structures designed for habitation, or, for an electric cooperative with less than fifty thousand residential members, meets a threshold dollar amount of potential claims to be determined by the executive director.~~

1 ~~"Commission" means the public utilities commission.~~

2 ~~"Contributor" means a public utility that satisfies all~~
3 ~~requirements to participate in the wildfire recovery fund.~~

4 ~~"Covered catastrophic wildfire" means a catastrophic~~
5 ~~wildfire that may have been caused, or whose severity may have~~
6 ~~been increased, by a contributor's facilities or actions.~~

7 ~~"Electric utility" means a public utility that exists for~~
8 ~~the furnishing of electrical power.~~

9 ~~"Executive director" means the executive director of the~~
10 ~~wildfire recovery fund.~~

11 ~~"Government entity" means any government agency, board,~~
12 ~~bureau, commission, component, department, division, office,~~
13 ~~subdivision, unit, or instrumentality of any kind, including~~
14 ~~federal, state, and municipal entities.~~

15 ~~"Investor owned electric utility" means an electric utility~~
16 ~~that is owned by shareholders and overseen by a board of~~
17 ~~directors elected by shareholders.~~

18 ~~"Operation date" means the first date for contributors to~~
19 ~~elect to participate in the wildfire recovery fund under section~~
20 ~~A-3(a) and the rules adopted to implement the wildfire recovery~~
21 ~~fund.~~

1 ~~"Property insurer" means a person or entity that~~
2 ~~indemnifies another by a contract of insurance for loss of or~~
3 ~~damage to real or personal property in the State.~~

4 ~~"Property owner" means an owner of real property in the~~
5 ~~State.~~

6 ~~"Public utility" has the same meaning as in section 269-1.~~

7 ~~"Qualified claimant" means any property owner, property~~
8 ~~insurer, or tenant who alleges any qualifying damages.~~

9 ~~"Qualifying action" means a civil action by a qualified~~
10 ~~claimant to recover qualifying damages.~~

11 ~~"Qualifying damages" means economic damages arising out of~~
12 ~~the loss of or damage to real or personal property from a~~
13 ~~covered catastrophic wildfire.~~

14 ~~"Tenant" means a person or entity lawfully entitled to~~
15 ~~occupy real property that the person or entity does not own in~~
16 ~~the State.~~

17 ~~"Wildfire recovery fund" means the wildfire recovery fund~~
18 ~~established by section A-2.~~

19 ~~"Wildfire risk mitigation plan" means a plan, which may~~
20 ~~include a natural hazard mitigation report, in which a public~~
21 ~~utility addresses how it will mitigate the risk of its equipment~~
22 ~~in causing or exacerbating a wildfire.~~

~~SA-2 Wildfire recovery fund; establishment; executive director.~~ (a) ~~There is established outside the state treasury a trust fund to be known as the wildfire recovery fund and any accounts thereunder to carry out the purposes of this chapter. All moneys in the wildfire recovery fund shall be expended exclusively for the uses and purposes set forth in this chapter. The wildfire recovery fund shall not be subject to chapter 431. The moneys in the wildfire recovery fund not required for immediate use shall be invested by the executive director for the benefit of the wildfire recovery fund; provided that no assets of the wildfire recovery fund shall be transferred to the general fund of the State or to any other fund of the State or otherwise encumbered or used for any purpose other than those specified for the wildfire recovery fund.~~

~~(b) The wildfire recovery fund shall be placed within the department of commerce and consumer affairs for administrative purposes. The fund shall be a public body corporate and politic.~~

~~(c) The governor shall appoint an executive director of the wildfire recovery fund, who shall be exempt from chapter 76, and shall fix the executive director's compensation. The executive director may be removed only by the governor.~~

1 ~~(d) The executive director shall be responsible for the~~
2 ~~day-to-day operations and management of the wildfire recovery~~
3 ~~fund and shall perform all functions necessary to implement this~~
4 ~~chapter, including entering into contracts and other obligations~~
5 ~~related to the operation, management, and administration of the~~
6 ~~wildfire recovery fund.~~

7 ~~(e) The executive director may retain, employ, or contract~~
8 ~~with officers; experts; employees; accountants; actuaries;~~
9 ~~financial professionals; and other advisers, consultants,~~
10 ~~attorneys, and professionals, as may be necessary in the~~
11 ~~executive director's judgment, for the efficient operation,~~
12 ~~management, and administration of the wildfire recovery fund.~~

13 ~~(f) The executive director shall have the power to issue~~
14 ~~revenue bonds, from time to time, in such principal amounts as~~
15 ~~the executive director may deem advisable for the purpose of~~
16 ~~this chapter, backed by future payments to the wildfire recovery~~
17 ~~fund that contributors have committed to make. These bonds~~
18 ~~shall be issued pursuant to part III of chapter 39, except as~~
19 ~~provided in this chapter.~~

20 ~~(g) The executive director may establish the investment~~
21 ~~policies of the wildfire recovery fund.~~

~~(h) The executive director shall adopt rules pursuant to chapter 91 to implement this chapter.~~

~~**§A-3 Wildfire recovery fund; eligibility for participation as a contributor; contributions.**~~ (a) ~~To be eligible to~~

~~participate as a contributor, a public utility shall:~~

~~(1) Have a wildfire risk mitigation plan that has been approved or accepted by the commission;~~

~~(2) Notify the executive director, in the year before the public utility becomes a contributor, that it intends to participate in the wildfire recovery fund;~~

~~(3) Agree to make an initial contribution, the payment of which is thereafter a binding commitment enforceable by the executive director; and~~

~~(4) Provide a comparison of costs for current commercial insurance coverage compared to wildfire property damage and loss.~~

~~(b) The initial contributions from investor-owned electric utilities collectively shall be:~~

~~(1) \$ _____, which amount shall be recovered from its customers in nonbypassable rates; and~~

~~(2) \$ _____, which amount shall be funded by~~

~~shareholders of those investor-owned electric utilities, and of which \$ _____ shall be used exclusively for the payment of salaries of the executive director and of all other persons retained by the executive director to implement this chapter and the contracting of consultants to assist the public utilities commission in determining whether a contributor acted prudently under section A-5, with any funds remaining of the \$ _____ in 2035 to be transferred to the wildfire recovery fund.~~

~~(c) The investor-owned electric utilities may elect to make the initial contributions set forth in subsection (b)(1), to the degree not paid for through securitization pursuant to chapter B, over a period not to exceed five years; provided that interest shall be added to any amounts paid after the first year, at an interest rate equal to the investor-owned electric utilities' incremental cost of long-term debt, with such interest recovered from customers in rates.~~

~~(d) The executive director shall determine the initial contributions from other public utilities based on an actuarial assessment of the risk of potential payments by the wildfire~~

~~recovery fund resulting from covered catastrophic wildfires created by such public utility.~~

~~(c) The executive director may propose supplemental contributions to the wildfire recovery fund by participating public utilities.~~

~~(f) Investment earnings associated with payments made to the wildfire recovery fund that were recovered in regulated rates from customers shall be refunded annually to the paying public utility to be refunded to those customers in the form of a credit on their ratepayer accounts.~~

~~(g) If a contributor fails to pay any part of an initial contribution or a supplemental contribution that it agreed to make, or elects not to agree to make a supplemental contribution, that contributor shall no longer be a contributor as of the date on which the payment was due, and the contributor shall not receive any refund of payments previously made; provided that a contributor that elects not to make a supplemental contribution shall be a contributor as to any catastrophic wildfire that occurs before the election date. After failing to, or electing not to, make a payment, a public utility may rejoin the wildfire recovery fund as a contributor on a prospective basis if it makes owed payments with interest.~~

1 ~~(h) The executive director shall adopt rules pursuant to~~
2 ~~chapter 91 regarding the timing of initial and supplemental~~
3 ~~contributions, which may include upfront, annual, and~~
4 ~~retrospective payments, specifically payments made after a~~
5 ~~wildfire occurs.~~

6 ~~**§A-4 Determination of a covered catastrophic wildfire.**~~

7 ~~The executive director shall adopt rules pursuant to chapter 91~~
8 ~~regarding how to determine whether a wildfire is a covered~~
9 ~~catastrophic wildfire. These rules shall include a requirement~~
10 ~~that a wildfire shall be determined to be a covered catastrophic~~
11 ~~wildfire if a party makes non-frivolous allegations in a legal~~
12 ~~action that a contributor's facilities caused or contributed to~~
13 ~~the severity of a catastrophic wildfire.~~

14 ~~**§A-5 Replenishment of the wildfire recovery fund.**~~ (a) ~~If~~
15 ~~the wildfire recovery fund has made payments with respect to a~~
16 ~~covered catastrophic wildfire and after resolution of~~
17 ~~substantially all third-party liability claims that were brought~~
18 ~~or could be brought against contributors arising from that~~
19 ~~covered catastrophic wildfire, each contributor whose facilities~~
20 ~~were implicated in the covered catastrophic wildfire shall~~
21 ~~initiate a proceeding before the commission to review the~~

~~prudence of the contributor's conduct leading to the
catastrophic wildfire.~~

~~(b) The commission shall determine whether the contributor
acted prudently:~~

~~(1) Considering only acts that may have caused the
occurrence or contributed to the severity of the
covered catastrophic wildfire; and~~

~~(2) Evaluating the contributor's actions in the context of
its overall systems, processes, and programs, such
that an error by a contributor's employee would not be
a basis for a finding of imprudence, unless that error
resulted from the failure of a system, process, or
program to prevent the error.~~

~~(c) If the commission determines that imprudent conduct by
the contributor caused the occurrence or contributed to the
severity of a covered catastrophic wildfire, the commission
shall determine whether to order the contributor to replenish
the wildfire recovery fund in whole or in part for payments from
the wildfire recovery fund in connection with the covered
catastrophic wildfire. In determining the amount of
replenishment, if any, the commission shall consider the extent
and severity of the contributor's imprudence and factors within~~

1 ~~and beyond the contributor's control that may have led to or~~
2 ~~exacerbated the costs from the covered catastrophic wildfire,~~
3 ~~including but not limited to humidity, temperature, winds, fuel,~~
4 ~~merged wildfires with independent ignitions, third-party actions~~
5 ~~that affected the spread of the wildfire, and fire suppression~~
6 ~~activities.~~

7 ~~(d) Over any three year period, the commission shall not~~
8 ~~order the contributor to reimburse the wildfire recovery fund in~~
9 ~~an amount that exceeds twenty per cent of the contributor's~~
10 ~~transmission and distribution equity rate base.~~

11 ~~(e) A contributor shall not recover in regulated rates any~~
12 ~~amount that the commission orders it to pay to the wildfire~~
13 ~~recovery fund as a replenishment under this section.~~

14 ~~**§A-6 Claims for payment by qualified claimants;**~~
15 ~~**presentment requirement.**~~ (a) ~~The executive director shall~~
16 ~~adopt rules pursuant to chapter 91 to create a process through~~
17 ~~which a qualified claimant that is not a government entity may~~
18 ~~submit to the wildfire recovery fund a claim for payment of~~
19 ~~economic damages arising out of property damage resulting from a~~
20 ~~covered catastrophic wildfire.~~

21 ~~(b) A qualified claimant shall file a claim for payment~~
22 ~~for economic damages arising out of the loss of or damage to~~

~~real or personal property from a covered catastrophic wildfire pursuant to this section. The claim of a qualified claimant that is not a property insurer shall be limited to uninsured economic damages. A qualified claimant shall not file or maintain a civil action against a contributor unless and until the qualified claimant rejects an offer of settlement from the wildfire recovery fund. A qualified claimant who fails to file a claim within four years of the covered catastrophic wildfire shall be ineligible to receive payment from the wildfire recovery fund and shall be barred from instituting or maintaining any qualifying action against a contributor; provided that the executive director may establish a deadline beyond the four-year period by rule and until which time the claimant shall still be eligible to receive payment and shall not be barred from instituting or maintaining any qualifying action.~~

~~(c) The executive director shall make an offer to settle each claim submitted, which the claimant may accept or reject. In determining the amount of each offer, the executive director shall consider, at a minimum:~~

~~(1) The economic damages sought by all qualified claimants in the aggregate;~~

~~(2) The amount available to the wildfire recovery fund~~

~~relative to the amount under paragraph (1);~~

~~(3) The strength of any evidence of contributor liability;~~

~~and~~

~~(4) The strength of any evidence of involvement of non-~~

~~contributor third parties.~~

~~(d) If the amount available to the wildfire recovery fund,~~

~~including assets held by the wildfire recovery fund and all~~

~~payments contributors are obligated to make to the wildfire~~

~~recovery fund, is less than fifty per cent of the aggregate~~

~~liability limit as calculated in section A-8, the wildfire~~

~~recovery fund shall make payment only to contributors pursuant~~

~~to section A-7.~~

~~**SA-7 Claims for payment by contributors.** The executive~~

~~director shall adopt rules pursuant to chapter 91 to create a~~

~~process through which a contributor may obtain payment from the~~

~~wildfire recovery fund to satisfy settled or finally adjudicated~~

~~claims for recovery of qualifying damages after exhausting the~~

~~contributor's available insurance. The rules shall establish~~

~~the standard for approving any settlement. To the extent that~~

~~the wildfire recovery fund lacks sufficient funds to make a~~

~~payment to a contributor when sought, the wildfire recovery fund~~

1 ~~shall make such payment upon receipt of contributions that~~
2 ~~contributors are obligated to make to the wildfire recovery fund~~
3 ~~under payment schedules.~~

4 ~~**SA-8 Limitation on aggregate liability.**~~ (a) ~~The~~
5 ~~aggregate liability of all contributors for qualifying damages~~
6 ~~arising from a covered catastrophic wildfire, including economic~~
7 ~~and non-economic damages, shall not exceed the greater of:~~

8 ~~(1) Fifty per cent of the amount available to the wildfire~~
9 ~~recovery fund at the time of the covered catastrophic~~
10 ~~wildfire, including amounts in and obligated to the~~
11 ~~wildfire recovery fund; or~~

12 ~~(2) The average assessed value of commercial structures~~
13 ~~and residential structures designed for habitation in~~
14 ~~the county in which the covered catastrophic wildfire~~
15 ~~ignited, multiplied by the number of commercial~~
16 ~~structures or residential structures designed for~~
17 ~~habitation that were destroyed.~~

18 ~~(b) The following amounts shall be added to determine~~
19 ~~whether the aggregate liability limit has been reached:~~

20 ~~(1) Payments from the wildfire recovery fund under section~~
21 ~~A-6; and~~

22 ~~(2) Payments by a contributor in connection with any~~

1 ~~settlement or judgment on a claim for qualifying~~
2 ~~damages.~~

3 ~~(c) All civil actions arising out of a catastrophic~~
4 ~~wildfire shall be brought in the judicial circuit in which the~~
5 ~~catastrophic wildfire occurred. The court shall adopt~~
6 ~~procedures to equitably apply the limit set forth in subsection~~
7 ~~(a) to all civil claims for qualifying damages that are filed.~~
8 ~~All settlements or judgments for claims for qualifying damages~~
9 ~~shall be subject to approval by the court. The court shall not~~
10 ~~approve any settlement or judgment that would cause the~~
11 ~~aggregate liability of contributors to exceed the aggregate~~
12 ~~liability limit.~~

13 ~~(d) A court shall consolidate cases arising from a covered~~
14 ~~catastrophic wildfire. Any circuit court that is not the~~
15 ~~consolidating court shall transfer any civil case to facilitate~~
16 ~~such consolidation.~~

17 ~~**§A-9 Limitations on claims.** (a) No qualifying action~~
18 ~~shall be instituted or maintained by a qualified claimant~~
19 ~~against contributors or their affiliates, employees, agents, or~~
20 ~~insurers if the qualified claimant accepts an offer under~~
21 ~~section A-6; provided that the rights of a property insurer to~~
22 ~~sue as a subrogee of its policyholder shall not be affected by a~~

1 ~~property owner's or tenant's acceptance of an offer under~~
2 ~~section A-6 and the subrogation rights shall be affected only if~~
3 ~~the property insurer elects to accept an offer under section A-~~
4 ~~6.~~

5 ~~(b) No suit, claim, arbitration, or other civil legal~~
6 ~~action for indemnity or contribution for amounts paid, or that~~
7 ~~may be paid, as a result of a covered catastrophic wildfire, may~~
8 ~~be instituted or maintained by any persons or entities against~~
9 ~~contributors or their affiliates, employees, agents, or insurers~~
10 ~~for qualifying damages; provided that this subsection shall not~~
11 ~~apply to any agreements entered into before the operation date.~~

12 ~~**SA-10 Several liability.** Any law to the contrary~~
13 ~~notwithstanding, joint and several liability is abolished for~~
14 ~~any qualifying damages. Any person or entity that is sued for~~
15 ~~qualifying damages may argue for apportionment of fault to any~~
16 ~~other person or entity regardless of whether that person or~~
17 ~~entity is a party to the action.~~

18 ~~**SA-11 Reporting; refunds authorized by the legislature.**~~

19 ~~(a) The executive director shall submit to the legislature and~~
20 ~~commission an annual report regarding the wildfire recovery fund~~
21 ~~no later than ninety days prior to the beginning of each regular~~
22 ~~session until 2034. The annual report submitted by the~~

1 ~~executive director shall include an update on the activities of~~
2 ~~the wildfire recovery fund.~~

3 ~~(b) No later than ninety days prior to the regular session~~
4 ~~of 2035, the executive director shall submit a report regarding~~
5 ~~the financial status and resources of the wildfire recovery fund~~
6 ~~relative to the then-current assessment of actuarial risk of a~~
7 ~~catastrophic wildfire.~~

8 ~~(c) Based on the report in subsection (b), the legislature~~
9 ~~may determine that the wildfire recovery fund is overfunded and~~
10 ~~direct the executive director to return contributions, in whole~~
11 ~~or in part, with associated investment earnings, to~~
12 ~~contributors. Any payments made to the wildfire recovery fund~~
13 ~~that were recovered in regulated rates from customers, and any~~
14 ~~investment earnings associated with those payments, shall, in~~
15 ~~the event that the legislature orders a refund, be returned to~~
16 ~~those customers.~~

17 ~~**§A-12 Inadmissible evidence.** Any findings made or~~
18 ~~evidence submitted for purposes of proceedings under sections A-~~
19 ~~4, A-6, and A-7 shall be subject to the limits on admissibility~~
20 ~~under rule 408, Hawaii rules of evidence, as set forth in~~
21 ~~section 626-1.~~

1 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 CHAPTER B

5 PART . WILDFIRE MITIGATION AND SECURITIZATION

6 §B-1-269-A **Definitions.** As used in this ~~chapter, unless~~
7 ~~the context otherwise requires~~ part:

8 "Ancillary agreement" means a bond insurance policy, letter
9 of credit, reserve account, surety bond, swap arrangement,
10 hedging arrangement, liquidity or credit support arrangement, or
11 other similar agreement or arrangement entered into in
12 connection with the issuance of bonds that is designed to
13 promote the credit quality and marketability of the bonds or to
14 mitigate the risk of an increase in interest rates.

15 "Assignee" means a legally recognized entity to which an
16 electric utility assigns, sells, or transfers, other than as
17 security, all or a portion of the electric utility's interest in
18 or right to wildfire ~~recovery~~mitigation property. "Assignee"
19 includes a corporation, limited liability company, general
20 partnership or limited partnership, public authority, trust,
21 financing entity, or any other legal entity to which an assignee

1 assigns, sells, or transfers, other than as security, its
2 interest in or right to wildfire recoverymitigation property.

3 "Bond" means any bond, note, certificate of participation
4 or beneficial interest, or other evidence of indebtedness or
5 ownership that is issued by the financing entity under a
6 financing order, the proceeds of which are used directly or
7 indirectly to recover, finance, or refinance financing costs of
8 any wildfire recoverymitigation costs, and that are directly or
9 indirectly secured by or payable from wildfire
10 recoverymitigation property.

11 "Catastrophic wildfire" means a wildfire occurring in the
12 State that destroys more than five hundred commercial structures
13 or residential structures designed for habitation.

14 "Commission" means the public utilities commission.

15 "Consumer" means any individual, governmental body, trust,
16 business entity, or nonprofit organization that consumes
17 electricity that has been transmitted or distributed by means of
18 electric transmission or distribution facilities, whether those
19 electric transmission or distribution facilities are owned by
20 the consumer, the electric utility, or any other party.

21 ~~"Electric cooperative" means an electric utility that~~
22 ~~satisfies the requirements under section 269-31(c).~~

~~"Electric cooperative wildfire claims costs" means costs incurred by an electric cooperative to resolve third-party liability claims arising from any wildfire occurring in the State that are not covered by insurance and that the commission finds to be just and reasonable. "Electric cooperative wildfire claims costs" does not include costs incurred by an investor-owned electric utility.~~

"Electric utility" means a public utility that exists for the furnishing of electrical power.

"Financing costs" means the reasonable costs to issue, service, repay, or refinance bonds, whether incurred or paid upon issuance of the bonds or over the life of the bonds, if they are approved for recovery by the commission in a financing order. "Financing costs" includes any of the following:

- (1) Principal, interest, and redemption premiums that are payable on bonds;
- (2) A payment required under an ancillary agreement;
- (3) An amount required to fund or replenish reserve accounts or other accounts established under an indenture, ancillary agreement, or other financing document related to the bonds;
- (4) Taxes, franchise fees, or license fees imposed on a

1 financing entity as a result of the issuance of the
2 financing order; the assignment, sale, or transfer of
3 any wildfire ~~recovery~~mitigation property; or the sale
4 of the bonds, or imposed on the wildfire
5 ~~recovery~~mitigation charges, or otherwise resulting
6 from the collection of the wildfire ~~recovery~~mitigation
7 charge, in any such case whether paid, payable, or
8 accrued;

9 (5) Costs related to issuing and servicing bonds or the
10 application for a financing order, including without
11 limitation servicing fees and expenses, trustee fees
12 and expenses, legal fees and expenses, accounting
13 fees, administrative fees, underwriting and placement
14 fees, financial advisory fees, original issue
15 discount, capitalized interest, rating agency fees,
16 and any other related costs that are approved for
17 recovery in the financing order;

18 ~~(6) Costs related to the engagement of services of a~~
19 ~~financial advisor by the commission pursuant to~~
20 ~~section B-3(h); and~~

21 ~~(7)~~ 6) Other costs as specifically authorized by a financing
22 order.

1 "Financing entity" means an electric utility or an entity
2 to which an electric utility or an affiliate of an electric
3 utility sells, assigns, or pledges all or a portion of the
4 electric utility's interest in wildfire ~~recovery~~mitigation
5 property, including an affiliate of the electric utility or any
6 unaffiliated entity, in each case as approved by the commission
7 in a financing order.

8 Subject to section ~~B-6(e)~~ 269-H(e), an entity to which an
9 electric utility sells, assigns, or pledges all or a portion of
10 the electric utility's interest in wildfire ~~recovery~~mitigation
11 property may include any governmental entity that is able to
12 issue bonds that are exempt from federal tax pursuant to section
13 103 of the Internal Revenue Code of 1986, as amended, including
14 the State or a political subdivision thereof or any department,
15 agency, or instrumentality of the State or political
16 subdivision; provided that the bonds issued shall not constitute
17 a general obligation of the State or any political subdivision
18 thereof or any department, agency, or instrumentality of the
19 State or political subdivision and shall not constitute a pledge
20 of the full faith and credit of the entity or of the State or
21 any political subdivision thereof, but shall be payable solely
22 from the funds provided under this chapter.

1 "Financing order" means an order of the commission under
2 this chapter that has become final and no longer subject to
3 appeal as provided by law and that authorizes the issuance of
4 bonds and the imposition, adjustment from time to time, and
5 collection of wildfire recoverymitigation charges, and that
6 shall include a procedure to require the expeditious approval by
7 the commission of periodic adjustments to wildfire
8 recoverymitigation charges and to any associated fixed recovery
9 tax amounts included in that financing order to ensure recovery
10 of all wildfire recoverymitigation costs and the costs
11 associated with the proposed recovery, financing, or refinancing
12 thereof, including the costs of servicing and retiring the bonds
13 contemplated by the financing order.

14 "Financing party" means any holder of the bonds; any party
15 to or beneficiary of an ancillary agreement; and any trustee,
16 collateral agent, or other person acting for the benefit of any
17 of the foregoing.

18 "Fixed recovery tax amounts" means those nonbypassable
19 rates and other charges, including but not limited to
20 distribution, connection, disconnection, and termination rates
21 and charges, that are needed to recover federal and state taxes
22 associated with wildfire recoverymitigation charges authorized

1 by the commission in a financing order, but are not approved as
2 financing costs financed from proceeds of bonds.

3 "Investor-owned electric utility" means an electric utility
4 that is owned by shareholders and overseen by a board of
5 directors elected by shareholders.

6 "Public utility" has the same meaning as in section 269-1.

7 "True-up adjustment" means a formulaic adjustment to the
8 wildfire recoverymitigation charges as they appear on consumer
9 bills that is necessary to correct for any overcollection or
10 undercollection of the wildfire recoverymitigation charges
11 authorized by a financing order and to otherwise ensure the
12 timely and complete payment and recovery of wildfire
13 recoverymitigation costs over the authorized repayment term.

14 "Wildfire recoverymitigation charges" means the
15 nonbypassable charges, including but not limited to
16 distribution, connection, disconnection, and termination rates
17 and charges, that are authorized by section ~~B-2~~ 269-D and in a
18 financing order authorized under this ~~chapter~~ part to be imposed
19 on and collected from all existing and future consumers of a
20 financing entity or any successor to recover principal,
21 interest, and other financing costs relating to the bonds.

1 "Wildfire ~~recovery~~mitigation costs" means ~~an investor-owned~~
2 ~~electric utility's initial and supplemental contributions to the~~
3 ~~wildfire recovery fund, as set forth in section A-3, and~~
4 ~~electric cooperative wildfire claims costs.~~ any capital costs
5 and operations and maintenance expenses related to the
6 development, implementation, and administration of a wildfire
7 mitigation plan prepared pursuant to section 269-B. "Wildfire
8 mitigation costs" does not include any penalties levied against
9 an electric utility pursuant to section 269-C.

10 ~~"Wildfire recovery fund" means the wildfire recovery fund~~
11 ~~established by section A-2.~~

12 "Wildfire mitigation plan" means the risk-based wildfire
13 mitigation plan mandated by section 269-B that is approved or
14 accepted by the commission.

15 "Wildfire ~~recovery~~mitigation property" means the property
16 right created pursuant to this chapter, including without
17 limitation the right, title, and interest of the electric
18 utility, financing entity, or its assignee:

- 19 (1) In and to the wildfire ~~recovery~~mitigation charge
20 established pursuant to a financing order, including
21 the right to impose, bill, collect, and receive such
22 wildfire ~~recovery~~mitigation charges under the

1 financing order and all rights to obtain adjustments
2 to the wildfire recoverymitigation charge in
3 accordance with section B-3 and the financing order;
4 and

5 (2) To be paid the amount that is determined in a
6 financing order to be the amount that the electric
7 utility or its assignee is lawfully entitled to
8 receive pursuant to this chapter and the proceeds
9 thereof, and in and to all revenues, collections,
10 claims, payments, moneys, or proceeds of, or arising
11 from, the wildfire recoverymitigation charge that is
12 the subject of a financing order.

13 "Wildfire recoverymitigation property" does not include a
14 right to be paid fixed recovery tax amounts. "Wildfire
15 recoverymitigation property" shall constitute a current property
16 right, notwithstanding the fact that the value of the property
17 right will depend on consumers using electricity or, in those
18 instances where consumers are customers of the electric utility,
19 the electric utility performing certain services.

20 **§269-B Wildfire mitigation plans.** (a) Each electric
21 utility shall have and operate in compliance with a risk-based
22 wildfire mitigation plan, which shall be filed with and

1 evaluated by the commission. The wildfire mitigation plan shall
2 be based on reasonable and prudent practices, and commission
3 standards adopted by rule or order. The electric utility shall
4 design the wildfire mitigation plan to protect public safety,
5 reduce risk to electric utility customers, and promote
6 resilience of the State's power grids to wildfire damage. Each
7 electric utility's wildfire mitigation plan shall, at a minimum:

- 8 (1) Identify each executive responsible for executing the
9 wildfire mitigation plan and the scope of each
10 executive's responsibilities;
- 11 (2) Describe the objectives of the wildfire mitigation
12 plan;
- 13 (3) Identify areas that are subject to a heightened risk
14 of wildfire and are within the right of way or legal
15 control or ownership of the electric utility;
- 16 (4) Identify a means for mitigating wildfire risk that
17 reflects a reasonable balancing of mitigation costs,
18 continuity of reliable service, and reduction of
19 wildfire risk;
- 20 (5) Identify preventive actions and programs that the

electric utility is carrying and shall carry out in the future to minimize the risk of electric utility facilities causing wildfires;

(6) Identify the metrics the electric utility intends to use to evaluate the wildfire mitigation plan's performance and the assumptions that underlie the use of those metrics;

(7) Describe how the application of previously identified metrics to evaluate previous wildfire mitigation plan performance has informed the wildfire mitigation plan;

(8) After seeking information from state and local entities, identify a protocol for the deenergizing of power lines and adjusting of power system operations to mitigate wildfires, promote the safety of the public and first responders, and preserve health and telecommunications infrastructure;

(9) Describe appropriate and feasible procedures for notifying a customer who may be impacted by the deenergizing of power lines. The procedures shall consider the need to notify, as a priority, critical first responders, health care facilities, operators of

wastewater and water delivery infrastructure, and
operators of telecommunications infrastructure;

(10) Describe the procedures, standards, and time frames
that the electric utility shall use to inspect
electric utility infrastructure in areas that the
electric utility identifies under paragraph (3),
including whether those procedures, standards, and
time frames are already set forth in the electric
utility's existing plans or protocols and in
coordination with any relevant entities;

(11) Describe the procedures, standards, and time frames
that the electric utility will use to carry out
vegetation management in areas that the electric
utility identifies under paragraph (3), including
whether those procedures, standards, and time frames
are already set forth in the electric utility's
existing plans or protocols and in coordination with
any relevant entities;

(12) Include a list that identifies, describes, and
prioritizes wildfire risks, and drivers for those
risks, throughout the electric utility's service
territory, including all relevant risk and risk

mitigation information as may be required by guidance
or rules adopted by the commission;

(13) Describe how the wildfire mitigation plan accounts
for risks the electric utility identifies under
paragraph (12);

(14) Include a showing that the electric utility has an
adequately sized and trained workforce to promptly
restore service after a wildfire, taking into account
employees of other utilities pursuant to mutual aid
agreements and employees of entities that have entered
into contracts with the electric utility;

(15) Identify the estimated development, implementation,
and administration costs for the wildfire mitigation
plan, including a breakdown by year and cost category;

(16) Identify the timelines, as applicable, for
development, implementation, and administration of any
aspects of the wildfire mitigation plan;

(17) Describe how the wildfire mitigation plan is
consistent with the electric utility's other hazard
mitigation and emergency preparedness plans, including
the following:

(a) Plans to prepare for and restore service after a

wildfire, including but not limited to workforce mobilization and prepositioning equipment and employees; and

(b) Plans for community outreach and public awareness efforts that the electric utility will use before, during, and after a wildfire;

(18) Identify specific measures to lessen the impact of reliability disruptions caused by wildfire mitigation, especially relating to low-to-moderate income customers, customers with special medical needs, kupuna, public safety partners, and critical facilities;

(19) Describe the processes and procedures that the electric utility will use to perform all of the following:

(a) Monitor and audit the implementation of the wildfire mitigation plan;

(b) Monitor the progress and adherence to the wildfire mitigation plan, including its implementation, and identify areas for improvement; and

(c) Monitor and audit the effectiveness of electrical

1 line and equipment inspections, including
2 inspections performed by contractors, carried out
3 under the wildfire mitigation plan and other
4 applicable laws or regulations;

5 (20) Demonstrate elements of data governance, including
6 enterprise systems, as may be required by guidance or
7 rules adopted by the commission; and

8 (21) Other information as required by the commission.

9 (b) Each electric utility shall regularly update its
10 wildfire mitigation plan on a schedule determined by the
11 commission.

12 (c) The commission shall evaluate each electric utility's
13 wildfire mitigation plan and plan updates through a public
14 process.

15 (d) No more than ninety days after the last party filing
16 in the docket or non-docketed case related to the commission's
17 evaluation of a wildfire mitigation plan or plan update from an
18 electric utility, the commission shall approve or accept the
19 wildfire mitigation plan or plan update if the commission finds
20 that the wildfire mitigation plan or plan update is based on
21 reasonable and prudent practices and designed to meet all
22 applicable rules and standards adopted by the commission. The

1 commission may, in approving the wildfire mitigation plan or
2 plan update with conditions, direct the electric utility to make
3 modifications to the wildfire mitigation plan or plan update
4 that the commission believes represent a reasonable balancing of
5 mitigation costs with the resulting reduction of wildfire risk
6 based on the information provided by the electric utility and
7 based on best practices. The commission shall issue a decision
8 explaining any such directed modifications at the time the
9 commission approves the wildfire mitigation plan or plan update.
10 Such decision shall include a determination of the reasonable
11 costs to develop, implement and administer the wildfire
12 mitigation plan or plan update.

13 (e) The electric utility shall track the costs that it
14 actually incurs to develop, implement, and administer the
15 wildfire mitigation plan. In the electric utility's wildfire
16 mitigation plan update, the electric utility shall report on the
17 costs as actually incurred for the most recent past period for
18 which the information is available.

19 If the actual costs are less than the amounts that the
20 commission determined were reasonable in its decision under
21 subsection (d), the commission shall direct the electric utility
22 to refund or credit the costs to ratepayers.

1 If the actual costs are equal to or greater than the
2 amounts that the commission determined were reasonable in its
3 decision under subsection (d), the commission shall not direct
4 the electric utility to refund to ratepayers the amount the
5 commission previously determined was reasonable but may disallow
6 the recovery from ratepayers of any additional costs the
7 commission finds unreasonable.

8 (f) The commission shall, as appropriate, adopt rules or
9 issue orders for the implementation of this section. The rules
10 or orders may include but need not be limited to procedures and
11 standards regarding data governance, risk-based decision-making,
12 vegetation management, public power safety shutoffs and
13 restorations, pole materials, circuitry, and monitoring systems.

14 **§269-C Penalties.** (a) In addition to any other
15 penalties provided by law, a failure by an electric utility to
16 comply with an approved or accepted wildfire mitigation plan or
17 part of an approved or accepted wildfire mitigation plan shall
18 be subject to a civil penalty, as determined by the commission.
19 Imposition of penalties pursuant to this section shall otherwise
20 be in accordance with section 269-28 and all applicable
21 administrative rules. All moneys collected under this section

1 shall be deposited into the public utilities commission special
2 fund.

3 (b) Any determination by the commission that the electric
4 utility materially failed to comply with an approved or accepted
5 wildfire mitigation plan or part of an approved or accepted
6 wildfire mitigation plan, and any imposition of a civil penalty,
7 will be inadmissible in any lawsuit or other action against the
8 electric utility seeking compensation for the alleged death of
9 or injury to persons, or property damage. In any action seeking
10 to hold an electric utility civilly liable for the death of or
11 injury to persons, or property damage, no inference of liability
12 may be drawn solely based on a failure by the electric utility
13 to adhere to the requirements of an approved or accepted
14 wildfire mitigation plan.

15 **~~SB-2-269-D~~ Applications to issue bonds and authorize**
16 **wildfire ~~recovery~~mitigation charges.** (a) An electric utility
17 may apply to the commission for one or more financing orders to
18 issue bonds to recover any wildfire ~~recovery~~mitigation costs,
19 each of which authorizes the following:

- 20 (1) The imposition, charging, and collection of a wildfire
21 ~~recovery~~mitigation charge, to become effective upon
22 the issuance of the bonds, and an adjustment of any

1 such wildfire ~~recovery~~mitigation charge in accordance
2 with a true-up adjustment mechanism under this chapter
3 in amounts sufficient to pay the principal and
4 interest on the bonds and all other associated
5 financing costs on a timely basis;

6 (2) The creation of wildfire ~~recovery~~mitigation property
7 under the financing order; and

8 (3) The imposition, charging, and collection of fixed
9 recovery tax amounts to recover any portion of the
10 electric utility's federal and state taxes associated
11 with those wildfire ~~recovery~~mitigation charges and not
12 financed from the proceeds of bonds.

13 (b) The application shall include all of the following:

14 (1) The wildfire ~~recovery~~mitigation costs to be financed
15 through the issuance of bonds;

16 (2) The principal amount of the bonds proposed to be
17 issued and the selection of a financing entity;

18 (3) An estimate of the date on which each series of bonds
19 is expected to be issued;

20 (4) The scheduled final payment date, which shall not
21 exceed thirty years, and a legal final maturity date,
22 which may be longer, subject to rating agency and

1 market considerations, during which term the wildfire
2 ~~recovery~~mitigation charge associated with the issuance
3 of each series of bonds is expected to be imposed and
4 collected;

5 (5) An estimate of the financing costs associated with the
6 issuance of each series of bonds;

7 (6) An estimate of the amount of the wildfire
8 ~~recovery~~mitigation charge revenues necessary to pay
9 principal and interest on the bonds and all other
10 associated financing costs as set forth in the
11 application and the calculation for that estimate;

12 (7) A proposed design of the wildfire ~~recovery~~mitigation
13 charge and a proposed methodology for allocating the
14 wildfire recovery charge among customer classes within
15 the electric utility's service territory;

16 (8) A description of the financing entity selected by the
17 electric utility;

18 (9) A description of a proposed true-up adjustment
19 mechanism for the adjustment of the wildfire
20 ~~recovery~~mitigation charge to correct for any
21 overcollection or undercollection of the wildfire
22 ~~recovery~~mitigation charge, and to otherwise ensure the

timely payment of principal and interest on the bonds
and all other associated financing costs; and

(10) Any other information required by the commission.

(c) An electric utility may file an application for a
financing order, including as a joint application with one or
more affiliate electric utilities, to issue bonds to recover
wildfire recoverymitigation costs. The application shall
include a description of how the wildfire recoverymitigation
costs will be allocated among consumers of the applicant
electric utilities.

In the alternative, an electric utility may apply for a
financing order to issue bonds to recover wildfire
recoverymitigation costs, including wildfire recoverymitigation
costs incurred, or to be incurred, by the applicant and one or
more of its affiliate electric utilities. In connection with
the issuance of a financing order pursuant to this subsection,
the commission shall issue a concurrent order to the affiliate
electric utility or electric utilities directing such affiliate
electric utility or electric utilities to impose rates on its or
their consumers designed to generate revenue sufficient to pay
credits over the life of the bonds to the applicant electric
utility in such amount as the commission determines is

1 equitable, just, and reasonable. Such an application shall
2 describe the allocation method and true-up adjustment mechanism
3 for the affiliate electric utility credit payments proposed to
4 be subject to the concurrent commission order.

5 (d) The commission shall issue an approval or denial of
6 any application for a financing order filed pursuant to this
7 section within ninety days of the last filing in the applicable
8 docket.

9 (e) In exercising its duties under this section, the
10 commission shall consider:

11 (1) Whether the issuance of the bonds, and the imposition
12 and collection of wildfire ~~recovery~~mitigation charges
13 are consistent with the public interest;

14 (2) Whether the structuring, marketing, and pricing of the
15 bonds are expected to result in the lowest wildfire
16 ~~recovery~~mitigation charges consistent with market
17 conditions at the time at which the bonds are priced
18 and the terms of the financing order;

19 (3) Whether the terms and conditions of any bonds to be
20 issued are just and reasonable;

21 (4) With respect to an application by an investor-owned

1 electric utility, whether the recovery of wildfire
2 ~~recovery~~mitigation costs through the designation of
3 the wildfire ~~recovery~~mitigation charges and any
4 associated fixed recovery tax amounts, and the
5 issuance of bonds in connection with the wildfire
6 ~~recovery~~mitigation charges, would result in net
7 savings or mitigate rate impacts to consumers, as
8 compared to rate recovery without securitization; and
9 (5) Any other factors that the commission deems reasonable
10 and in the public interest.

11 If the commission makes the determination specified in this
12 section, the commission shall establish, as part of the
13 financing order, a procedure for the electric utility to submit
14 applications from time to time to request the issuance of
15 additional financing orders designating wildfire
16 ~~recovery~~mitigation charges and any associated fixed recovery tax
17 amounts as recoverable. The commission, as a condition of the
18 financing order, may prohibit any increase in compensation,
19 including any bonuses, for the electric utility's officers for a
20 period of time determined by the commission; ~~provided that any~~
21 ~~increase of an officer's compensation that is in violation of~~

~~such condition shall be seized and deposited into the wildfire recovery fund.~~

At the option of the electric utility, the electric utility may include in its application for a financing order a request for authorization to sell, transfer, assign, or pledge wildfire recoverymitigation property to a governmental entity if the electric utility expects bonds issued by a governmental entity would result in a more cost-efficient means, taking into account all financing costs related to the bonds, than using another financing entity to issue bonds to finance the same wildfire recoverymitigation costs, taking into account the costs of issuing the other financing entity's bonds.

(f) Wildfire recoverymitigation charges and any associated fixed recovery tax amounts shall be imposed only on existing and future consumers in the utility service territory of the electric utility that is subject to such financing order. Consumers within the utility service territory of the electric utility that is subject to the financing order shall continue to pay wildfire recoverymitigation charges and any associated fixed recovery tax amounts until the bonds and associated financing costs are paid in full by the financing entity.

SB-3269-E Wildfire ~~recovery~~ mitigation financing order.

(a) A financing order shall remain in effect until the bonds issued under the financing order and all financing costs related to the bonds have been paid in full or defeased by their terms.

A financing order shall remain in effect and unabated notwithstanding the bankruptcy, reorganization, or insolvency of the electric utility or the commencement of any judicial or nonjudicial proceeding on the financing order.

(b) Notwithstanding any other law to the contrary, with respect to wildfire ~~recovery~~mitigation property that has been made the basis for the issuance of bonds and with respect to any associated fixed recovery tax amounts, the financing order, the wildfire ~~recovery~~mitigation charges, and any associated fixed recovery tax amounts shall be irrevocable. The State and its agencies, including the commission, pledge and agree with bondholders, the owners and assignees of the wildfire ~~recovery~~mitigation property, and other financing parties, that the State and its agencies shall not take any action listed in this subsection. This subsection shall not preclude an action if such action would not adversely affect the interests of the electric utility, of assignees of the wildfire

1 recoverymitigation property, and of bondholders. The prohibited
2 actions shall be the following:

3 (1) Alter the provisions of this chapter, which authorize
4 the commission to create an irrevocable contract right
5 or choice in action by the issuance of a financing
6 order, to create wildfire recoverymitigation property
7 and make the wildfire recoverymitigation charges
8 imposed by a financing order irrevocable, binding,
9 nonbypassable charges for all existing and future
10 consumers;

11 (2) Take or permit any action that impairs or would impair
12 the value of wildfire recoverymitigation property or
13 the security for the bonds or revise the wildfire
14 recoverymitigation costs for which recovery is
15 authorized;

16 (3) In any way impair the rights and remedies of the
17 bondholders, assignees, and other financing parties;
18 and

19 (4) Except for changes made pursuant to the formula-based
20 true-up adjustment mechanism authorized under
21 subsection (d), reduce, alter, or impair wildfire
22 recoverymitigation charges that are to be imposed,

1 billed, charged, collected, and remitted for the
2 benefit of the bondholders, any assignee, and any
3 other financing parties until any and all principal,
4 interest, premium, financing costs, and other fees,
5 expenses, or charges incurred, and any contracts to be
6 performed, in connection with the related bonds have
7 been paid and performed in full.

8 The financing entity is authorized to include this pledge
9 in the bonds.

10 (c) Under a financing order, the electric utility shall
11 retain sole discretion to select the financing entity and to
12 cause bonds to be issued, including the right to defer or
13 postpone the issuance, assignment, sale, or transfer of wildfire
14 ~~recovery~~mitigation property.

15 (d) The commission may create, pursuant to an application
16 from an electric utility, a nonbypassable charge referred to as
17 a wildfire ~~recovery~~mitigation charge, which shall be applied to
18 recover principal, interest, and other financing costs relating
19 to the bonds. The wildfire ~~recovery~~mitigation charge shall be a
20 dedicated, discrete tariff rider.

21 The commission shall, in any financing order, establish a
22 procedure for periodic true-up adjustments to wildfire

1 ~~recovery~~mitigation charges, which shall be made at least
2 annually and may be made more frequently. The periodic true-up
3 adjustment to wildfire ~~recovery~~mitigation charges shall also
4 consider interest on ratepayer investments into the fund.
5 Within thirty days after receiving an electric utility's filing
6 of a true-up adjustment, the commission's review of the filing
7 shall be limited to mathematical or clerical errors as
8 determined in accordance with any true-up adjustment formulas
9 set forth in the applicable financing order.

10 The commission shall either approve the filing or inform
11 the electric utility of any mathematical or clerical errors in
12 its calculation. If the commission informs the electric utility
13 of mathematical or clerical errors in its calculation, the
14 electric utility shall correct its error and refile its true-up
15 adjustment. The timeframes previously described in this
16 subsection shall apply to a refiled true-up adjustment.

17 (e) Neither financing orders nor bonds issued under this
18 chapter shall constitute a general obligation of the State or
19 any of its political subdivisions, nor shall they constitute a
20 pledge of the full faith and credit of the State or any of its
21 political subdivisions, but shall be payable solely from the

1 wildfire ~~recovery~~mitigation property provided under this
2 chapter.

3 All bonds shall contain on the face thereof a statement to
4 the following effect: "Neither the full faith and credit nor
5 the taxing power of the State of Hawaii is pledged to the
6 payment of the principal of, or interest and premium on, this
7 bond.".

8 The issuance of bonds under this chapter shall not
9 directly, indirectly, or contingently obligate the State or any
10 of its political subdivisions to levy or pledge any form of
11 taxation or to make any appropriation for their payment.

12 (f) Wildfire ~~recovery~~mitigation charges are wildfire
13 ~~recovery~~mitigation property when, and to the extent that, a
14 financing order authorizing the wildfire ~~recovery~~mitigation
15 charges has become effective in accordance with this chapter,
16 and the wildfire ~~recovery~~mitigation property shall thereafter
17 continuously exist as property for all purposes, and all of the
18 rights and privileges relating to that property shall
19 continuously exist for the period and to the extent provided in
20 the financing order, but in any event until the bonds, including
21 all principal; premiums, if any; interest with respect to the
22 bonds; and all other financing costs are paid in full. A

1 financing order may provide that the creation of wildfire
2 recoverymitigation property shall be simultaneous with the sale
3 of the wildfire recoverymitigation property to an assignee as
4 provided in the application of the pledge of the wildfire
5 recoverymitigation property to secure the bonds.

6 (g) Any successor to a financing entity shall be bound by
7 the requirements of this chapter and shall perform and satisfy
8 all obligations of and have the same rights under a financing
9 order as, and to the same extent as, the financing entity.

10 (h) The commission, in its discretion, may engage the
11 services of a financial adviser for the purposes of assisting
12 the commission in its consideration of an application for a
13 financing order and a subsequent issuance of bonds pursuant to a
14 financing order.

15 **SB-4269-F Bonds; issuance; wildfire recoverymitigation**
16 **property interests.** (a) The electric utility may sell and
17 assign all or portions of its interest in wildfire
18 recoverymitigation property to one or more financing entities
19 that make that wildfire recoverymitigation property the basis
20 for issuance of bonds, to the extent approved in a financing
21 order. The electric utility or financing entity may pledge
22 wildfire recoverymitigation property as collateral, directly or

1 indirectly, for bonds to the extent approved in the pertinent
2 financing orders providing for a security interest in the
3 wildfire recoverymitigation property, in the manner set forth in
4 this section. In addition, wildfire recoverymitigation property
5 may be sold or assigned by either of the following:

6 (1) The financing entity or a trustee for the holders of
7 bonds or the holders of an ancillary agreement in
8 connection with the exercise of remedies upon a
9 default under the terms of the bonds; or

10 (2) Any person acquiring the wildfire recoverymitigation
11 property after a sale or assignment pursuant to this
12 chapter.

13 (b) To the extent that any interest in wildfire
14 recoverymitigation property is sold, assigned, or is pledged as
15 collateral pursuant to subsection (a), the commission may
16 authorize the electric utility to contract with the financing
17 entity or its assignees that the electric utility will:

18 (1) Continue to operate its system to provide service to
19 consumers within its service territory;

20 (2) Collect amounts in respect of the wildfire
21 recoverymitigation charges for the benefit and account
22 of the financing entity or its assignees; and

(3) Account for and remit these amounts to or for the account of the financing entity or its assignees.

Contracting with the financing entity or its assignees in accordance with that authorization shall not impair or negate the characterization of the sale, assignment, or pledge as an absolute transfer, a true sale, or a security interest, as applicable. To the extent that billing, collection, and other related services with respect to the provision of the electric utility's services are provided to a consumer by any person or entity other than the electric utility in whose service territory the consumer is located, that person or entity shall collect the wildfire ~~recovery~~mitigation charges and any associated fixed recovery tax amounts from the consumer for the benefit and account of the electric utility, financing entity, or assignees with the associated revenues remitted solely for such person's benefit as a condition to the provision of electric service to that consumer.

Each financing order shall impose terms and conditions, consistent with the purposes and objectives of this chapter, on any person or entity responsible for billing, collection, and other related services, including without limitation collection of the wildfire ~~recovery~~mitigation charges and any associated

1 fixed recovery tax amounts, that are the subject of the
2 financing order.

3 (c) The financing entity may issue bonds upon approval by
4 the commission in a financing order. Bonds shall be nonrecourse
5 to the credit or any assets of the electric utility, other than
6 the wildfire recoverymitigation property as specified in that
7 financing order.

8 (d) Wildfire recoverymitigation property that is specified
9 in a financing order shall constitute an existing, present
10 property right, notwithstanding the fact that the imposition and
11 collection of wildfire recoverymitigation charges depend on the
12 electric utility's continuing to provide services or continuing
13 to perform its servicing functions relating to the collection of
14 wildfire recoverymitigation charges or on the level of future
15 service consumption, such as electricity consumption. Wildfire
16 recovery property shall exist whether or not the wildfire
17 recoverymitigation charges have been billed, have accrued, or
18 have been collected and notwithstanding the fact that the value
19 for a security interest in the wildfire recovery property, or
20 amount of the wildfire recoverymitigation property, is dependent
21 on the future provision of service to consumers. All wildfire
22 recoverymitigation property specified in a financing order shall

1 continue to exist until the bonds issued pursuant to a financing
2 order and all associated financing costs are paid in full.

3 (e) Wildfire recoverymitigation property; wildfire
4 recoverymitigation charges; and the interests of an assignee,
5 bondholder, or financing entity, or any pledgee in wildfire
6 recoverymitigation property and wildfire recoverymitigation
7 charges shall not be subject to setoff, counterclaim, surcharge,
8 recoupment, or defense by the electric utility or any other
9 person or in connection with the bankruptcy, reorganization, or
10 other insolvency proceeding of the electric utility, any
11 affiliate of the electric utility, or any other entity.

12 (f) Notwithstanding any law to the contrary, any
13 requirement under this chapter or a financing order that the
14 commission take action with respect to the subject matter of a
15 financing order shall be binding upon the commission, as it may
16 be constituted from time to time, and any successor agency
17 exercising functions similar to the commission, and the
18 commission shall have no authority to rescind, alter, or amend
19 that requirement in a financing order.

20 ~~§B-5~~ 269-G Wildfire recoverymitigation charge. (a) The
21 wildfire recoverymitigation charge created pursuant to a
22 financing order approved pursuant to section ~~B-2~~ 269-D shall be

1 a nonbypassable charge of a financing entity that shall be
2 applied to the repayment of bonds and related financing costs as
3 described in this chapter. The wildfire ~~recovery~~mitigation
4 charge and any associated fixed recovery tax amounts may be a
5 usage-based charge, a flat user charge, or a charge based upon
6 customer revenues as determined by the commission for each
7 consumer class in any financing order.

8 (b) As long as any bonds are outstanding and any financing
9 costs have not been paid in full, any wildfire
10 ~~recovery~~mitigation charge and any associated fixed recovery tax
11 amounts authorized under a financing order shall be
12 nonbypassable. Subject to any exceptions provided in a
13 financing order, a wildfire ~~recovery~~mitigation charge and any
14 associated fixed recovery tax amounts shall be paid by all
15 existing and future consumers within the utility service
16 territory.

17 (c) The wildfire ~~recovery~~mitigation charge shall be
18 collected by an electric utility or its successors, in
19 accordance with section ~~B-8(a)~~ 269-J(a), in full through a
20 charge that is separate and apart from the electric utility's
21 rates.

(d) An electric utility may exercise the same rights and remedies under its tariff and applicable law and rules based on a consumer's nonpayment of the wildfire recoverymitigation charge as it could for a consumer's failure to pay any other charge payable to that electric utility.

SB-6269-H Security interests in wildfire

recoverymitigation property; financing statements. (a) A security interest in wildfire recoverymitigation property is valid and enforceable against the pledgor and third parties, subject to the rights of any third parties holding security interests in the wildfire recoverymitigation property perfected in the manner described in this section, and attaches when all of the following have occurred:

(1) The commission has issued a financing order authorizing the wildfire recoverymitigation charge to be included in the wildfire recoverymitigation property;

(2) Value has been given by the pledgees of the wildfire recoverymitigation property; and

(3) The pledgor has signed a security agreement covering the wildfire recoverymitigation property.

1 (b) A valid and enforceable security interest in wildfire
2 recoverymitigation property is perfected when it has attached
3 and when a financing statement has been filed with the bureau of
4 conveyances of the State of Hawaii naming the pledgor of the
5 wildfire recoverymitigation property as "debtor" and identifying
6 the wildfire recoverymitigation property.

7 Any description of the wildfire recoverymitigation property
8 shall be sufficient if it refers to the financing order creating
9 the wildfire recoverymitigation property. A copy of the
10 financing statement shall be filed with the commission by the
11 electric utility that is the pledgor or transferor of the
12 wildfire recoverymitigation property, and the commission may
13 require the electric utility to make other filings with respect
14 to the security interest in accordance with procedures that the
15 commission may establish; provided that the filings shall not
16 affect the perfection of the security interest.

17 (c) A perfected security interest in wildfire
18 recoverymitigation property shall be a continuously perfected
19 security interest in all wildfire recoverymitigation property
20 revenues and proceeds arising with respect thereto, whether or
21 not the revenues or proceeds have accrued. Conflicting security
22 interests shall rank according to priority in time of

1 perfection. Wildfire recoverymitigation property shall
2 constitute property for all purposes, including for contracts
3 securing bonds, whether or not the wildfire recoverymitigation
4 property revenues and proceeds have accrued.

5 (d) Subject to the terms of the security agreement
6 covering the wildfire recoverymitigation property and the rights
7 of any third parties holding security interests in the wildfire
8 recoverymitigation property, perfected in the manner described
9 in this section, the validity and relative priority of a
10 security interest created under this section shall not be
11 defeated or adversely affected by the commingling of revenues
12 arising with respect to the wildfire recoverymitigation property
13 with other funds of the electric utility that is the pledgor or
14 transferor of the wildfire recoverymitigation property, or by
15 any security interest in a deposit account of that electric
16 utility perfected under article 9 of chapter 490, into which the
17 revenues are deposited.

18 Subject to the terms of the security agreement, upon
19 compliance with the requirements of section 490:9-312(b)(1), the
20 pledgees of the wildfire recoverymitigation property shall have
21 a perfected security interest in all cash and deposit accounts

1 of the electric utility in which wildfire ~~recovery~~mitigation
2 property revenues have been commingled with other funds.

3 (e) If default occurs under the security agreement
4 covering the wildfire ~~recovery~~mitigation property, the pledgees
5 of the wildfire ~~recovery~~mitigation property, subject to the
6 terms of the security agreement, shall have all rights and
7 remedies of a secured party upon default under article 9 of
8 chapter 490 and shall be entitled to foreclose or otherwise
9 enforce their security interest in the wildfire
10 ~~recovery~~mitigation property, subject to the rights of any third
11 parties holding prior security interests in the wildfire
12 ~~recovery~~mitigation property perfected in the manner provided in
13 this section.

14 In addition, the commission may require in the financing
15 order creating the wildfire ~~recovery~~mitigation property that in
16 the event of default by the electric utility in payment of
17 wildfire ~~recovery~~mitigation property revenues, the commission
18 and any successor thereto, upon the application by the pledgees
19 or assignees, including assignees under section ~~B-5~~ 269-G of the
20 wildfire ~~recovery~~mitigation property, and without limiting any
21 other remedies available to the pledgees or assignees by reason
22 of the default, shall order the sequestration and payment to the

pledgees or assignees of wildfire ~~recovery~~mitigation property revenues. Any financing order shall remain in full force and effect notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to the debtor, pledgor, or transferor of the wildfire ~~recovery~~mitigation property. Any surplus in excess of amounts necessary to pay principal; premiums, if any; interest, costs, and arrearages on the bonds; and associated financing costs arising under the security agreement, shall be remitted to the debtor, pledgor, or transferor, for the purpose of remitting such amounts to customers by means of the electric utility.

(f) Sections 490:9-204 and 490:9-205 shall apply to a pledge of wildfire ~~recovery~~mitigation property by the electric utility, an affiliate of the electric utility, or a financing entity.

SB-7269-I Transfers of wildfire ~~recovery~~mitigation property. (a) A transfer or assignment of wildfire ~~recovery~~mitigation property by the electric utility to an assignee or to a financing entity, or by an assignee of the electric utility or a financing entity to another financing entity, which the parties in the governing documentation have expressly stated to be a sale or other absolute transfer, in a

1 transaction approved in a financing order, shall be treated as
2 an absolute transfer of all of the transferor's right, title,
3 and interest, as in a true sale, and not as a pledge or other
4 financing, of the wildfire recoverymitigation property, other
5 than for federal and state income and franchise tax purposes.

6 (b) The characterization of the sale, assignment, or
7 transfer as an absolute transfer and true sale and the
8 corresponding characterization of the property interest of the
9 assignee shall not be affected or impaired by, among other
10 things, the occurrence of any of the following:

11 (1) Commingling of wildfire recoverymitigation charge
12 revenues with other amounts;

13 (2) The retention by the seller of either of the
14 following:

15 (A) A partial or residual interest, including an
16 equity interest, in the financing entity or the
17 wildfire recoverymitigation property, whether
18 direct or indirect, subordinate or otherwise; or

19 (B) The right to recover costs associated with taxes,
20 franchise fees, or license fees imposed on the
21 collection of wildfire recoverymitigation charge;

22 (3) Any recourse that an assignee may have against the

1 seller;

2 (4) Any indemnification rights, obligations, or repurchase
3 rights made or provided by the seller;

4 (5) The obligation of the seller to collect wildfire
5 recoverymitigation charges on behalf of an assignee;

6 (6) The treatment of the sale, assignment, or transfer for
7 tax, financial reporting, or other purpose; or

8 (7) Any true-up adjustment of the wildfire
9 recoverymitigation charge as provided in the financing
10 order.

11 (c) A transfer of wildfire recoverymitigation property
12 shall be deemed perfected against third parties when both of the
13 following occur:

14 (1) The commission issues the financing order authorizing
15 the wildfire recoverymitigation charge included in the
16 wildfire recoverymitigation property; and

17 (2) An assignment of the wildfire recoverymitigation
18 property in writing has been executed and delivered to
19 the assignee.

20 (d) As between bona fide assignees of the same right for
21 value without notice, the assignee first filing a financing
22 statement with the bureau of conveyances of the State of Hawaii

1 in accordance with part 5 of article 9 of chapter 490, naming
2 the assignor of the wildfire recoverymitigation property as
3 debtor and identifying the wildfire recoverymitigation property,
4 shall have priority. Any description of the wildfire
5 recoverymitigation property shall be sufficient if it refers to
6 the financing order creating the wildfire recoverymitigation
7 property. A copy of the financing statement shall be filed by
8 the assignee with the commission, and the commission may require
9 the assignor or the assignee to make other filings with respect
10 to the transfer in accordance with procedures the commission may
11 establish, but these filings shall not affect the perfection of
12 the transfer.

13 **§B-8269-J Financing entity successor requirements; default**
14 **of financing entity.** (a) Any successor to an electric utility
15 subject to a financing order, whether pursuant to any
16 bankruptcy, reorganization, or other insolvency proceeding, or
17 pursuant to any merger, sale, or transfer, by operation of law,
18 or otherwise, shall be bound by the requirements of this
19 chapter. The successor of the electric utility shall perform
20 and satisfy all obligations of the electric utility under the
21 financing order, in the same manner and to the same extent as
22 the electric utility, including the obligation to collect and

1 pay the wildfire ~~recovery~~mitigation charge to any financing
2 party as required by a financing order or any assignee. Any
3 successor to the electric utility shall be entitled to receive
4 any fixed recovery tax amounts otherwise payable to the electric
5 utility.

6 (b) The commission may require in a financing order that
7 if a default by the electric utility in remittance of the
8 wildfire ~~recovery~~mitigation charge collected arising with
9 respect to wildfire ~~recovery~~mitigation property occurs, the
10 commission, without limiting any other remedies available to any
11 financing party by reason of the default, shall order the
12 sequestration and payment to the beneficiaries of the wildfire
13 ~~recovery~~mitigation charge collected arising with respect to the
14 wildfire ~~recovery~~mitigation property. Any order shall remain in
15 full force and effect notwithstanding any bankruptcy,
16 reorganization, or other insolvency proceedings with respect to
17 the electric utility.

18 **SB-9269-K Severability.** If any provision of this
19 ~~chapter~~part is held to be invalid or is superseded, replaced,
20 repealed, or expires for any reason:

21 (1) That occurrence shall not affect any action allowed

1 under this chapterpart that is taken prior to that
2 occurrence by the commission, a financing entity, a
3 bondholder, or any financing party, and any such
4 action shall remain in full force and effect; and

5 (2) The validity and enforceability of the rest of this
6 chapterpart shall remain unaffected."

7 SECTION 3. Section 269-17, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§269-17 Issuance of securities.** A public utility
10 corporation may, on securing the prior approval of the public
11 utilities commission, and not otherwise, except as provided in
12 section B-4269-D, issue stocks and stock certificates, bonds,
13 notes, and other evidences of indebtedness, payable at periods
14 of more than twelve months after the date thereof, for the
15 following purposes and no other, namely: for the acquisition of
16 property or for the construction, completion, extension, or
17 improvement of or addition to its facilities or service, or for
18 the discharge or lawful refunding of its obligations or for the
19 reimbursement of moneys actually expended from income or from
20 any other moneys in its treasury not secured by or obtained from
21 the issue of its stocks or stock certificates, or bonds, notes,
22 or other evidences of indebtedness, for any of the aforesaid

1 purposes except maintenance of service, replacements, and
2 substitutions not constituting capital expenditure in cases
3 where the corporation has kept its accounts for [such]
4 expenditures in [such] a manner [as to enable] that enables the
5 commission to ascertain the amount of moneys so expended and the
6 purposes for which the expenditures were made, and the sources
7 of the funds in its treasury applied to the expenditures. As
8 used [herein,] in this section, "property" and "facilities"[,]
9 mean property and facilities used in all operations of a public
10 utility corporation whether or not included in its public
11 utility operations or rate base. A public utility corporation
12 may not issue securities to acquire property or to construct,
13 complete, extend or improve or add to its facilities or service
14 if the commission determines that the proposed purpose will have
15 a material adverse effect on its public utility operations.

16 All stock and every stock certificate, and every bond,
17 note, or other evidence of indebtedness of a public utility
18 corporation not payable within twelve months, issued without an
19 order of the commission authorizing the same, then in effect,
20 shall be void."

21

1 SECTION 4. Chapter 663, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§663- Limitation on aggregate liability. (a) The
5 aggregate liability of a public utility for qualifying damages
6 arising from a covered catastrophic wildfire shall not exceed
7 the lesser of:

8 (1) \$1,000,000,000;

9 (2) The average assessed value of commercial
10 structures and residential structures designed for
11 habitation in the county in which the covered
12 catastrophic wildfire occurred, multiplied by the
13 number of commercial structures or residential
14 structures designed for habitation that were
15 destroyed, plus the value of personal property lost;
16 or

17 (3) The aggregate assessed replacement value of commercial
18 structures and residential structures designed for
19 habitation in the county in which the covered
20 catastrophic wildfire occurred, plus the value of
21 personal property lost.

1 (b) All civil actions arising out of a catastrophic
2 wildfire shall be brought in the circuit in which the
3 catastrophic wildfire occurred. The court shall adopt
4 procedures to equitably apply the limit set forth in subsection
5 (a) to all filed civil claims. All settlements or judgments for
6 claims for qualifying damages shall be subject to approval by
7 the court. The court shall not approve any settlement or
8 judgment that would cause the aggregate liability of public
9 utilities to exceed the aggregate liability limit.

10 (c) A court may consolidate cases arising from a covered
11 catastrophic wildfire. Any circuit court that is not the
12 consolidating court shall transfer any civil case to facilitate
13 the consolidation.

14 (d) For the purposes of this section:

15 "Catastrophic wildfire" means a wildfire occurring in the
16 State on or after the effective date of this Act that destroys
17 more than five hundred commercial structures or residential
18 structures designed for habitation.

19 "Covered catastrophic wildfire" means a catastrophic
20 wildfire that may have been caused, or whose severity may have
21 been increased, by a public utility's facilities or actions.

22 "Public utility" has the same meaning as in section 269-1.

1 "Qualifying damages" means economic damages arising out of
2 the loss of or damage to real or personal property from a
3 covered catastrophic wildfire."

4 SECTION ~~4~~5. This Act does not affect rights and duties
5 that matured, penalties that were incurred, and proceedings that
6 were begun before its effective date.

7 SECTION ~~5~~6. In codifying the new sections added by section
8 2 of this Act, the revisor of statutes shall substitute
9 appropriate section numbers for the letters used in designating
10 and referring to the new sections in this Act.

11 SECTION ~~6~~7. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION ~~7~~8. This Act shall take effect on July 1, 3000.

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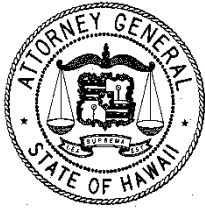
Report Title:

Wildfire Recovery Fund Mitigation Plans; Securitization; Public Utilities Commission

Description:

~~Establishes the Wildfire Recovery Fund.~~ Requires electric utilities to submit wildfire mitigation plans to the Public Utilities Commission for approval or acceptance. Allows securitization for electric utilities. Effective 7/1/3000. (HD3)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. NO. 982, H.D. 3, RELATING TO WILDFIRES.

BEFORE THE:

SENATE COMMITTEES ON COMMERCE AND CONSUMER PROTECTION AND ON
ENERGY AND INTERGOVERNMENTAL AFFAIRS

DATE: Thursday, March 20, 2025 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 229

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chairs Keohokalole and Wakai and Members of the Committees:

The Department of the Attorney General provides the following comments regarding this bill.

This bill attempts to address the risk of catastrophic wildfires by providing an efficient, low-cost process for property owners, renters, businesses, and their insurers to obtain compensation for the damage resulting from a catastrophic wildfire that a regulated utility is alleged to have caused or contributed to, while limiting the liability of the regulated utility to protect its financial health. This bill establishes the Wildfire Recovery Fund (Fund) and establishes the statutory framework to implement the Fund. In addition, this bill allows for the financing of the Fund through the securitization of ratepayer charges.

We note that the bill proposes several features that could adversely impact the State and its residents. The following list highlights those features that we believe are material for the Legislature to consider in its assessment of the bill.

1. Section A-2 - Wildfire Recovery Fund, page 7, line 7, through page 9, line 11.

We believe that the Fund is a trust fund as defined in section 37-62, Hawaii Revised Statutes (HRS). The Fund will operate as a separate, State-created entity with a fiduciary duty to manage its resources for the benefit of its intended purpose, the protection from catastrophic wildfires. Moneys in the Fund are derived from the

ratepayer charges, regulated utilities contributions, and investment income, and we believe that such moneys are held in trust for the exclusive use of covering catastrophic wildfire related losses and administrative costs. This structure mirrors the characteristics of a trust fund. The bill should state the pertinent legislative findings to document that the Fund is a trust fund.

The bill refers to the Fund as a "public body corporate and politic" (page 8, lines 3-4); however, this characterization is inaccurate since the Fund is not a legal corporate entity. One way to resolve this would be for the bill to establish the Wildfire Recovery Fund Corporation (Corporation), define its statutory framework, and place it within the Department of Commerce and Consumer Affairs for administrative purposes only. The Fund could then be placed within the Corporation. This would address concerns raised by the Office of the Governor and the Department of Commerce and Consumer Affairs that the Fund's moneys not be commingled with other State funds and that they be used solely for their intended purpose.

New section A-2(f), at page 9, lines 1-7, authorizes the Executive Director of the Fund the power to issue revenue bonds for the purposes of this chapter backed by the future payments to the Fund that the contributors have committed to make. We believe that this provision is unnecessary because the cost of this program will be borne by customers either through nonbypassable rates or rates charged for their electricity usage and by the shareholders of the investor-owned utilities. We recommend that subsection (f) be deleted:

~~"(f) The executive director shall have the power to issue revenue bonds, from time to time, in such principal amounts as the executive director may deem advisable for the purpose of this chapter, backed by future payments to the wildfire recovery fund that contributors have committed to make. These bonds shall be issued pursuant to part III of chapter 39, except as provided in this chapter." See page 9, lines 1-7.~~

2. Section A-3 - Financial Contributions Required from the Investor-Owned Utilities to Capitalize the Fund, page 9, line 12, through page 12, line 17.

Subsection (b)(1) - Contributions from investor-owned electric utilities:

- Amount: An unstated amount plus interest (if applicable)

- Funding mechanism: The unstated amount is to be recovered from the investor-owned utilities' customers through nonbypassable rates that can be securitized. The Public Utilities Commission (PUC) must approve the nonbypassable rate charges. These nonbypassable rates mean that the customers must pay this charge.

Subsection (b)(2) - Shareholders of the investor-owned utilities:

- Amount: An unstated amount
- Funding mechanism: This contribution comes from the shareholders of the investor-owned utilities, not from the ratepayers.
- Purpose: The shareholders of the investor-owned utility will contribute an unstated amount, of which a portion shall be used to pay the salaries of the Executive Director of the Fund and other personnel needed to implement this chapter. If any portion of the amount relating to salaries remains unspent by 2035, it must be transferred to the Fund.

Subsection (c) - Funding by the Investor-Owned Utilities:

The investor-owned utilities may elect to capitalize the Fund over a period not to exceed five years unless paid through securitization. Any amount deferred after the first year shall accrue interest at the utility's cost of borrowing for long-term debt. The utilities are allowed to recover the principal and accrued interest from customers through rates approved by the PUC.

Under the financing mechanisms to capitalize the Fund, the financial burden falls on customers either through nonbypassable rates or rates charged for their electricity usage while the balance is funded by the shareholders of the investor-owned utilities.

3. Section A-5 - Replenishment of the Wildfire Recovery Fund, page 13, line 5, through page 15, line 5.

Subsection (a) - Timing for Evaluating Prudence of the Contributor's Conduct Leading to the Catastrophic Wildfire:

Subsection (a) provides that a contributor whose facilities were implicated in a catastrophic wildfire shall initiate a proceeding before the PUC to review the prudence of their conduct. This proceeding is initiated only after the Fund has made payments

regarding the catastrophic wildfire and "after resolution of substantially all third-party liability claims that were brought or could be brought against contributors arising from that covered catastrophic wildfire" We believe that assessing the contributor's conduct should not be contingent upon the resolution of all claims. Evaluation of the contributor's conduct can and should proceed independently of the claims settlement process.

We propose the following amendment to subsection (a):

"(a) If the wildfire recovery fund has made payments with respect to a covered catastrophic wildfire ~~[and after resolution of substantially all third-party liability claims that were brought or could be brought against contributors arising from that covered catastrophic wildfire]~~, each contributor whose facilities were implicated in the covered catastrophic wildfire shall initiate a proceeding before the commission to review the prudence of the contributor's conduct leading to the catastrophic wildfire." See page 13, lines 5-14.

Subsection (b) - Criteria for the PUC's Evaluation of Contributor's Conduct:

Subsection (b) sets forth the criteria that the PUC must use in determining whether a contributor has acted prudently. We believe that the PUC should not be constrained by the exception in subsection (b)(2), and we propose the following amendment to delete this exception:

"(2) Evaluating the contributor's actions in the context of its overall systems, processes, and programs~~[- such that an error by a contributor's employee would not be a basis for a finding of imprudence, unless that error resulted from the failure of a system, process, or program to prevent the error].~~" See page 13, line 20, through page 14, line 4.

Subsection (d) - Cap on the Amount of Contributor's Reimbursement of the Fund:

Subsection (d) prohibits the PUC from ordering a contributor to reimburse the Fund in an amount that exceeds twenty per cent of the contributor's transmission and distribution equity rate base. It is unclear why there would be a limit on how much a contributor must reimburse the Fund if they behave imprudently.

4. Section A-6 - Claims for Payment by Qualified Claimants, page 15, line 6, through page 17, line 7.

Subsection (a) - Process for Claims:

Subsection (a) provides that the Executive Director of the Fund must establish a process through rulemaking under chapter 91, HRS, for non-governmental claimants to submit claims to the Fund.

The bill expressly provides that only non-governmental claimants may make a claim ("a qualified claimant that is not governmental entity," page 15, line 9). This would preclude the State from making a claim for damages to State-owned property, including, for example, housing projects.

We suggest the following amendment to this provision to permit the State to make a claim for damages to State-owned property against the Fund:

"(a) The executive director shall adopt rules pursuant to chapter 91 to create a process through which a qualified claimant [~~that is not a government entity~~] may submit to the wildfire recovery fund a claim for payment of economic damages arising out of property damage resulting from a covered catastrophic wildfire." See page 15, lines 7-12.

The claims must concern economic damages related to property damage from a covered catastrophic wildfire.

The administrative rules will include a submission deadline for the claims.

Subsection (b) - Claimants Eligibility and Restrictions

- Filing requirement:
 - Qualified claimant must file a claim for uninsured economic damages related to property damage.
 - Claims by non-property insurers are limited to uninsured losses, that is, damages not covered by insurance.
- Bar on civil actions:
 - Qualified claimant cannot file or pursue a civil lawsuit against a participating utility that contributes to the Fund unless:
 - The claimant first files a claim with the Fund, and
 - The claimant rejects the settlement offer made by the Fund.

- Deadline consequences:

According to the bill, claimants have no less than four years from the covered catastrophic wildfire to file a claim, and the Executive Director may establish a deadline beyond the four-year period for filing a claim (page 15, line 21, to page 16, line 9). We suggest the following amendment to this provision to avoid any confusion regarding the statute of limitations concerning the filing of claims: "[A] Notwithstanding any law to the contrary, a qualified claimant who fails to file . . ." See page 15, line 21.

We note that if a qualified claimant fails to file a claim by the established deadline, the qualified claimant shall be precluded from (a) receiving payment from the Fund, and (b) instituting any action against the participating utility.

Subsection (c) - Settlement Offers

The Executive Director of the Fund must review submitted claims and make settlement offers to the claimants.

Claimants may accept or reject the offer.

In determining the amount of the settlement offer, the Executive Director must consider:

1. The total damages sought by all claimants.
2. The total amount available in the Fund versus the total claims.
3. The strength of evidence regarding the utility's liability.
4. The strength of evidence regarding the involvement of non-contributor third parties.

Subsection (d) - Insufficiency of Moneys in the Fund

If the Fund's available moneys are less than fifty percent of the aggregate liability limit as defined in the bill, the Fund will only make payments to participating utilities, not to claimants. This means that, to the extent that the Fund lacks sufficient moneys to cover all claims, a claimant would have no further recourse against the participating utility. Consequently, Fund payments depend on the availability of moneys that may affect the Fund's ability to compensate claimants if moneys in the Fund are limited.

This bill appears to prioritize the needs of participating utilities over claimants when the Fund lacks sufficient funds.

5. Section A-8 - Limitation on Aggregate Liability, page 17, line 20, through page 19, line 12.

Subsection (a) - Calculation of the Liability Limitation:

The aggregate liability for all participating utilities for qualifying damages arising from a covered catastrophic wildfire is subject to a specified liability cap. Even if a claimant rejects an offer to settle and brings a claim in court, the liability cap will apply to the civil action. Amounts are payable whether or not be participating utilities' actions contributed to the property damage; however, further amounts would be payable if it is determined that the participating utility acted imprudently, but such additional amounts are capped.

For subsection (a)(1), we ask that consideration be given to increasing the percentage of the Fund available to pay claims if the utility is found imprudent.

Subsection (a)(2) states that the "average assessed value of commercial structures and residential structures" will be used to calculate the limitation on aggregate liability. However, the implementation of this provision is unclear. The timeframe for calculating the average is not defined and assessed real estate values do not accurately reflect the replacement costs of the structures. Additionally, this provision fails to consider the value of personal property that could be lost in a catastrophic wildfire. We propose the following amendment to address this omission: "habitation that were destroyed[.], plus the value of any personal property lost." See page 18, line 12.

6. Section B-2 - Application to Issue Bonds and Authorize Wildfire Recovery Charges, page 30, line 10, through page 36, line 21.

The utilities can recover wildfire-related costs through securitization by issuing bonds backed by a nonbypassable charge on customers' bills.

The bill gives the State very little discretion as to who issues the bonds in the case of a securitization in that the State would have to follow the provisions of the PUC's financing order. The utility applies for a financing order, which application names the entity that it proposes to issue bonds, and the PUC can only accept or deny such applications based on certain prescribed criteria.

7. Section B-5 - Wildfire Recovery Charge, page 47, line 1, through page 48, line 5.

The wildfire recovery charge is a mandatory, nonbypassable fee to repay the bonds and related financing costs authorized under a financing order. It is reflected as a separate line item on a customer's bill.

As long as the bonds remain unpaid, the charge must be paid by all existing and future consumers within the utility's service area.

8. Clarifying Amendments

We respectfully request that the following clarifying amendments be made:

Section A-9 - Limitation on Claims:

"(b) No suit, claim, arbitration, or other civil legal action for indemnity or contribution for amounts paid, or that may be paid, as a result of a covered catastrophic wildfire, may be instituted or maintained by any ~~[persons or entities]~~ qualified claimants against contributors or their affiliates, employees, agents, or insurers for qualifying damages; provided that this subsection shall not apply to any agreements entered into before the operation date~~[-]~~ or for any failure of a contributor to pay the amounts required hereunder into the Fund." See page 20, lines 3-9.

Section A-11 – Reporting; Refund Authorized by the Legislature:

"(a) The executive director shall submit to the legislature and commission an annual report regarding the wildfire recovery fund no later than ninety days prior to the beginning of each regular session ~~[until]~~ up to, and including, 2034. The annual report submitted by the executive director shall include an update on the activities of the wildfire recovery fund." See page 20, line 16, through page 21, line 2.

Section B-1 – Definitions:

""Wildfire recovery charges" means the nonbypassable charges, including but not limited to distribution, connection, disconnection, and termination rates and charges, that are authorized by section B-2 and in a financing order authorized under this chapter to be imposed on and collected from all existing and future consumers of a ~~[financing entity]~~ public utility or any successor to recover principal, interest, and other financing costs relating to the bonds~~[-]~~ issued by its financing entity. See page 28, lines 12-19.

""Wildfire recovery costs" means an investor-owned electric utility's initial and supplemental contributions to the wildfire recovery fund[, as set forth in section A-3, and electric cooperative wildfire claims costs]." See page 28, line 20, through page 29, line 2.

Section B-3 – Wildfire Recovery Financing Order:

Subsection (b)(1) "(1) Alter the provisions of this chapter, which authorize the commission to create an irrevocable contract right or [~~choice~~] chose in action by the issuance of a financing order, to create wildfire recovery property and make the wildfire recovery charges imposed by a financing order irrevocable, binding, nonbypassable charges for all existing and future consumers;" See page 38, lines 3-9.

Add a new subsection (e) at page 40, line 17, and renumber the remaining subsections:

"(e) The commission may require, in the financing order, that, if a default by the electric utility in remittance of the wildfire recovery charges collected occurs, the commission shall order the sequestration and payment to the applicable financing entity. Any order shall remain in full force and effect notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to the electric utility."

Section B-4 – Bonds; Issuance; Wildfire Recovery Property Interests:

"(b) To the extent that any interest in wildfire recovery property is sold, assigned, or is pledged as collateral pursuant to subsection (a), the commission [~~may authorize~~] shall require the electric utility to contract with the financing entity or its assignees that the electric utility will:" See page 43, lines 12-16.

Section B-5 – Wildfire Recovery Charge:

"(c) The wildfire recovery charge shall be collected by an electric utility or its successors, in accordance with section B-8(a), in full through a charge that is separate and apart from the electric utility's rates. The wildfire recovery charge shall be collected by the electric utilities or their successors as collection agents for the applicable financing entity, and such amounts shall be held in trust until transferred to the applicable financing entity." See page 47, lines 18-21.

Section B-7 – Transfers of Wildfire Recovery Property:

"(a) A transfer or assignment of wildfire recovery property by the electric utility to an assignee or to a financing entity, or by an assignee of the electric utility or a financing entity to another financing entity, which the parties in the governing documentation have expressly stated to be a sale or other absolute transfer, in a transaction approved in a financing order, shall be treated as an absolute transfer of all of the transferor's right, title, and interest, as ~~is~~ a true sale, and not as a pledge or other financing, of the wildfire recovery property, other than for federal and state income and franchise tax purposes." See page 52, line 12, through page 53, line 2.

We respectfully ask the Committee to amend this bill to address these concerns or, alternatively, hold the bill.



**TESTIMONY BEFORE THE SENATE COMMITTEES ON
COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS
SUPPORT OF HB 982, HD3 with Amendments
Relating to Wildfires**

Thursday, March 20, 2025
9:30 A.M.
State Capitol, Conference Room 229

Aloha Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and
Members of the Committees,

Hawaiian Electric is testifying **in support of HB 982, HD3 with amendments.**

We respectfully request the committees consider replacing the contents of HB 982, HD3 with the contents of SB 897, SD3, HD1 but add a provision requiring a study on how to best implement a wildfire recovery fund in the future. The HD1 version of SB 897 eliminates a wildfire recovery fund to be paid for by ratepayers and shareholders, while retaining a critical element of the original legislation: an aggregate limitation of liability for public utilities for property damages from a catastrophic wildfire. We agree that a limitation on liability is a crucial mechanism to protect customers and the State of Hawaii from cost increases caused by the utilities' exposure to unlimited wildfire liability. Numerous states have passed, or are currently considering, bills containing limitations on liability for exactly this reason.

We continue to believe that the existence of a wildfire recovery fund, coupled with a limitation on liability, provides significant benefits and represents the best balance of interests. We therefore request the committees consider replacing the contents of HB 982, HD3 with the contents of SB 897, SD3, HD1 version but add language

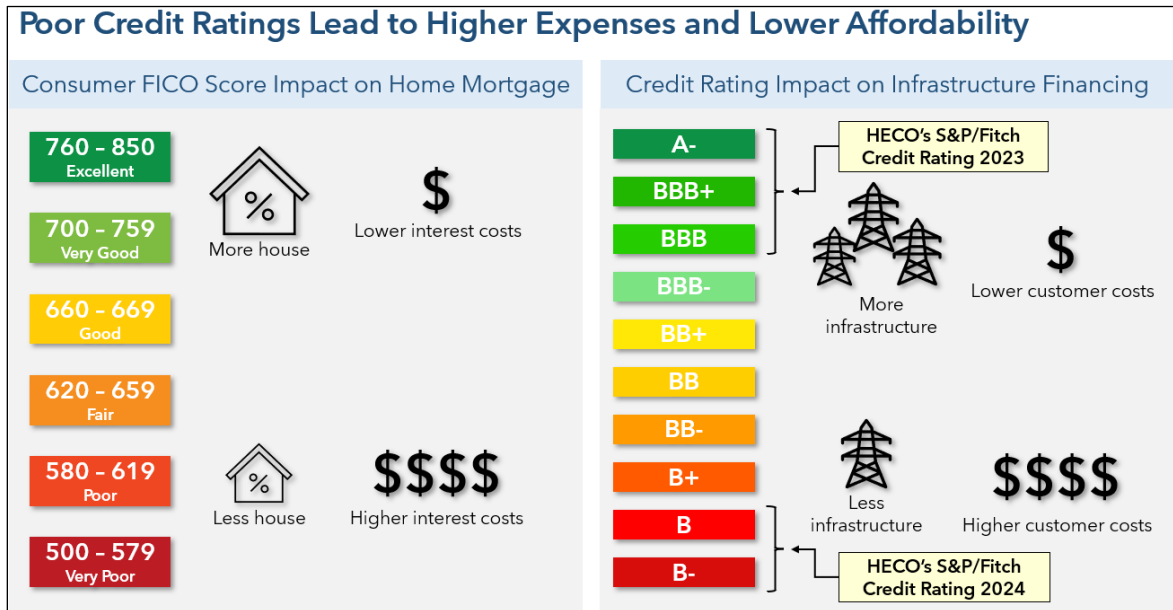
requiring a study on how to best implement a wildfire recovery fund in the future. Please see attached for proposed fund study language. We also request the deletion of the provision in SB 897, SD3, HD1 that could limit executive compensation for all public utilities who use the securitization provisions, as we believe that is not necessary and could have unintended consequences.

The HD1 version of SB 897 is in the public interest and protects customers and the State of Hawaii from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers.

Creating forward-looking financial protection for potential future catastrophic wildfires is a key part of restoring Hawaiian Electric's credit rating and protecting public utilities across the State. As noted in previous testimony, lawmakers across the Western United States are recognizing the need for bills that (a) create funds for utilities to pay wildfire claims (with the vast majority funded by ratepayers); and/or (b) create significant liability reforms to protect regulated utilities and their ratepayers from the risk of unlimited damages from a wildfire. Those include Utah, California, Nevada, Wyoming, Montana, Idaho, Arizona, North Dakota, Kansas, New Mexico, and Texas. Utilities, regulators, and legislators in these states have come to understand the need to address the problem of unlimited wildfire liability for regulated utilities. Many of these states have passed or are considering reforms that solely limit liability, without the creation of a fund. In that respect, the language in SB 897, SD3, HD1 is not unique—and continues to provide significant benefits to the State.

As these other states recognize, utility credit rating and cost of capital are directly correlated to wildfire risk. Cost of capital is accounted for in the rate making process and directly impacts customer rates. As illustrated below, just as credit score affects

consumers in buying a home, a utility's credit rating and cost of capital directly results in higher costs to customers, all else being equal.



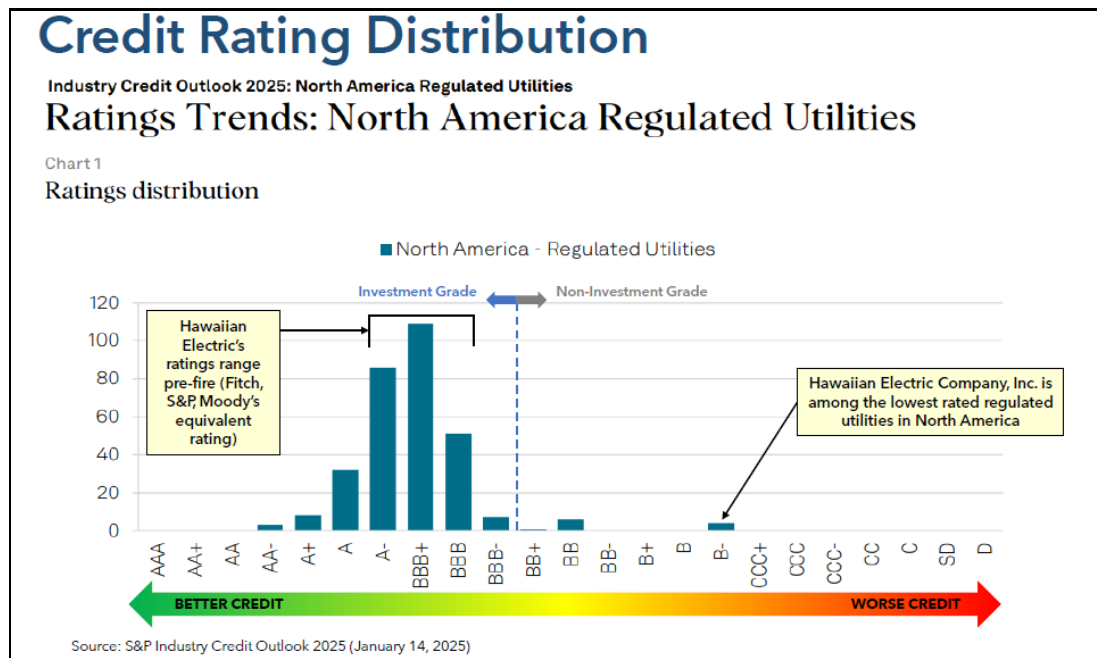
Addressing the problem of unlimited wildfire liability thus protects customers.

Wildfire risk exists, not due to any one entity, but as a result of a number of factors, including climate change and land management practices. Hawaiian Electric is taking vital steps to reduce wildfire risk. However, we can't completely eliminate that risk. And unlike an unregulated, private company, Hawaiian Electric has a duty to serve; it cannot decide to stop serving customers when the risk becomes too high in the environment in which it serves.

Without some financial protection in place to eliminate unlimited liability from future wildfires, regulated utilities like Hawaiian Electric risk losing access to capital on reasonable terms or at all, even as they need such capital to provide essential services and to make critical infrastructure investments in wildfire safety, resiliency, reliability, and the advancement of state energy policy.

To protect customers from these negative effects, the bill would reasonably mitigate the risk of unlimited financial liability from wildfires. It would do so by means of

an aggregate cap on payments by any given public utility for property damages from a catastrophic wildfire. An aggregate cap reflects a reasonable balance between the interests of those who suffer losses from a wildfire and the interests of everyone in obtaining reliable, safe, and affordable electricity. And it reflects the modern reality that even when a utility's facilities ignite a fire, whether it is immediately extinguished, or spreads depends on many factors that are outside the utility's control. This bill is necessary for the utility to begin the stepwise process of restoring its credit rating to pre-fire levels.



Additionally, we emphasize that this bill does not apply to claims arising from the August 2023 event—it is a forward-looking bill. Hawaiian Electric has entered a global settlement to resolve those claims, including a commitment to make almost \$2 billion in payments funded by shareholders, not customers. The aggregate limitation on liability will have no effect on this settlement, or resolution of litigation from the August 2023 event.

We are requesting two amendments to the HD1 version of SB 897:

First, the creation of a wildfire recovery fund remains an important goal for the State, and we can help to reach that goal by adding a study requirement. We agree that a limitation on liability is a crucial step towards improving the credit-rating of Hawaiian Electric, and we appreciate the committees' consideration of the bill as it is currently written. But we believe there are still important benefits to a wildfire fund. A fund provides a source of money to quickly settle and resolve wildfire claims both through an administrative claims process, as the previous versions of SB 897, SD3, HD1 would have created and by providing available insurance to utilities, such as the \$1 billion ratepayer-funded self-insurance programs the California Public Utilities Commission authorized for California's two largest electric utilities, or the ~\$1.5 billion ratepayer-funded fund Utah authorized in legislation last year. In this respect, a fund helps to improve the credit-worthiness of public utilities, in particular when coupled with a limitation on liability. A fund also allows a limitation on liability to be higher: when there is a substantial source of funding for wildfire claims, a limitation on liability can be greater. Without a fund, a limitation on liability must be lower to provide the financial protection to improve the creditworthiness of a utility.

A fund can also provide a source of funding to claimants after a fire, and an administrative fund, in particular, can create a streamlined process to offer settlement payments for property damages quickly after a catastrophic fire, without the need for a lengthy and uncertain litigation process. Such a fund can thus help the people of Hawaii, and is worth strongly considering.

We would thus ask the committees to consider inserting language that would require a study to determine whether to create a wildfire fund in the near future, including its appropriate amount and sources of funding. Please see proposed

language for a working group attached. Creating such a study would emphasize Hawaii's commitment both to protecting the financial health of utilities and the people of Hawaii from wildfires.

Second, please delete the executive compensation provision that is in SB 897, SD3, HD1, which states that any public utility approved for a financing order cannot increase executive compensation until its wildfire risk mitigation compliance reports have been approved for five years running—provided that the PUC may consider an alternative symmetric performance incentive mechanism instead. We propose to delete this provision.

This provision is problematic and unnecessary because (1) such proposed controls could have unintended consequences; (2) the majority of executive compensation is in the form of incentive compensation which, for Hawaiian Electric, is paid by shareholders and not included in rates; and (3) the PUC is currently in the process of evaluating changes to the performance-based regulation Framework and in a position to develop a wildfire related performance incentive mechanism in a public proceeding, in which the Consumer Advocate and other intervenors can participate.

Conclusion

We believe this bill is in the public interest and protects the people of Hawaii, while reasonably balancing stakeholder interests. Solving the impacts of climate change on our State must be addressed collectively and collaboratively. Please pass HB 982, HD3 with amendments by inserting the contents of SB 897, SD3, HD1 with our suggested amendments that would implement a study of the fund and delete the executive compensation provision. Thank you for your consideration.

HB 982, HD3**Proposed Language to create a wkng. group to Study the Creation of Wildfire Recovery Fund.**

SECTION 2. (a) There shall be established a working group within the department of commerce and consumer affairs to prepare and submit a report to the legislature ninety days before the 2026 session, concerning establishment and implementation of a wildfire recovery fund to provide efficient compensation for damage resulting from a future wildfire allegedly caused or exacerbated by a public utility, while also helping to protect the financial integrity of Hawaii's regulated utilities. The legislature further finds that litigation regarding wildfire damages can impose massive costs, and those costs can overwhelm electric utilities, undermining their ability to make investments that the State needs. The Legislature finds that a fund, combined with limitations on liability, can help to address these challenges.

Therefore, the purpose of this working group is to review, examine and analyze the provisions related to a wildfire recovery fund in the 2025 drafts of House Bill 982 and Senate Bill 897, in particular:

- (1) Determining the size of the wildfire recovery fund, which may include commissioning of an actuarial study;
- (2) Studying the proper governance of the public corporation that would oversee the wildfire recovery fund; and
- (3) Considering the benefits of an administrative process to provide efficient and low-cost recovery for claimants,

considering the proper mechanism for the fund to provide such an administrative process; and

(4) Comparing how similar funds in other states have affected the credit ratings of other electric utilities.

The working group shall consist of:

(1) The director of commerce and consumer affairs, or the director's designee, who shall serve as chairperson of the working group;

(2) A representative of the department of the attorney general;

(3) A representative of the public utilities commission;

(4) A representative of the division of consumer advocacy of the department of commerce and consumer affairs;

(5) A representative of the insurance division of the department of commerce and consumer affairs;

(6) A representative of Hawaiian Electric, who shall be invited by the chairperson of the working group;

(7) A representative of Kauai Island Utility Cooperative, who shall be invited by the chairperson of the working group;

(8) A representative of property insurers that conduct business in the State, who shall be invited by the chairperson of the working group; and

(9) Any other individuals deemed necessary by the chairperson of the working group.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025

Joint-Committee on Commerce & Consumer Protection and Energy & Intergovernmental Affairs

HEARING DATE: Thursday, March 20, 2025

TIME: 9:30 a.m. **PLACE:** Room 229

RE: House Bill 982 HD3 Relating to Wildfires- IN STRONG SUPPORT

Aloha Honorable Chair(s) Keohokalole and Wakai, Vice-Chair(s) Fukunaga and Chang, and Joint-Committee Members;

The International Brotherhood of Electrical Workers Local 1260 (IBEW1260) would like to offer the following testimony in **STRONG SUPPORT of House Bill 982 HD3**.

IBEW Local 1260, is comprised of approximately 3,000 members throughout Hawaii and Guam and consists of a diverse and highly-skilled workforce that supports the electric utility infrastructure across our state as well as government service contracts and broadcasting. We are committed to protecting the well-being of the members we serve and the community at large.

HB982 HD3 is a positive step towards mitigating risk and providing access to capital at lower costs that help to fulfill government-imposed mandates to improve overall reliability and resiliency, and achieve Hawai'i's renewable portfolio standard goals. Recent local and national events have magnified the tremendous impact catastrophic wildfires can have on a community. Additionally, without proactive policies such as HB982 HD3, regulated electric utilities that may be found to have contributed to such future catastrophic wildfire events can face insurmountable financial hardship¹. Such challenges not only impact the utility itself, but also the communities they serve.

Stable, reliable, and resilient energy is an extremely critical component of a community's well-being. HB982 HD3 is a proactive approach to mitigate potential impacts that a future catastrophic wildfire may have on a community and its electric utility. This measure also provides an expedited process by which those impacted, can seek fair and efficient compensation for property damage due to a catastrophic wildfire.

The health and viability of Hawaii's electric utilities are critical to IBEW1260 and the thousands of members and their families throughout the state that we represent. Our members take great pride in the work they do to ensure that Hawaii's electrical infrastructure is the best that it can be. Without tools like these to minimize liability and increase the capacity to obtain financing at lower interest rates, the electric utility and ratepayers will likely pay higher rates than those that may result from this bill.

Opponents of this measure who cite increased costs, fail to see the long-term net benefit to the ratepayers. HB982 HD3 is a proactive and forward-looking measure that we believe will result in a net benefit to ratepayers and provide relief in the event of another catastrophic wildfire.

Mahalo for the opportunity to testify on this measure.

¹ [What the Eaton fire could mean for Edison's bottom line - Los Angeles Times](#), [Caroline Petrow-Cohen, Feb. 11, 2025](#)



March 17, 2025

Via Electronic Submittal

Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Committee on Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

Thursday, March 20, 2025; 9:30 a.m.
Conference Room 229 & Videoconference

RE: HB 982 HD3 – Relating to Wildfires - Support the Intent

Aloha Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang and members of the Committees,

Clearway Energy Group (“Clearway”) supports the intent of HB 982 HD3, which establishes a recovery fund for future wildfire-related claims. Clearway is one of the largest suppliers of renewable energy to Hawaiian Electric and its customers. Our projects provide clean, reliable power to Hawaiian Electric’s customers at a fixed price and at a lower cost than electricity from fossil fuel sources.

In supporting the intent of HB 982 HD3, Clearway wishes to underscore the importance of a financially stable utility in enabling continued construction of affordable, clean energy resources to meet Hawaii’s electricity needs. A recent S&P Global Ratings report on Hawaiian Electric Industries Inc. and its subsidiaries confirmed a credit rating of B- (six notches below investment grade), with a negative outlook driven by litigation risk.¹ When Clearway and other independent power producers seek financing for our clean energy investments in Hawaii, lenders rely on these credit ratings and reports to determine whether, and at what cost, they will invest in a project contracted with

¹ S&P Global Ratings, RatingsDirect: “Hawaiian Electric Industries Inc. And Subsidiaries Ratings Affirmed, Off Credit Watch; Outlook Negative,” November 22, 2024.

Hawaiian Electric. In the current environment, Clearway has determined that it is currently not possible to secure financing at a reasonable cost for projects relying on revenue from Hawaiian Electric.

In addition to HB 982 HD3, Clearway also supports HB 974/SB 1501, which allows independent power producers to enter into a step-in agreement with the State, giving lenders near-term assurance that payments for delivered energy will continue even if the utility were to become subject to a bankruptcy proceeding. Both proposals are needed to support continued financing of clean energy projects. The step-in agreement is a temporary mechanism to allow project financing to continue in the near term while Hawaiian Electric works back toward an investment-grade credit rating, whereas HB 982 HD3 is important as a mechanism to support Hawaiian Electric's long-term credit recovery.

Hawai'i has an urgent need for new electric generation and storage resources to stabilize the grid and keep the State on track toward its clean energy goals. We encourage the Legislature to adopt measures that create a constructive path forward for Hawaiian Electric.

Thank you for the opportunity to testify on this matter.

Nicola Park
Director, Hawaii
Clearway Energy Group

March 20, 2025
Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Senate Committee on Energy and Governmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair



Working together for Kapolei

Thursday, March 20, 2025
9:30 a.m. Conference Room #229 and via videoconference

RE: HB982 HD3 – Relating to Wildfires

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, members of the Committees,

My name is Kiran Polk, and I am the Executive Director & CEO of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, 'Ewa Beach, Nānakūli, Wai'anae and Mākaha. The Chamber works on behalf of its members and the business community to improve the regional and State economic climate and help West O'ahu businesses thrive. We are a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

The Kapolei Chamber of Commerce **supports HB 982 HD3 Relating to Wildfires** which proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. This bill proactively addresses the economic risks of future catastrophic wildfires, particularly those that may be caused by regulated utility infrastructure, by establishing a wildfire recovery fund. Similar to efforts in Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico, and California, this bill ensures faster claims processing for victims without the expense and uncertainty of litigation. It also safeguards the creditworthiness of participating utilities and other contributors, reducing financial instability while supporting Hawai'i's economy.

The devastation of the Maui wildfires serves as a sobering reminder that we must be prepared. **Many areas of West O'ahu face [similar] wildfire risks, and our community continues to focus on preparation, mitigation, and viable funding solutions.** Establishing this recovery fund is a critical step in protecting Hawai'i's residents, businesses, and infrastructure from the financial fallout of future wildfires.

Thank you for this opportunity to provide testimony.

Respectfully,

Kiran Polk
Executive Director & CEO

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

Thursday, March 20, 2025
9:30 a.m.

HB 982, HD3

Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection and Chair Wakai, Vice Chair Chang, and members of the Committee on Energy and Intergovernmental Affairs, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Chief Actuary & Chief Risk Officer for Island Insurance, Board Chair and Chairman of the Auto Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit association of property and casualty insurance companies licensed to do business in Hawaii. Members companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council submits **comments** on this bill. We respectfully suggest amending the definition of "Property owner" to include "personal property" so that what is covered in the definition of "Property insurer" aligns. The definition would read as follows, "“Property owner” means an owner of real property or personal property in the State.”

Thank you for the opportunity to testify.



HAWAII REGIONAL COUNCIL OF CARPENTERS

March 20, 2025

TO: The Honorable Jarrett Keohokalole, Chair
The Honorable Carol Fukunaga, Vice Chair
and Members of the Senate Committee on Commerce & Consumer Protection

The Honorable Glenn Wakai, Chair
The Honorable Stanley Chang, Vice Chair
And Members of the Senate Committee on Energy & Intergovernmental Affairs

RE: **STRONG OPPOSITION TO SB982 – A COSTLY BURDEN ON
HAWAII’S WORKING FAMILIES**

Aloha Chairs, Vice Chairs, and Members of the Committees:

On behalf of the Hawai‘i Regional Council of Carpenters (HRCC), I submit this testimony in **strong opposition of SB897**, which seeks to establish the Wildlife Recovery Fund and allows securitization for electric utilities. This bill is a direct attack on affordability on Hawai‘i.

This Bill Negatively Affects Affordable Housing Development

HRCC supports affordable housing in Hawai‘i, and this bill severely impacts the production of affordable housing projects statewide. Not only would taxpayers have to bear the burden of yet another increase on cost of living, but for every dollar in the form of qualified tax-exempt private activity bonds (PABs) that goes into helping HECO for nonhousing purposes, the State loses potential subsidy of 65% - 70% of that dollar in the form of lost federal Low-Income Housing Tax Credit (LIHTC)—this is an incredibly valuable financial resource that finances most rental housing projects in the State.

Hawai‘i’s Most Vulnerable Will Suffer the Most

Energy costs already hit low-income residents the hardest. According to DBEDT, households below the poverty line in Hawai‘i spend up to 24% of their income just to keep the lights on. This bill would pile on even higher costs, wiping out the relief provided by historic housing investments and the 2024 tax relief package—progress that was meant to help struggling families. Who is looking out for our kupuna on fixed income?

STATE HEADQUARTERS & BUSINESS OFFICES

OAHU: 1311 Houghtailing Street, Honolulu Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 440-9188
HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576
KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376
MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961
KAUAI OFFICE: Kuhio Medical Ctr Bldg., 3-3295 Kuhio Hwy, Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

According to the most recent ALICE (asset limited, income constrained, employed) Report, ALICE households barely scrape by, unable to afford even the most basic necessities—housing, childcare, food, transportation, healthcare, a smartphone plan, and taxes—leaving them in a constant state of financial insecurity, one crisis away from devastation. Households below the ALICE Threshold are struggling more than ever, with many losing hope of achieving their long-term goals and remaining in the islands.

Nowhere is this crisis more severe than in Maui County, where residents are still reeling from the devastation of the August 2023 wildfires. The path to recovery is fraught with overwhelming obstacles, as they face an uphill battle to rebuild their economy and secure affordable housing. Adding to these hardships, HECO's attempt to shift accountability and costs onto ratepayers presents yet another crushing burden, further exacerbating the already high cost of living.

What is the Plan for To Transition Hawai'i Reliable, Affordable, Renewable Energy?

The fact that there is no clear pathway to a future where residents of Hawai'i can enjoy reliable, affordable, and renewable energy brings into question what ratepayers and taxpayers get in return for paying for HECO's slush fund, especially in light of the paralysis of the U.S. wind power industry by President Trump.

Under the Aggressive Electrification scenario, O'ahu's electricity demand is projected to reach 14,500 GWh per year by 2045—roughly double today's usage and 45% higher than the projected 2045 demand in the IGP Reference case. Initial modeling indicates that solar and wind energy will serve as the primary zero-carbon generation sources, supplying over 90% of the island's electricity needs. **This includes a combination of distributed solar, utility-scale solar, land-based wind, and offshore wind.** To balance supply and demand, battery storage will be essential for shifting energy to high-load periods.

Early analyses suggest that transitioning from fossil fuel-based generation to renewables could reduce electricity generation costs by decreasing reliance on imported fuels. **However, achieving this shift will require a massive expansion of generation and transmission infrastructure.** While distributed solar will play an important role, it alone will not be sufficient to meet customer demand. Research from the National Renewable Energy Laboratory estimates that even if solar panels were installed on every rooftop in O'ahu, they would generate only 6,400 GWh per year—less than half of the island's projected electricity needs.

As a result, large-scale renewable resources—including utility-scale solar, land-based wind, and offshore wind—will be necessary, along with extensive transmission infrastructure to integrate these resources into the grid. There are currently no alternative energy sources that are zero-carbon, cost-effective, and capable of meeting the required scale. The momentum for wind energy gained during the Biden era has been abruptly halted under President Trump, as federal permitting and leasing for wind projects have come to a standstill, threatening the future of renewable energy expansion.

Enough Is Enough—Reject SB897

For years, HECO has failed to make the necessary investments to ensure affordable, reliable energy for the people of Hawai'i. Instead, they have funneled millions into executive compensation, stock buybacks, and shareholder dividends—all while leaving our communities vulnerable.

Hawai'i's working families should not be forced to bail out a utility company that has repeatedly failed them. We strongly urge the committee to **reject HB982** and **protect the people of Hawai'i from skyrocketing energy costs**.

Mahalo for your time and consideration.

Mitchell Tynanes

Hawai'i Regional Council of Carpenters



**TESTIMONY IN SUPPORT OF
HB 982 HD3**

**BEFORE THE SENATE COMMITTEES ON
COMMERCE & CONSUMER PROTECTION AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

HB 982 HD3- Relating to Wildfires

Thursday, March 20, 2025
9:30 AM; Conference Room 229

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

Thank you for the opportunity to testify in support of HB 982 HD3. Relating to Energy. My name is Eric Wright and I serve as President of Par Hawaii. Par Hawaii is the largest local supplier of fuels, including various grades of utility fuels, as well as diesel, jet fuel, gasoline and propane.

HB 982 HD3 is a proactive approach to dealing with economic losses from a wildfire. The process that SB HB 982 HD3 would put in place would help ensure that Hawaiian Electric can attract investors in the capital markets. It would address the uncertainty associated with wildfire risks, an issue that is well documented by rating agencies such as Fitch¹ and Moody's². Other states have taken similar measures.

One of the underappreciated benefits of this legislation is the positive impact it has on Hawaii's local companies. In the case of Par Hawaii, we are a fuel supplier to Hawaiian Electric. We depend on Hawaiian Electric's ability to access capital and make timely payments on its obligations.

Similarly, there are several independent power producers³ who are critical to our daily lives because they produce and sell power to Hawaiian Electric. Additionally, there are potentially hundreds of local contractors and vendors who do business with Hawaiian Electric. These companies all depend on Hawaiian Electric to pay its bills on time. In turn, these companies are able to cover the cost of their business, including salaries and wages for their employees, as well as payments to local contractors and vendors.

The benefits of HB 982 HD3 go well beyond Hawaiian Electric by providing assurance to many local companies, and their employees, who do business with Hawaiian Electric.

¹ <https://www.fitchratings.com/research/corporate-finance/fitch-affirms-hawaiian-electric-industries-hawaiian-electric-co-at-b-removes-negative-watch-25-10-2024>

² <https://events.moody.com/2024-miu22138-investor-breakfast-briefing/liability-reform-will-be-key-to-support-credit-quality-of-utilities-in-wildfire-prone-states>

³ <https://www.hawaiianelectric.com/about-us/power-facts>



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
MARCH 20, 2025
HB 982 HD 3 RELATING TO WILDFIRES.**

Aloha, Chair Keohokalole, Chair Wakai, and members of the Senate Committee on Commerce and Consumer Protection and the Senate Committee on Energy & Intergovernmental Affairs. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains, and everyone in between.

We support the intent of HB 982 HD3. This measure establishes the Wildfire Recovery Fund, allows securitization for electric utilities, and is effective 7/1/3000,

Our state should be looking in to ways to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy. The devastating wildfire on Maui caused tragic loss of life, property destruction including residential and commercial, and significant economic hardship. We need to start finding viable solutions beyond mitigation and a tactical plan to include a recovery plan should there be another wildfire in Hawaii. While we fervently hope that such a disaster never recurs, it is imperative that we prepare for all eventualities as well as the urgent need for proactive measures and a plan for the future.

This bill is a step in the right direction to start the conversation of wildfire recovery to ensure future funds for potential victims; and provide Hawaii families with an efficient option for recovering property damage claims from a future catastrophic wildfire without the expense and uncertainty of going to court. In addition, we need to find ways to address the continuation of the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state.

Mahalo for this opportunity to testify.

TESTIMONY BEFORE
THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
AND
THE SENATE COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS
HB 982 HD3
Relating to Wildfires – In Support

Thursday, March 20, 2025; 9:30 a.m.
State Capitol, Conference Room 229

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

On behalf of Plus Power, I am testifying in support of HB 982 HD3, which establishes the Wildfire Recovery Fund and allows securitization for electric utilities.

HB 982 HD3 proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of future catastrophic wildfires. Like other states challenged by wildfires have done, Hawaii needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While I hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure availability of resources for our local families should the unthinkable occur. It would create a future wildfire recovery fund for potential victims that could provide Hawaii families with an efficient option for recovering property damage claims from a future catastrophic wildfire. In addition, this bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is in the public interest. The purpose of HB 982 HD3 is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy.

The Plus Power team is accelerating the deployment of transmission-connected battery energy storage throughout the United States. Plus Power develops, owns, and operates standalone battery energy storage systems that provide capacity, energy, and ancillary services, enabling the rapid integration of renewable generation resources. We now have 7 operating projects, with 1 in Hawaii, 4 in Texas, 2 in Arizona, and 2 more coming online this year in Maine and Massachusetts, totaling over 4000 MWh. Behind those, we have 10 GW of projects in 28 U.S. states, including Hawaii, and Canada in development. Plus Power wants to continue to help Hawaii meet its energy and reliability needs, and this legislation helps unlock the financing required.



201 Spear St, Ste 1000
San Francisco, CA 94105
P: 832-585-1238
pluspower.com

We request your support of HB 982 HD3 and its passage to allow discussion on this very important initiative. Thank you for the opportunity to share support.

Brian Duncan
Senior Vice President, Origination & Commercial
Plus Power



Mālama Learning Center is a non-profit organization based in West O'ahu. Our mission is to inspire communities to care for Hawai'i by perpetuating conservation, culture, and sustainability through education.

The Honorable Representative Keohokalole, Chair
The Honorable Representative Wakai, Chair
The Honorable Representative Fukunaga, Vice Chair
The Honorable Representative Chang, Vice Chair
The Honorable Members of the Committee on Commerce &
Consumer Protection and Judiciary and Hawaiian Affairs

TESTIMONY IN SUPPORT OF HB 982, HD3

Relating to Wildfires

Hearing Date: Thursday, March 20, 2025 at 9:30 a.m.
Conference Room 229

Chair, Vice Chair, and members of the committees:

Aloha Kākou. My name is Pauline Sato and I serve as the Executive Director of the Mālama Learning Center, a private, non-profit environmental education organization serving schools and communities in West O'ahu. I am testifying in support of HB 982, HD3, Relating to Wildfires, which proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of future catastrophic wildfires.

As other states vulnerable to wildfires have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court. This bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund.

Throughout my 30+ year career in conservation focusing primarily in the Wai'anae and West O'ahu regions, wildfires have always been a serious threat and concern. I have witnessed and worked with the Honolulu Fire Department and military resources to stop fires that burned in conservation areas and reached residential areas. We are actively working to create "green" firebreaks with native and cultural heritage species to replace more flammable invasive grasses in key areas. But that is not enough. We, collectively, need to do much more in prevention and preparation. And there must be sufficient resources to respond if and when a catastrophic wildfire emerges to support the affected communities.

This legislation is critical to guaranteeing the availability of vital resources for our families in the event of future emergencies, creating a future wildfire recovery fund for potential victims. This bill will reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy. I support HB 982, HD3 and request its passage. Thank you for the opportunity to testify.

Aloha,

A handwritten signature in black ink, appearing to read "Pauline M. Sato", written in a cursive style.

Pauline M. Sato

Mālama Learning Center
P.O. Box 1662, Honolulu, Hawai'i 967806
www.malamalearningcenter.org



Sustainable Energy Hawai'i

sustainableenergyhawaii.org
noel@sustainableenergyhawaii.org

March 17, 2025

Testimony for HB982 HD3 - RELATING TO WILDFIRES

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Committee members.

I'm testifying on behalf of **Sustainable Energy Hawai'i**, a 501(c)(3) non-profit dedicated to improving the quality of life for Hawaii Island residents. Our mission is to enable an economic, social, and environmental revival in Hawaii through a just transition to sustainable, 100% locally sourced renewable energy.

Sustainable Energy Hawai'i supports HB982 HD3, which *'Establishes the Wildfire Recovery Fund. Allows securitization for electric utilities.'*

Once established, the Wildfire Recovery Fund will provide compensation to those who suffer property loss in a future catastrophic wildfire involving utility equipment, encourage and support long-term wildfire mitigation efforts, and help ensure that Hawaii's utilities will be able to continue to effectively deliver essential services.

SB982 HD3 is a proactive means to mitigate the economic threat posed by future catastrophic wildfires. It will allow for more efficient payment of claims and prompt recovery for those affected. It will also protect the creditworthiness of participating utilities which ultimately translates to lower impact to ratepayers.

We encourage passage of HB982 HD3.

Thank you for this opportunity to testify.
Respectfully,

Noel Morin, Chairman, Board of Directors and on behalf of the Sustainable Energy Hawai'i Board of Directors: Peter Sternlicht – Treasurer | Kanani Aton – Secretary | David De Luz – Director | Desmon Haumea – Director | Jerry Chang - Director | Stanley Osserman - Director

HB-982-HD-3

Submitted on: 3/15/2025 11:55:09 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Dwayne Cramer	Individual	Support	Written Testimony Only

Comments:

My name is Dwayne Cramer and I'm a 20 year employee at Hawaiian Electric. I support HB982 because not only does the wildfire recovery fund allow resolve to quick claims compensation for property owners/renters due to wildfire but it also allows Hawaiian Electric to borrow money at lower rates which saves customers money in the long turn.

HB-982-HD-3

Submitted on: 3/15/2025 11:55:45 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kurt Tsue	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Kurt Tsue and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Aaron Pughes

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Aaron Pughes and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

-Aaron Pughes

HB-982-HD-3

Submitted on: 3/15/2025 1:31:50 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lori Tsue	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Lori Tsue and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Donna Van Osdol

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Donna Van Osdol and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for 30.5 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Tayne Sekimura

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Tayne Sekimura and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 32 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Joanne Williamson

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Joanne Williamson and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Lorie Nagata

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Lorie Nagata and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 36 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai‘i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility’s infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai‘i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Ken Aramaki

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Ken Aramaki and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Patsy Nanbu

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Patsy Nanbu and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 35 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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Thursday, March 20, 2025
9:30 AM
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Submitted by Karen Hirota

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Karen Hirota and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for 20 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

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ENERGY & INTERGOVERNMENTAL AFFAIRS**

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Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Jamie Lee

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Jamie Lee and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 29 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai‘i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility’s infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai‘i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
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**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Sharon Suzuki

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Sharon Suzuki and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 28 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Joyce Chang

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Joyce Chang and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 15 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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COMMITTEES ON COMMERCE & CONSUMER PROTECTION
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ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Lorrie Iwanaga

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Lorrie Iwanaga and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 32 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982 HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Darren Ishimura

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

I am submitting written testimony in support of HB 982 HD3. Given the increasing occurrence of extreme weather events, the State of Hawai'i needs to proactively address the economic threat of devastating conflagrations. As other states have done, Hawai'i needs to establish a recovery fund that will help wildfire victims and support the local electric utility that has a duty to serve everyone.

This fund is a much-needed solution that serves the public interest by (1) providing potential victims with an efficient option for recovering property damage claims without the expense and uncertainty of protracted litigation and (2) protecting the creditworthiness of regulated electric utilities which lowers the cost of capital for utility investments to the benefit of customers.

The economic viability and security of our State requires financially healthy electric utilities. By reducing the financial uncertainty created by the liability risk from future catastrophic wildfires, HB 982 HD3 would help Hawaiian Electric – one of the State's largest employers deeply rooted in its communities – make the necessary investments to reliably and safely serve its customers and ensure the State's prosperity.

Please pass HB 982 HD3. Thank you for the opportunity to share my comments.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Lynne Unemori and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, having worked there for over 31 years. Throughout those years, I witnessed the dedicated commitment to safe and reliable service demonstrated by company employees, both in emergencies and in everyday operations. I am proud to have been a part of one of the very few remaining local companies in the state, led by local management and leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill would not only provide relief for future victims of a catastrophic wildfire but also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The financial viability of our state's largest electric utility is critical to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy. Reducing this uncertainty can result in lower financing costs that ultimately benefit the electric customers.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Russ Larson

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Russ Larson and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

Sincerely,

Russ Larson

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Leslie Kwock

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Leslie Kwock and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available for our local families should the unthinkable occur. This bill not only provides relief for future Hawai'i victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest locally owned electric utility is important to Hawai'i economic viability. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy by keeping a local company for local talent including the opportunities for any future generations, and continuing to operate and exist in Hawai'i for Hawai'i and not for any external mainland objectives.

I wholeheartedly support HB 982 HD3 and humbly request you to allow the bill to pass. Thank you for your time and the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Everett Lacro

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Everett Lacro and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 26 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Lyanne Hiromoto

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Lyanne Hiromoto, and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Mathew McNeff

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Mathew McNeff and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
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State Capitol, Conference Room 229

Submitted by Kristin Nakamura

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Kristin Nakamura and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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Submitted by Kristin Nakamura

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Kristin Nakamura and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Kandice Kubojiri

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Kandice Kubojiri and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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ENERGY & INTERGOVERNMENTAL AFFAIRS**

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Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Michelle Chang

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Michelle Chang and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

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COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Dawn Wong

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Dawn Wong and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Shawn Tamashiro

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Shawn Tamashiro and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Thurston Wong

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Thurston Wong and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

HB-982-HD-3

Submitted on: 3/17/2025 8:51:18 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Chris Reynolds	Individual	Support	Written Testimony Only

Comments:

I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 24 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai‘i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility’s infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai‘i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

Christopher Reynolds

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM

State Capitol, Conference Room 229
Submitted by James Hill

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is James Hill and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Mark Middleton

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Mark Middleton and I am submitting written testimony in **SUPPORT** of HB 982, HD3 which proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I **SUPPORT** HB 982, HD3 and request the committees pass this bill. I appreciate the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Lyle Matsunaga

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Lyle Matsunaga and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Maui Electric and Hawaiian Electric, and worked at the two companies for over 19 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Michelle Orian-Lau

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Michelle Orian-Lau and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Michael Chang

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Michael Chang and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

HB-982-HD-3

Submitted on: 3/17/2025 9:13:21 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ross Wilson Jr.	Individual	Support	Written Testimony Only

Comments:

Given what we've seen with the wildfires in California and Lahaina this bill makes sense moving forward.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Sharri Thornton

Dear Chairs, Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Sharri Thornton and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Kristen Okinaka

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Kristen Okinaka and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Robert Young

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Robert Young and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 40 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Faith Duenas

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Faith Duenas and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Nancy Kelly

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Nancy Kelly and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
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Submitted by Howard Kelly

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Howard Kelly and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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**SUPPORT OF HB 982, HD3
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Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Teri Theuriet

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Teri Theuriet and I was born & raised in Kāneʻohe, and am currently living in Kuliʻouʻou. I'm submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
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Submitted by Leslie Malasa

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Leslie Malasa and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Shelley Takasato

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Shelley Takasato and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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**WRITTEN TESTIMONY BEFORE THE SENATE
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**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Kelsey Ito

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Kelsey Ito and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

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**SUPPORT OF HB 982, HD3
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Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Tammy Takitani

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Tammy Takitani and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by MELVA BETHAM

Dear Chairs, Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is MELVA BETHAM, and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Grant Imamura

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Grant Imamura and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Donna Mun

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Donna Mun and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy. As a state, we need to do something to protect the people of Hawai'i and this bill is a step forward in that direction.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

HB-982-HD-3

Submitted on: 3/17/2025 1:19:23 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lyle HIromoto	Individual	Support	Written Testimony Only

Comments:

I support.

HB-982-HD-3

Submitted on: 3/17/2025 1:24:07 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Eric Enos	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

On behalf of Ka‘ala Farm, I am submitting written testimony in support of HB 982, HD3, Relating to Wildfires, which proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility’s infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of future catastrophic wildfires. Like other states challenged by wildfires have done or are in the process of doing, Hawaii needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

This year alone the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico and California are considering similar legislation to address wildfire risk and its impact on electric utilities. Additionally, recent fires in Los Angeles magnifies the importance of such legislation. This bill would create a future wildfire recovery fund for potential victims with an efficient option for recovering property damage claims from a future catastrophic wildfire. In addition, this bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund. This bill’s purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii’s economy.

We request your support of HB 982, HD3. Thank you for the opportunity to share support.

Mahalo,

Eric Enos

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Candice Lucas

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Candice Lucas and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Lori Yafuso

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Lori Yafuso and I am submitting written testimony in support of HB 982, HD3. I am a retired employee of Hawaiian Electric, and worked there for over 22 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

HB-982-HD-3

Submitted on: 3/17/2025 2:03:10 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Danielle Canfield-Jones	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Danielle Canfield-Jones and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE SENATE
COMMITTEES ON COMMERCE & CONSUMER PROTECTION
AND
ENERGY & INTERGOVERNMENTAL AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 AM
State Capitol, Conference Room 229

Submitted by Richard R. Solmerin

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

My name is Richard R. Solmerin and I am submitting written testimony in support of HB 982, HD3. This bill proposes a future solution in the event of a catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. As other states have done, Hawai'i needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

While we hope nothing like what happened in West Maui in 2023 ever occurs again, this bill is proposed to ensure resources would be available if it does, especially for our local families. This bill not only provides relief for future victims of a catastrophic wildfire but would also protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawai'i's economy.

I support HB 982, HD3 and request the committees pass this bill. Thank you for the opportunity to share my support.

**TESTIMONY OF EVAN OUE ON BEHALF OF THE HAWAII
ASSOCIATION FOR JUSTICE (HAJ) IN OPPOSITION OF
HB 982 HD3**

Date: Thursday, March 20, 2025

Time: 9:30 a.m.

My name is Evan Oue and I am presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) in **OPPOSITION** of **HB 982 HD3 Relating to Wildfires**. The measure seeks to establish the Hawaii Wildfire Recovery Fund (the “WRF”) to provide compensation for property damage resulting from catastrophic wildfires in the State. The measure rewards negligence at the expense of consumers by revictimizing citizens that suffer a loss of their property and making it impossible for them to rebuild.

As currently drafted, HB 982 HD3 establishes the WRF and creates a process for future property damage claims arising from catastrophic wildfires (500 or more residential and commercial structures). The measure establishes a process requiring victims of future catastrophic wildfires to submit their property damage claims to the Wildfire Recovery Fund’s Executive Director (“ED”) for evaluation, after which settlement offers will be determined and issued by the ED. If the offer is accepted, then the victim will be prohibited from filing a claim against a participating public utility.

Victims who reject an offer from the WRF will be permitted to pursue litigation, however, the aggregate claim value for those claimants who pursue litigation would be capped at the greater of:

- i. 50% of the amount obligated to the fund at the time of the fire; or**
- ii. The average assessed commercial and residential properties in the county which the wildfire occurred.**

Although the stated purpose of HB 982 HD3 is to provide “a rapid, efficient, and low-cost process for property owners, renters, businesses, and their insurers” to obtain compensation arising

from catastrophic wildfires, the effect of the bill, as written, is largely to limit liability exposure of contributing public utilities – primarily Hawaiian Electric Industries. This limitation on liability appears to apply beyond the stated scope of property and business-related interests and imposes a cap on *all* liability – giving participating contributing public utilities a free pass even if, due to their negligence another wildfire occurs. HAJ asks that the legislature conform the content of HB982_HD3 to the stated purpose of the bill – to expedite recourse to property owners and businesses and remove all limitations on liability which frustrate this purpose and which would otherwise damage the interests of the public.

I. HB 982 HD3 Limits Recovery for Future Wildfire Victims:

Liability limits on damages is bad public policy and Hawaii would be the first state to set this dangerous precedent by implementing an aggressive limitation on liability for economic damages. HAJ is concerned that the proposed measure will limit not only economic damages claims for property and business losses, but as currently drafted, the measure undercuts the rights of victims to seek compensation for other types of damages resulting from future disasters. Most concerning, the operation of §A-8, Limitation on aggregate liability, incentivizes underfunding of the WRF by tying the limitation of liability to amounts available to the fund at the time of the catastrophic wildfire.

As proposed, the measure contemplates “the average assessed value of commercial structures and residential structures designed for habitation in the county in which the covered catastrophic wildfire ignited, multiplied by the number of commercial structures or residential structures designed for habitation that were destroyed” as a liability limit. This language only includes the assessed value of structures and does not include valuation of the land. This is

extremely concerning because in Hawaii the value of a majority of property is attributed to the land and not the assessed valuation of the structure. This is especially true for many of our older homes in the state.

This proposed liability limitation fails to account for future victim's costs to repair their structures, remediate the land and replace personal property lost in a fire. After a wildfire, the cost of repairing or replacing a home in Hawai'i will almost always exceed the pre-fire fair market value of the home, let alone the tax assessed value of the structure. Homeowners will be left to cover the difference themselves or sell if they cannot recover the cost to repair and/or rebuild their homes because it exceeds the proposed liability limitation. Victims would be left in a position where they cannot re-build their homes and are forced to sell and likely leave the state.

HAI understands there are business implications that this measure may have for fund contributors, however, we fail to see why those who have caused so much damage and destruction should be rewarded for their callousness with a free pass on liability for similar disasters they may cause or contribute to in the future.

Limiting a victim's ability under this measure removes accountability for utility companies whose actions or omissions result in damage to people across the state. We ask the Legislature to avoid setting a dangerous precedent of rewarding malfeasance. Further, HAI is concerned that, under the proposed scheme, liability will be subsidized by securitization through raising of innocent customers' rates.

To rectify these concerns, HAI recommends amending the measure to remove Section A-8 to eliminate any cap on liability for victims who choose to forego payments from the WRF. If Hawaii decides to limit the recovery of victims, the limitations must

accommodate the realistic cost to repair and/or rebuild a burned structure. Alternatively, HAJ recommends amending section A-8 (a)(2) to reflect:

“(1) Two times the average county tax assessed value of the land and residential and commercial buildings, multiplied by the number of commercial structures or residential structures that were damaged; or

(2) The cost of repair value of commercial and residential lost in the catastrophic wildfire plus the value of personal property lost.”

Property owners should be able to recover damages sufficient to put them in the same position as they were before—including the ability remediate and rebuild their homes—even if that requires recovery in excess of the loss of pre-fire fair market value. Most states allow a property owner to recover either the loss in value or the cost of repair, and where the cost of repair exceeds the loss in value, a property owner must have a good reason for wanting to repair the home—like using it as a residence.

This amendment ensures that victims are appropriately compensated for their property damage and that Hawaii does not set a dangerous precedent which will harm our residents. Further, removing A-8(a)(1) to avoid the arbitrary fifty percent cap which is tied to the health of the fund at the time of a catastrophic wildfire. HAJ also recommends amending section A-8(a) by removing “, including economic and non-economic damages,” as this broad inclusion is antagonistic to the term “qualifying damages” and appears to expand the already-defined term “qualifying damages” to mean *all* damages – including those not related to the loss of business or property.

II. Substantial ED Authority Without Clear Parameters:

HAI is concerned that HB 982 HD3 gives the ED, an appointed official, too much power by giving them the sole authority to determine rules and make offers to settle on behalf of the WRF. Given the authority granted under this measure there should be an appointed “Executive Committee” based on the qualifications of the members (e.g., insurance rep, attorney, a DCCA rep, etc.), and a new committee should be appointed every time a “catastrophic wildfire” occurs (similar to the MICP proceedings). In turn, we recommend an amendment to Section A-2 (c) to read as follow:

“Upon each occurrence of a catastrophic wildfire, the governor shall appoint an executive committee for the wildfire recovery fund which shall include:

1. The governor or his or her appointee;
2. The senate president or his or her appointee;
3. The speaker of the house or his or her appointee;
4. The senator of the district in which the catastrophic wildfire occurred or his or her appointee;
5. The representative of the district in which the catastrophic wildfire occurred or his or her appointee;
6. The director of the Department of Commerce and Consumer Affairs or his or her appointee;
7. The mayor of the county which the catastrophic wildfire occurred or his or her appointee;
8. The fire chief of the county which the catastrophic wildfire occurred or his or her appointee; and

9. The insurance commissioner or his or her appointee.”

Further, rules on how applications will be evaluated and offers are determined should be a part of this legislation to provide direct guidelines to the ED or a panel. This will ensure that future victims will receive equitable offers from the ED and obtain the recovery they desperately need following a future catastrophic wildfire.

In addition, HAJ is concerned that the measure penalizes a claimant who fails to meet a deadline to file a claim, which is determined by the ED and not clearly defined in this legislation. We appreciate the amendment by the previous committee providing for a four-year statute of limitations from a covered catastrophic wildfire. However, there remains a lack of a specified timeframe to file a claim after receiving or rejecting an offer from the ED. In turn, we recommend a further amendment on Page 15 to read:

“A qualified claimant who fails to file a claim by ~~[the deadline established by the executive director pursuant to rule]~~ four years after a wildfire or two years after a qualified claimant receives payment, whichever is later...”

An appropriate deadline which reflects the intent to expedite claims while balancing the time needed for victims to heal and begin the recovery process should be made a part of this legislation.

Lastly, HAJ is concerned with the imposition of salaries for staff selected by the ED. We are concerned that the allocated funding could be better utilized to serve victims of a catastrophic wildfire. The impacted community would be better represented by an executive committee containing legislative and community leaders on an as needed basis.

III. Unclear Language Regarding Process for Damages Exceeding Obligated Amounts:

The current language of the measure does not appear to specify parameters of the WRF should the amount of economic damages exceed the amount of funds obligated. HAJ has concerns with Section A-6(d) which indicates that funds from the WRF shall only be made to contributors if the amount available to the WRF is less than 50% of the aggregate liability under Section A-8. It appears that Section A-6(d) should only apply when the WRF is not triggered as the obligated funds are clearly insufficient to account for the economic damages. However, the language of the measure does not clearly state that the WRF would not trigger and the liability limits do not apply under this circumstance. HB 982 HD3 should be amended to reflect this intent and clarify that: 1) the WRF is not applicable victims of a catastrophic wildfires under Section A-6(d); 2) all proposed liability imitations on victims are not applicable if Section A-6(d) is utilized by the participating utilities.

Furthermore, the ED is not required to request supplemental payments from contributors when the damages exceed the obligated amounts to the WRF. In turn, leaving requests for supplemental payments to the WRF at the discretion of the ED doesn't promote utilization of the fund and is inconsistent with the intent of the measure to expedite victim's recovery. The ED should be required to request supplemental payments from the participating public utilities if the economic damages exceed the obligated amounts to the funds. In conjunction, if a request for supplemental payment is denied by a participating public utility, then mandatory participation in the WRF and recovery limitations for victims that reject offers from the ED should be waived. This encourages the WRF to be adequately funded for victims to seek quicker recovery.

IV. Reduces Accountability to Adhere to Mitigation Plans:

The measure imposes an imprudent standard for the Public Utilities Commission (the “PUC”) when determining whether the conduct of a contributor caused the occurrence or contributed to the severity of a covered catastrophic wildfire. If the PUC finds that the public utility acted imprudent leading to the wildfire, then the PUC must order contributor to replenish the WRF not more than amount that exceeds 20% of the contributor’s transmission and distribution equity base rate (Section A-5(d)).

First, the measure imposes an unclear cap on reimbursement for imprudent public utilities by failing to define “distribution equity base rate.” This is concerning for ensuring the proper replenishment and maintenance of adequate obligated funds for future applicants to the WRF. Further, it is curious as to why limitation on replenishment public utilities found to be imprudent is necessary. For example, if a public utility is found to be imprudent in adhering to a wildfire mitigation plan, the cap on reimbursement would still apply.

Most importantly, the limitation on recovery for victims that reject offers from the fund still applies if a public utility is found to be imprudent. HAJ believes that should it be determined that a public utility was imprudent in adhering to a wildfire mitigation plan, then the limitation on the aggregate claims for applicants who reject offers from the ED should not be applicable. This promotes accountability in adhering to mitigation plans designed to prevent future wildfires.

Further, subsection (b)(2) (page 13) should be clarified to indicate a “failure of a system” to prevent wildfires rather than an “imprudent system” should be considered when making a determination as to whether a contributor acted prudently. This will place emphasis on ensuring that systems implemented to prevent wildfires are upkeep and proper protocols are

adhered to by a contributor. This encourages compliance with mitigation plans rather than disregarding it.

V. Unclear Parameters on Determination of a Covered Catastrophic Wildfire

HB 982 HD3 presents unclear guidance on how a covered catastrophic wildfire is determined. First, “Catastrophic wildfire” means a wildfire occurring in the State on or after the operation date that destroys more than five hundred commercial structures or residential structures designed for habitation, or, for an electric cooperative with less than fifty thousand residential members, meets a threshold dollar amount of potential claims to be determined by the executive director.” Second, “Covered catastrophic wildfire” means a catastrophic wildfire that may have been caused, or whose severity may have been increased, by a contributor’s facilities or actions.

However, given these definitions, Section A-4 states that the ED shall adopt rules on how a covered catastrophic wildfire is determined and is further required to include “a requirement that a wildfire shall be determined to be a covered catastrophic wildfire if a party makes **non-frivolous allegations** in a legal action that a contributor’s facilities caused or contributed to the severity of a catastrophic wildfire.” The existing definitions in combination with the rule requirement under Section A-4 creates confusion as to when the WRF is applicable. Based on the language of the rule requirement the WRF would apply to every wildfire which a non-frivolous claim is made and not apply to just to catastrophic wildfires (i.e. 500 or more structures). If the intent of the measure is for the WRF is to apply only to catastrophic wildfires, then HAJ recommends amending Section A-4 by removing the second

sentence which requires a covered catastrophic wildfire to include any fire which includes a non-frivolous claim.

VI. Evidence Limitations:

Lastly, we are concerned with limitations on evidence that section A-12 imposes. Specifically, Section A-12 indicates that “evidence submitted for the purposes of proceedings under sections A-4, A-6, and A-7 shall be subject to the limits on admissibility under rule 408, section 626-1.” This section is concerning as the WRF process under A-4, A-6, and A-7 could be utilized preclude evidence submitted to the ED from being discoverable and admissible as evidence during a civil proceeding. However, if this is not the intent of Section A-12, then an amendment should be made to clarify that findings submitted to the ED shall remain discoverable and admissible in a civil claim.

VII. Proposed Amendments:

In accordance with the foregoing concerns, HAJ recommends the following amendments to provide additional clarity, ensure application of the WRF to property damages only, and ensure victim rights are preserved throughout the WRF process.

1. Page 8: Amend Section A-2(c) to read as provided on Page 3 and 4 of this testimony with conforming amendments;
2. Pages 9-10: Amend (b)(1) ...which amounts [~~shall~~] may be recovered from its customers in nonbypassable rates not to exceed an increase of 10% of rates paid by customers prior to January 1, 2025;

(c) ... with such interest recovered from [~~customers in rates.~~] shareholder dividends.

3. Page 10: Amend (b)(2) “...and shall be used exclusively by the executive committee for the implementation of the wildfire recovery fund, with any funds remaining of the \$5,000,000 in 2035 to be transferred to the wildfire recovery fund.”
4. Page 11: Amend (e) to read “If economic damages arising out of property damage resulting from a covered catastrophic wildfire exceed the amounts in and obligated to the wildfire recovery fund, the executive director [may] shall propose supplemental contributions to the wildfire recovery fund by participating public utilities.
5. Page 11: Amend (f) ...a public utility may rejoin the wildfire recovery fund as a contributor on a prospective basis if it makes owed payments with interest to be paid by its shareholders.
6. Page 12: Amend Section A-4 to read “The executive director shall adopt rules pursuant to chapter 91 regarding how to determine whether a wildfire is a covered catastrophic wildfire. ~~These rules shall include a requirement that a wildfire shall be determined to be a covered catastrophic wildfire if a party makes non-frivolous allegations in a legal action that a contributor’s facilities caused or contributed to the severity of a catastrophic wildfire.~~”
7. Page 14: Amend (c)...and the foreseeability of factors within and beyond the contributor’s control that may have led...
8. Page 15: Amend (b)... A qualified claimant who fails to file a claim by [~~the deadline established by the executive director pursuant to rule~~] four years after a wildfire or two years after a qualified claimant receives payment, whichever is later, shall be ineligible to receive payment from the wildfire recovery fund and shall be barred from instituting or maintaining any qualifying action against a contributor, except that any other action under Chapter 663 may be brought in the normal course or, if related to a claim under this section, may be brought in the same course as a qualifying action, any other time constraints notwithstanding.
9. Page 17: Amend (a)...arising from a covered catastrophic wildfire[, ~~including economic and non-economic damages,~~]
10. Page 17: Remove Section A-8 or amend (a)(2) as referenced on pages 3-4 of this testimony.”
11. Page 18: Amend (c)...The court shall adopt procedures to equitably apply the limit set forth in subsection (a) to all [~~civil actions~~] qualifying actions that are filed.
12. Page 18: Amend (e) The aggregate liability limit set forth in section (a) shall not apply until the initial contribution of each qualified contributor is satisfied in full.
13. Page 19: Remove §A-10, abolition of joint and several liability.
14. Page 20: Revise §A-12 Inadmissible evidence. Any findings made by or evidence submitted to the director for purposes of proceedings under sections A-4, A-6, and A-7 shall be subject to the limits on admissibility under rule 408, section 626-1[-], provided that any findings

made by or evidence in the possession of a qualified contributor shall be discoverable and admissible evidence in any civil action arising from a covered catastrophic wildfire. Failure by a qualified contributor to independently preserve evidence shall require that the director make the same evidence, submitted for purposes of proceedings under sections A-4, A-6, and A-7 available to the parties in any civil action arising from a covered catastrophic wildfire.

In sum, HB 982 HD3: 1) impairs the rights of victims to be made whole; 2) subsidizes public utility liability through securitization through raising by customer rates; 3) provides a substantial amount of ED authority without clarity to ensure victims are properly remedied; 4) reduces a contributor's responsibility to safely design and maintain their operations; and 5) promotes future negligence of utilities by removing incentives to take pro-active safety measures.

We look forward to working with all involved stakeholders on this measure. Thank you very much for allowing me to testify in **OPPOSITION** of the current draft of HB 982 HD3. Please feel free to contact me should you have any questions or desire additional information.



LATE

Email: communications@ulupono.com

SENATE COMMITTEES ON COMMERCE AND CONSUMER PROTECTION
& ENERGY AND INTERGOVERNMENTAL AFFAIRS
Thursday, March 20, 2025 — 9:30 a.m.

UluPono Initiative supports HB 982 HD 3, Relating to Wildfires.

Dear Chair Keohokalole, Chair Wakai, and Members of the Committees:

My name is Micah Munekata, and I am the Director of Government Affairs at UluPono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy, clean transportation choices, and better management of freshwater resources.

UluPono supports HB 982 HD 3, which establishes the Wildfire Recovery Fund (Fund) and allows securitization for electric utilities. This bill provides necessary mechanisms to ensure electric utilities can proactively mitigate wildfire risks, repair infrastructure, and efficiently recover from catastrophic wildfire events. This measure also establishes sensible provisions for electric cooperatives to recover commission-approved wildfire mitigation and restoration costs, enabling proactive risk management and strengthening community resilience. The proposed securitization approach is a forward-thinking financing mechanism that supports significant investments in infrastructure resilience without imposing excessive immediate rate increases on consumers.

Additionally, setting an aggregate liability limit is a reasonable approach to balancing the need for accountability with the fiscal sustainability of utilities, ensuring continued reliable service while providing a measure of foresight to address the sizeable financial risk of catastrophic wildfires. This measure is a crucial step in enhancing Hawai'i's preparedness and resilience against devastating wildfires, aligning with the state's broader goals for sustainability and energy security.

Looking forward, the establishment of the Hawai'i Wildfire Liability Trust Fund has the potential to help provide much-needed support and relief to those affected by wildfires in our state. By offering a reliable source of compensation, the Fund will enhance the resilience of our communities, enabling quicker recovery and rebuilding efforts while minimizing the long-term socio-economic impacts of wildfires.

Investing in a Sustainable Hawai'i



Ulupono applauds the Legislature's efforts to utilize unique methods to finance much-needed investments that will mitigate customer impacts to the extent possible.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs



T. George Paris
Managing Director

Iron Workers Stabilization Fund

LATE

TESTIMONY BEFORE THE SENATE COMMITTEES
COMMERCE & CONSUMER PROTECTION

AND

JUDICIARY & HAWAIIAN AFFAIRS
SUPPORT OF HB 982, HD3
Relating to Wildfires
Thursday, March 20, 2025
9:30 A.M.

State Capitol, Conference Room 229
Submitted by Hawaii Ironworkers Stabilization Fund

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

The Hawaii Ironworkers Stabilization Fund, is in strong support of HB 982, HD3, Relating to Wildfires, which proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of future catastrophic wildfires.

Like other states challenged by wildfires have done or are in the process of doing, Hawaii needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court. This year alone the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico and California are considering similar legislation to address wildfire risk and its impact on electric utilities.

Additionally, recent fires in Los Angeles magnifies the importance of such legislation. This bill would create a future wildfire recovery fund for potential victims with an efficient option for recovering property damage claims from a future catastrophic wildfire. In addition, this bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy. We request your support of HB 982, HD3.

T. George Paris
Managing Director

Charter Communications
Testimony of Felipe Monroig, Associate Vice President Government Affairs

**SENATE COMMITTEES ON COMMERCE & CONSUMER PROTECTION AND ENERGY &
ENVIRONMENTAL PROTECTION**

Hawaii State Capitol
March 20, 2025

COMMENTS ON H.B. 982, H.D. 3 – RELATING TO WILDFIRES

Chair Keohokalole, Chair Wakai, Vice Chair Fukunaga, Vice Chair Chang, and Members of the Committees.

Thank you for the opportunity to provide comments on H.B. 982, H.D. 3, a bill that would create a wildfire fund and administrative claims process that would allow claimants to be compensated for damage caused by a catastrophic wildfire relating to a public utility.

While Charter understands the intent of the bill and the desire to quickly and efficiently resolve claims stemming from catastrophic wildfires, without several important amendments, this bill does not strike the right balance in protecting the interests of Charter and its customers and, as a result, we cannot support the bill.

The changes we propose are necessary to align H.B. 982, H.D. 3's stated purpose to create an efficient and comprehensive process to resolve claims in several important ways and are therefore fundamental to creating good public policy and a fair outcome for all involved.

Indemnity and Contribution Rights

As the bill is currently drafted, Section A-9(b) shields Wildfire Fund participants from the contractual right of third-parties to seek indemnity under their agreements with such contributors. While Charter appreciates the amendments made in a previous committee hearing, which indicates that the bill will not affect existing contractual obligations entered into before the operation date, a comprehensive bar on future indemnity claims will affect our ability to do business with utilities that choose to contribute to the Fund. For example, Hawaiian Electric Company ("HECO") has a multitude of existing indemnity obligations in its contracts with Spectrum Oceanic and other parties, and those obligations will be essential parts of contracts that HECO and other utility providers will

enter in the future. Section A-9(b)'s limitation on indemnity claims would interfere with the ability of third-party providers to negotiate agreements that ensure providers are not frustrated in fulfilling their authorization (and obligation) to provide important services under the terms of franchises maintained with the State. Moreover, the opportunity to efficiently offer important broadband, voice and mobile services provided over communication networks, which are typically attached to utility poles pursuant to agreements with HECO, would also be compromised. A complete bar on any future indemnity rights would contravene the purpose of H.B. 982, H.D. 3, which is to create a comprehensive claims settlement process.

Specifically, we suggest amending Section A-9, Page 20, Lines 3-9:

(b) No suit, claim, arbitration, or other civil legal action for indemnity or contribution for amounts paid, or that may be paid, as a result of a covered catastrophic wildfire, may be instituted or maintained by any persons or entities against contributors or their affiliates, employees, agents, or insurers for qualifying damages; provided that this subsection shall not affect the indemnity or contribution rights of any persons or entities (or their affiliates) in any way involving their communications facilities or the shared use of electrical facilities or infrastructure, pole attachments, or related agreements~~[apply to any agreements entered into before the operation date]~~.

Joint and Several Liability

We further propose edits to clarify that Hawaii's exceptions to the abolition of joint and several liability do not apply to this section, and that the abolition of joint and several liability applies to any suit related to a covered catastrophic wildfire. This amendment would streamline all wildfire claims for various types of damages and against various defendants into one comprehensive process and reduce the likelihood of claims splitting. Specifically, we suggest amending Section A-10, Page 20, Lines 10-15:

§A-10 Several liability. Any law to the contrary notwithstanding, joint and several liability is abolished for any qualifying damages. The exceptions to the abolition of joint and several liability set forth in section 663-10.9 do not apply to any

suit, claim, arbitration, or other civil action arising out of a covered catastrophic wildfire. Any person or entity that is sued ~~for qualifying damages in connection with a covered catastrophic wildfire~~ may argue for apportionment of fault to any other person or entity regardless of whether that person or entity is a party to the action.

Administrative Exhaustion

In an effort to prevent a piecemeal process that would channel contributor claims into an administrative process and claims against third-parties into broad reaching indemnity or non-contributor litigation, we propose that the administrative exhaustion provision be applied to any action that relates to a covered catastrophic wildfire, whether it relates to a contributor or other party. Specifically, we suggest amending Section A-6, Page 15, Line 13 –Page 16, Line 9:

(b) A qualified claimant shall file a claim for payment for economic damages arising out of the loss of or damage to real or personal property from a covered catastrophic wildfire pursuant to this section. The claim of a qualified claimant that is not a property insurer shall be limited to uninsured economic damages. A qualified claimant shall not file or maintain any civil action ~~[against a contributor]~~ unless and until it rejects an offer of settlement from the wildfire recovery fund. A qualified claimant who fails to file a claim for payment from the wildfire recovery fund shall be barred from instituting or maintain any qualifying action~~[within four years of the covered catastrophic wildfire shall be ineligible to receive payment from the wildfire recovery fund and shall be barred from instituting or maintaining any qualifying action against a contributor; provided that the executive director may establish a deadline beyond the four-year period by rule and until which time the claimant shall still be eligible to receive payment and shall not be barred from instituting or maintaining any qualifying action].~~

Mahalo for the opportunity to provide suggested amendments to H.B. 982, H.D. 3.

NORTH KOHALA COMMUNITY RESOURCE CENTER

To Empower A Thriving North Kohala

LATE

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Nathan Trump
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PID Organizer

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KOHALA RESILIENCE HUB COORDINATOR

Kathy Matsuda

KOHALA RESILIENCE HUB ASSISTANT

Kimi Vakauta

March 18, 2025

TESTIMONY BEFORE THE SENATE COMMITTEES COMMERCE & CONSUMER PROTECTION AND JUDICIARY & HAWAIIAN AFFAIRS

SUPPORT OF HB 982, HD3 Relating to Wildfires

Submitted by North Kohala Community Resource Center

Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

On behalf of the North Kohala Community Resource Center (NKCRC), I am submitting written testimony in strong support of HB 982, HD3, which establishes a Wildfire Recovery Fund to provide financial relief following a catastrophic wildfire potentially caused by a regulated utility's infrastructure. With Hawaii's increasing wildfire risk due to prolonged drought conditions and extreme weather, we must take proactive measures to ensure a fair and efficient recovery process for affected communities.

Hawaii is not alone in addressing this issue. States such as Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico, and California have introduced or passed similar legislation to manage the financial impact of wildfires on residents and utilities alike. Establishing a recovery fund would create an expedited claims process for victims, reducing the burden and cost of litigation, while also maintaining the financial stability of utilities that contribute to the fund.

As an organization committed to community resilience and economic stability, NKCRC recognizes the importance of this bill in safeguarding our residents, businesses, and nonprofits from the devastating consequences of wildfires. We urge the committee to support HB 982, HD3 and ensure that Hawaii is prepared for future wildfire events.

Thank you for the opportunity to provide testimony in support of this important legislation.

Sincerely,



Leelen Park
Executive Director



Hawai'i Island Chamber of Commerce

1321 Kino'ole Street - Hilo, Hawai'i 96720

Phone (808) 935-7178 - Fax (808) 961-4435 - Email exec@hicc.biz - www.hicc.biz

LATE

Executive Officer

Carla Kuo

2024-2025

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Larisa Hamamoto

Bonnie Irwin

Daniel Kea

Tyson Klask

Geoli Ng

Lisa Shiroma

James Staub

Jase Takeya

Nimr Tamimi

Irene Yamanaka

Tracie Yoshimoto

TESTIMONY BEFORE THE SENATE COMMITTEES ON COMMERCE & CONSUMER PROTECTION AND JUDICIARY & HAWAIIAN AFFAIRS HB 982 HD3 - Relating to Wildfires – IN SUPPORT

Thursday, March 20, 2025 9:30 AM

Aloha Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and
Members of the Committees,

On behalf of the Hawai'i Island Chamber of Commerce, which represents over 300 businesses and individual members primarily on the East side of Hawai'i Island, I submit this written testimony in strong support of HB 982, HD3, Relating to Wildfires. This bill proposes a proactive solution to address the economic risks posed by future catastrophic wildfires that may be caused by a regulated utility's infrastructure. Given the increasing threat of extreme weather events and other environmental factors, establishing a recovery fund is a necessary step to ensure faster claim payments and provide affected individuals with an alternative to costly legal proceedings.

Several states, including Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico, and California, are currently considering similar legislation to mitigate wildfire risks and their impact on electric utilities. The recent wildfires in Los Angeles further underscore the urgency of this issue. HB 982, HD3 would establish a wildfire recovery fund to offer an efficient process for property damage claims while also protecting the financial stability of participating regulated utilities that contribute to the fund. By reducing financial uncertainty and ensuring timely assistance to victims, this bill would play a critical role in supporting Hawai'i's economy.

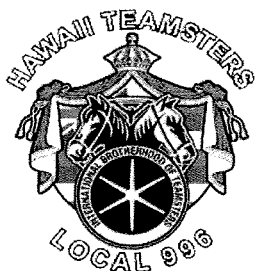
We respectfully urge your support for HB 982, HD3. Thank you for the opportunity to submit testimony.

Sincerely,

Carla Kuo

Executive Officer

Hawai'i Island Chamber of Commerce



HAWAII TEAMSTERS & ALLIED WORKERS LOCAL 996

Affiliated with the International Brotherhood of Teamsters

Local996@hawaiiTEAMSTERS.com

1817 Hart Street
Honolulu, HI 96819-3205

Telephone: (808) 847-6633
Fax: (808) 842-4575

March 18, 2025

TESTIMONY BEFORE THE SENATE COMMITTEES COMMERCE & CONSUMER PROTECTION AND JUDICIARY & HAWAIIAN AFFAIRS

KEVIN HOLU
President/Principal Officer

JOELLE HUSSEY
Secretary – Treasurer

WALTER FOX III
Vice President

LATE

SUPPORT OF HB 982, HD3 Relating to Wildfires

Thursday, March 20, 2025
9:30 A.M.

State Capitol, Conference Room 229

Submitted by Hawaii Teamsters & Allied Workers Local 996

BEVERLY TUSI
Recording Secretary

FELIPE "PACO" ANGUIANO
Trustee

TAVESI AUGAFA
Trustee

JONATHAN LEO REED
Trustee

Dear Chairs, Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

On behalf of Hawaii Teamsters & Allied Workers Local 996, I am submitting written testimony in support of HB 982, HD3, Relating to Wildfires, which proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of future catastrophic wildfires. Like other states challenged by wildfires have done or are in the process of doing, Hawaii needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

This year alone the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico, and California are considering similar legislation to address wildfire risk and its impact on electric utilities. Additionally, recent fires in Los Angeles magnifies the importance of such legislation. This bill would create a future wildfire recovery fund for potential victims with an efficient option for recovering property damage claims from a future catastrophic wildfire. In addition, this bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy.

01/2025



HAWAII TEAMSTERS & ALLIED WORKERS LOCAL 996

Affiliated with the International Brotherhood of Teamsters

Local996@hawaii.teamsters.com

1817 Hart Street
Honolulu, HI 96819-3205

Telephone: (808) 847-6633
Fax: (808) 842-4575

We request your support of HB 982, HD3. Thank you for the opportunity to share support.

Mahalo,

A handwritten signature in black ink, appearing to read "Kevin K. Holu".

Kevin K. Holu
HT&AWL 996



**International Union of Painters and Allied Trades
District Council 50**

LATE

2240 Young Street
Honolulu, HI 96826

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808.941.0991
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808.955.9091
Email
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PAINTERS
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GLAZIERS,
ARCHITECTURAL
METAL AND
GLASSWORKERS
808.946.3329

CARPET, LINOLEUM
AND SOFT TILE
808.942.3988

DRYWALL TAPERS,
FINISHERS
808.946.6621

March 18, 2025

Senator Jarett Keohokalole, Chair
Senate Committee on Commerce
and Consumer Protection
415 South Beretania Street, Rm 205
Honolulu, Hawaii 96813

Senator Glenn Wakai, Chair
Senate Committee on Energy and
Intergovernmental Affairs
415 South Beretania Street, Rm 407
Honolulu, Hawaii 96813

Re: House Bill 982, HD3 (Relating to Wildfires)
Hearing Date: March 20, 2025
Time: 9:30 a.m.

Chairs Kehokalole, Wakai and Committee Members:

"By failing to prepare, you are preparing to fail." - Benjamin Franklin

Thank you for hearing this bill and for this opportunity to testify in **support** of House Bill 982, HD3.

The International Union of Painters and Allied trades, District Council 50, is an organization that consists of five (5) local unions: the Painters, Local 1971; the Glaziers Architectural and Glass Metal Workers, Local 1889; the Carpet Linoleum and Soft Tile, Local 1926; the Drywall, Tapers Finishers, Local 1944; and the Pearl Harbor Metal Trades Specialty Workers, Local 1941 – in all, approximately two thousand (2000) members statewide.

Given the ongoing threat of extreme weather events like wildfires, it is only prudent that we begin taking measures not only to prevent such events from happening in the future, but to prepare for the financial consequences of such an event. Creating a recovery fund that can pay claims soon after any future catastrophic wildfire will benefit not only those directly impacted, but the state overall. While we understand that there are important details to be ironed out, we believe it is imperative to prepare for the future and have a program like that envisioned in this bill in place before it is needed.

We therefore ask for your support in passing this measure and thank you again for this opportunity to voice our **support** for this measure.



**International Association of
Heat & Frost Insulators
& Allied Workers Local 132**

1019 Lauia Street Bay #4
Kapolei, Hawaii 96707
Phone: (808) 521-6405 Fax (808) 523-9861
Email: awl132@insulatorslocal132.org
Website: insulatorslocal132.org

**TESTIMONY BEFORE THE SENATE COMMITTEES
COMMERCE & CONSUMER PROTECTION
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

LATE

Thursday, March 20, 2025
9:30 A.M.

State Capitol, Conference Room 229

Submitted by International Association of Heat & Frost Insulators & Allied Workers Local 132

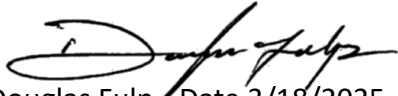
Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

On behalf of International Association of Heat & Frost Insulators & Allied Workers Local 132, I am submitting written testimony in support of HB 982, HD3, Relating to Wildfires, which proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of future catastrophic wildfires. Like other states challenged by wildfires have done or are in the process of doing, Hawaii needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

This year alone the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico and California are considering similar legislation to address wildfire risk and its impact on electric utilities. Additionally, recent fires in Los Angeles magnifies the importance of such legislation. This bill would create a future wildfire recovery fund for potential victims with an efficient option for recovering property damage claims from a future catastrophic wildfire. In

addition, this bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy.

We request your support of HB 982, HD3. Thank you for the opportunity to share support.



Douglas Fulp / Date 3/18/2025

Business Manager / Financial Secretary

International Association of Heat & Frost Insulators

& Allied Workers Local 132



LATE



Testimony of
Pacific Resource Partnership

Senate Committees on Commerce & Consumer Protection and Energy & Intergovernmental Affairs
Honorable Chairs Jarrett Keohokalole & Glenn Wakai and Honorable Vice Chairs Carol Fukunaga & Stanley
Chang
Thursday, March 20, 2025

Subject: Comments on HB982, HD3 – Relating to Wildfires

Aloha Chairs Keohokalaole and Wakai, Vice Chairs Fukunaga and Chang, and members of the committees:

On behalf of Pacific Resource Partnership (PRP), representing 6,000 unionized carpenters and hundreds of general contractors across Hawai'i, we submit the following comments on HB982, HD3.

This bill proposes the establishment of a Wildfire Recovery Fund and a securitization mechanism to address property damage from catastrophic wildfires allegedly caused by regulated utilities, such as Hawaiian Electric Company (HECO).

While we acknowledge the intent to streamline compensation for wildfire victims and stabilize utility finances, we have significant concerns about the bill's implications for our members and the broader community.

Escalating Financial Strain on Working Families

HB982, HD3 establishes a Wildfire Recovery Fund (section §A-2) to be financed, in part, through initial and supplemental contributions from utilities, with investor-owned utilities like HECO recovering these costs via "nonbypassable rates" charged to customers (section §A-3(b)(1), section §B-5). These charges, detailed in the securitization provisions (chapter B), would be imposed on all existing and future HECO consumers, regardless of their ability to pay, for up to 30 years or more (Section §B-2(b)(4)).

For our members – carpenters who already navigate Hawai'i's high cost of living – this represents a substantial and unavoidable burden. The bill's lack of a clear cap on these rates or a means-tested exemption risks deepening financial hardship for middle-class families, undermining their economic stability.



Counteracting Recent Tax Relief Efforts

In 2024, Hawai'i implemented a landmark state income tax cut to ease the financial pressures on residents, including raising the standard deduction and adjusting tax brackets. HB982, HD3, however, threatens to erode these gains by shifting the cost of wildfire recovery onto ratepayers through securitized bonds and associated charges (section §B-2). This effectively reallocates a public responsibility onto private households, negating the relief intended for working families like ours. We question why the burden of utility-related wildfire damages should fall so heavily on consumers rather than being shared more equitably across stakeholders, including utility shareholders.

Insufficient Accountability for Utility Infrastructure Improvements

While the bill requires utilities to have an approved wildfire risk mitigation plan to participate in the fund (section §A-3(a)(1)) and mandates a prudence review by the Public Utilities Commission (PUC) after a wildfire (section §A-5), it lacks robust incentives or penalties to ensure HECO proactively upgrades its infrastructure. The replenishment cap of 20% of a utility's transmission and distribution equity rate base over three years (section §A-5(d)) may limit financial accountability, potentially leaving ratepayers to shoulder ongoing costs without corresponding improvements in grid resilience. Without stronger mandates – such as tying fund participation to specific, measurable infrastructure upgrades – PRP fears this bill could perpetuate a reactive rather than preventive approach to wildfire risk.

Missed Opportunity for Local Labor Benefits

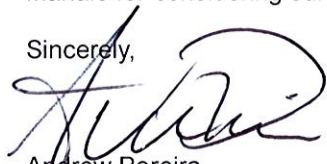
HB982, HD3 allocates significant resources for wildfire recovery and utility financing but does not address the potential economic benefits of leveraging union labor for related construction and rebuilding efforts. Our members are skilled, local workers ready to contribute to resilient infrastructure projects. Yet, HECO has historically underutilized union labor for such work. We find it ironic that our members might be asked to fund this initiative through increased rates while being sidelined from the jobs it could create.

Conclusion

PRP urges the committees to carefully weigh the impacts of HB982, HD3 on Hawai'i's working families. We recommend revisiting the funding model to reduce reliance on ratepayer contributions, enhancing utility accountability through stricter infrastructure mandates, and exploring ways to prioritize local union labor in recovery efforts. A balanced approach should support wildfire victims and utility stability without disproportionately burdening residents or letting utilities off the hook for systemic improvements.

Mahalo for considering our comments as you deliberate this important legislation.

Sincerely,



Andrew Pereira
Director of Public Affairs
Pacific Resource Partnership



Hawai'i State Legislature
Senate Committee on Commerce and Consumer Protection
Senate Committee on Energy and Inter-governmental Affairs

March 18, 2025

Filed via electronic testimony submission system

RE: HB 982, HD-3, Wildfire Recovery Fund; Securitization - NAMIC's Testimony in Opposition

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the March 20, 2025, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

The National Association of Mutual Insurance Companies consists of nearly 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write approximately \$391 billion in annual premiums and represent 68 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance.

NAMIC appreciates the scope of the legal, political and public policy challenges that this legislature, the business community, the electrical utilities industry, and insurance industry face in trying to deal with wildlife liability exposure. The extensive legislative debate last session is proof of the difficulty of the project. However, unlike last session where the proposed legislation was fairly transparent on key provisions that directly impact the legal rights of interested stakeholders, this session's bills omit necessary information for insurers and others to consider when evaluating the proposed legislation. Consequently, we respectfully oppose the legislation as drafted.

NAMIC's *opposes* the proposed legislation relate to Section 1 of the bill on the Wildfire Recovery Fund and its implications upon insurance companies and their consumers. Specifically, we have the following concerns:

1) Section A-6 of SB 1201 lacks the necessary details for insurers and their policyholders to understand how the Fund would operate and make settlement decisions. The lack of transparency raises due process protect concerns.

This section of the bill provides that the Executive Director of the Wildfire Recovery Fund shall adopt rules pursuant to chapter 91 to create a process for the submission, apportionment, and payment of claims subject to the aggregate liability limit of the fund.



However, there are neither any stated details nor specific guidelines enumerated in the bill as to the methodology or process for how this will be accomplished. Moreover, the provision fails to state how the settlement money will be allocated among parties, which is a crucial consideration for interested stakeholders. This lack of information on a crucial point makes it difficult, if not impossible, for insurers to make an informed decision about critical issues like whether their due process rights are being compromised.

The bill grants the Executive Director with a great deal of broad authority and discretion without providing stakeholders with any specifics to evaluate whether the Executive Director is in compliance with the letter and spirit of the law. The proposal takes all of the power away from the State Legislature and the Courts and places it in the Executive Director. It is the Executive Director alone who will be defining, creating and implementing policies.

NAMIC also has specific concerns about the rulemaking process: (1) will it provide for administrative due process to interested stakeholders; (2) what will be the timing and process of rulemaking; (3) how will settlement determinations be made; (4) will stakeholders be able to challenge the determinations; (5) will there be appeals process; and (6) will the Executive Director get to set guidelines about how she is to execute the duties of office? Additionally, we are concerned that the rulemaking process will not be timely, will be cumbersome, and lack necessary transparency for stakeholders.

2) Section A-6 of the proposed legislation creates concerns about apportionment of funds for settlement of stakeholder claims – Specifically, NAMIC is concerned about how apportionments will be calculated and administered. What percentage of funds would insurers be eligible to recover for their subrogation claims? Would it be a uniform amount applied to all claims and all catastrophic events? The way the bill is written insurers' legal rights could be compromised. The bill offers no assurance that insurer will be entitled to recover damages from the at fault party.

Further, the bill is unclear as to whether the apportionment to all claimants will be evaluated and funds distributed at the same time or in some sort of prioritized process? The ambiguity and lack of specificity in the bill on key settlement decision-making metrics makes it impossible for insurers to determine if the bill reasonably addresses the needs of insurers and their policyholders.

3) Section A-8(c) is written in a way that arguably interferes with the legal claims of parties who have exercised their legal right to not participate in the proposed Fund and who want to utilize the current judicial system to secure recovery of their damages – The bill expressly mandates that the court shall not approve any settlement or judgment that could cause the aggregate liability of contributors to the Fund to exceed the Fund's aggregate liability limit. In effect, this provision adversely impacts the legal rights of those financially injured parties who have decided not to participate in the recovery mechanism of the Fund by creating an artificial cap on their damages. This provision of the bill could directly limit or entirely negate an insurer's legal right to subrogate against/recover from the at-fault party the damages it paid to its policyholder pursuant to its insuring agreement.

For the aforementioned reasons, NAMIC respectfully requests that this committee **hold HB 982, HD3**. If the Committee believes the bill should move forward for further discussion, NAMIC ask that it (1) Amend Section A-6 to provide necessary details for informed decision-making and consumer protection transparency



as to the proposed claims settlement and damages apportionment process; and (2) Delete Section A-8(c) since it would be an unconstitutional taking of the property rights (access to full compensation of damages) of non-Fund litigants who have exercised their legal right not to participate in the Fund.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC's written testimony.

Respectfully,

Christian John Rataj, Esq.
NAMIC Senior Regional Vice President
State Government Affairs, Western Region



LATE

P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 20, 2025

HEARING BEFORE THE
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

**TESTIMONY ON HB 982, HD3
RELATING TO WILDFIRES**

Conference Room 229 & Videoconference
9:30 AM

Aloha Chairs Keohokalole and Wakai, Vice-Chairs Fukunaga and Chang, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau supports HB 983 HD3, which establishes the Wildfire Recovery Fund and allows securitization for electric utilities.

Hawaii's agricultural lands, forests, and rural communities are especially vulnerable to wildfires, with farmers and ranchers often suffering significant losses to infrastructure, livestock, crops, and irrigation systems. The impact of wildfires extends beyond direct property damage, disrupting food production, soil stability, and water resources, affecting the state's overall food security and economic stability.

HB 982, HD3 proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to addressing the economic threat of future catastrophic wildfires. Like other states that have been challenged by wildfires, Hawaii needs to establish a recovery fund that can pay claims more quickly after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

This year alone, the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico, and California are considering similar legislation to address wildfire risk and its impact on electric utilities. Additionally, recent fires in Los Angeles magnify the importance of such legislation. This bill would establish a future wildfire recovery fund for potential victims, providing an efficient option for recovering property damage claims resulting from a future catastrophic wildfire. In addition, this bill would protect the

creditworthiness of the participating regulated utilities that contribute to the fund. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy.

We request your support of HB 982, HD3. Thank you for the opportunity to testify on this important matter.



Testimony to the Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Testimony to the Senate Committee on Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

Thursday, March 20, 2025, at 9:30AM
Conference Room 229 & Videoconference

RE: HB982 HD3 Relating to Wildfires

LATE

Aloha e Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 982 House Draft 3 (HB982 HD3), which establishes the Wildfire Recovery Fund. Allows securitization for electric utilities.

HB982 HD3 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

With catastrophic wildfires increasingly threatening Hawaii, there is an urgent need for a rapid, efficient, and affordable compensation process for those affected by wildfire damage allegedly linked to regulated utilities. The legislature's findings reveal that the rising risk of devastating wildfires has intensified the threat of extensive property damage, forcing affected property owners, renters, businesses, and insurers to endure prolonged and expensive civil litigation for compensation. In response, the measure introduces an administrative claims process—modeled after the One Ohana Fund—that enables prompt payments based on a preliminary determination of utility involvement, without requiring claimants to prove negligence.

The measure also outlines safeguards such as a dedicated wildfire recovery fund and mechanisms for replenishment, designed to protect utilities from the massive liabilities that traditional litigation can impose. For example, following the 2023 Maui wildfires, the One Ohana Fund disbursed nearly \$150 million in relief within its first six months, demonstrating the tangible benefits of a streamlined compensation process. The Chamber supports this measure because it delivers timely relief to wildfire victims while preserving utility stability and ensuring long-term resilience for Hawaii's communities.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass House Bill 982 House Draft 3. Thank you for the opportunity to testify.



United Union of Roofers, Waterproofers and Allied Workers

AFFILIATED WITH AFL-CIO AND BUILDING AND CONSTRUCTION TRADES DEPARTMENT

Local Union No. 221

P.O. Box 17250, Honolulu, Hawaii 96817
(808) 847-5757 Fax (808) 848-8707

Vaughn W. Chong
Financial Secretary-Treasurer-Business Manager

**TESTIMONY BEFORE THE SENATE COMMITTEES
COMMERCE & CONSUMER PROTECTION
AND
JUDICIARY & HAWAIIAN AFFAIRS**

LATE

**SUPPORT OF HB 982, HD3
Relating to Wildfires**

Thursday, March 20, 2025
9:30 A.M.
State Capitol, Conference Room 229

Submitted by the United Union of Roofers, Waterproofers and Allied Workers, Local 221

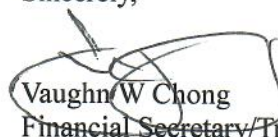
Dear Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committees,

On behalf of Roofers Local 221, I am submitting written testimony in support of HB 982, HD3, Relating to Wildfires, which proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of future catastrophic wildfires. Like other states challenged by wildfires have done or are in the process of doing, Hawaii needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

This year alone the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico and California are considering similar legislation to address wildfire risk and its impact on electric utilities. Additionally, recent fires in Los Angeles magnify the importance of such legislation. This bill would create a future wildfire recovery fund for potential victims with an efficient option for recovering property damage claims from a future catastrophic wildfire. In addition, this bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy.

We request your support of HB 982, HD3. Thank you for the opportunity to share support.

Sincerely,


Vaughn W Chong
Financial Secretary/Treasurer/Business Manager

Testimony Before the Senate Committees on Commerce and Consumer
Protection and Commerce and Energy and Intergovernmental Affairs

By David Bissell
President and Chief Executive Officer
Kaua'i Island Utility Cooperative
4463 Pahe'e Street, Suite 1, Līhu'e, Hawai'i, 96766-2000

Thursday, March 20, 2025; 9:30 am
Conference Room #229 & Videoconference

House Bill No. 982, HD3 – RELATING TO WILDFIRES

To the Honorable Chairs Jarrett Keohokalole and Glenn Wakai, Vice Chairs Carol Fukunaga and Stanley Chang,
and Members of the Committees:

Kaua'i Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 34,000
commercial and residential members.

KIUC supports the intent of this measure and offers amendments and comments.

KIUC recognizes that it is in the best interest of the state to minimize negative impacts to electric utility
ratepayers for wildfire risk mitigation, disaster relief, and litigation costs. Public utilities are very capital intensive,
and maintaining access to low-cost financing is of utmost importance to utilities. Providing a vehicle for
expedient processing of claims from consumers not covered by insurance, while preserving the financial viability
of electric utilities by allowing them to obtain timely recovery of costs related to wildfires from the Hawai'i Public
Utilities Commission (PUC), could substantially mitigate negative impacts from catastrophic events.

Allow us to share thoughts on the components of the bill:

Wildfire Recovery Fund

KIUC understands the intent of establishing this fund and would consider participating if it is established.

Securitization

As a not-for-profit cooperative, KIUC could have access to funding assistance from the Federal Emergency
Management Agency (FEMA) following a declared disaster. It is reasonable to expect FEMA would cover 75% of
KIUC's eligible rebuilding costs following a wildfire. However, FEMA would not reimburse all losses, and there
could be additional third-party liability claims not covered by insurance resulting from a wildfire event.
Additionally, FEMA has been mentioned by the Trump administration as an agency targeted for potential changes
which could impact future availability of funding.

Securitization of wildfire related claim costs is potentially the most cost-effective method of financing if it is available, as debt can be issued in the capital market at investment grade levels often at the highest investment grade. The PUC's recently issued *2024 Inclinations on the Future of Energy in Hawaii* states "... creative new mechanisms, such as securitization, are likely necessary to secure the timely availability of funds and reduce ratepayer impact." KIUC notes that issuance and ongoing costs associated with securitization can be substantial. This likely limits the applicability of securitization to KIUC, since claim costs that may be material to a relatively small utility like KIUC may not reach a threshold that makes financial sense for incurring the carrying costs of securitization.

KIUC is nevertheless supportive of having the ability to participate in securitization in the event electric cooperative wildfire claim costs are large enough to justify a securitized offering.

Wildfire Mitigation Cost Recovery

Fire mitigation is an essential element of Hawai'i's wildfire response efforts. KIUC has recently submitted a Wildfire Mitigation Plan (WMP) to the PUC. KIUC's WMP calls for between \$19 million and \$38 million of capital expenditures over the three-year period of 2025-2027, in addition to between \$3 million and \$4 million of yearly operating and maintenance costs. Timely recovery of incremental costs of this magnitude through utility rates is important for KIUC to remain financially strong and retain capital market access. Currently, to recover these incremental costs, KIUC's only option would be to file a general rate increase application with the PUC in a process which can take over a year's time to prepare for and obtain and cost several million dollars.

KIUC requests the legislature enact a provision authorizing the recovery of prudently incurred WMP related costs by an electric cooperative through a tariff mechanism to be established by the PUC, and particularly through an automatic rate adjustment clause. Because this pertains to the PUC's regulation and establishment of utility rates as set forth in section 269-16, we request that this provision be added as a subsection to section 269-16 instead of to the Securitization section of this bill.

Specifically, we request that the following subsection be added to Chapter 269, Part I:

§269- Electric Cooperative Cost Recovery for Wildfire Mitigation, Repair and Restoration Costs. Electric cooperatives are authorized to recover commission approved wildfire mitigation, repair and restoration costs through an automatic rate adjustment clause or other tariff recovery mechanism to be established by the commission.

SB 897 SD3 HD1 – RELATING TO ENERGY

As an alternative, KIUC supports the House amendments to SB 897 SD3 HD1 and believes this bill is an acceptable vehicle to address these issues.

Mahalo for your consideration.



LATE

DAMIEN T.K. KIM
President
IBEW 1186

MARC YAMANE
Vice President
Elevator Constructors
Local 126

PETER IRIARTE
Secretary/Treasurer
Operative Masons &
Plasterers Local 630

DOUGLAS FULP
Sergeant-At-Arms
Insulators Local 132

VALENTINO CERIA
Trustee
Plumbers & Fitters
Local 675

KEVIN HOLU
Trustee
Hawaii Teamsters Local 996

ART TOLENTINO
Sheetmetal Workers, I.A.
Local 293

JACOB EVENSON
Boilermakers Local 627

JEFF ORNELLAS
Bricklayers Local 1

LEROY CHINCIO
IBEW Local 1260

ANA TUIASOSOPO
Operating Engineers Local 3

**JOSEPH O'DONNELL and
T. GEORGE PARIS**
Ironworkers Local 625

PETER GANABAN
Laborers Local 368

RYDEN VALMOJA
District Council 50
Painters & Allied Trades
Local 1791
Carpet, Linoleum & Soft Tile
Local 1926
Drywall, Tapers & Finishers
Local 1944
Glaziers, Architectural Metal
&
Glassworkers Local 1889

VAUGHN CHONG
Roofers, Waterproofers, &
Allied Workers Local 221

March 20, 2025

Chair Jarrett Keohokalole
Senate Committee on Commerce
& Consumer Protection
Chair Glenn Wakai
Senate Committee on Energy
& Intergovernmental Affairs

RE: TESTIMONY IN SUPPORT OF HB 982, HD3

Aloha Chair Keohokalole, Chair Wakai, and members of the Committees:

My name is Gino Soquena, Executive Director of The Hawaii Building & Construction Trades Council (HBCTC), which represents 18 construction trade unions here in the State of Hawaii. The HBCTC **SUPPORTS** HB982, HD3, Relating to Wildfires, which proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given various factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of future catastrophic wildfires. Like other states challenged by wildfires have done or are in the process of doing, Hawaii needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

This year alone the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico and California are considering similar legislation to address wildfire risk and its impact on electric utilities. Additionally, the recent fires in Los Angeles magnify the importance of such legislation. This bill would create a future wildfire recovery fund for potential victims with an efficient option for recovering property damage claims from a future catastrophic wildfire. In addition, this bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy.

We request your support of HB 982, HD3. Thank you for the opportunity to submit testimony in support.

Mahalo,

Gino Soquena, Executive Director
Hawaii Building & Construction Trades Council



PLUMBERS AND FITTERS LOCAL 675 UNITED ASSOCIATION



LATE

THE SENATE
KA 'AHA KENEKOA

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

Thursday, March 20, 2025, 9:30
Conference Room 229

Re: **Testimony in Support of HB982**
RELATING TO WILDFIRES

Aloha Chair Keohokalole, Chair Wakai, Vice-Chair Fukunaga, Vice-Chair Chang and Members of the Committee:

The Plumbers & Fitters Local 675 was founded in 1919 and received its charter from the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States. Our members provide quality and reliable work on projects including, but not limited to, power plants, water treatment plants, oil refineries, hospitals, government and commercial buildings, hotels and luxury resorts, high-rise condominiums, and single-family homes in residential neighborhoods across the State.

The Plumbers & Fitters Local 675 **supports HB982**, which establishes the Wildfire Recovery Fund and allows securitization for electric utilities.

HB982 would ensure the availability of resources for our local families should the unthinkable occur. It would create a future wildfire recovery fund for potential victims with an efficient option for recovering property damage claims from a future catastrophic wildfire. In addition, this bill would protect the creditworthiness of the participating regulated utilities that contribute to the fund. The economic viability of our state's largest electric utility is important to the economic viability of our state. This bill's purpose is to reduce the financial uncertainty created by the risk of future catastrophic wildfires and to help support Hawaii's economy.

It is for the aforementioned reasons that we respectfully request you pass this measure. Mahalo for your time and consideration.

Respectfully,

Valentino Ceria

Business Manager / Financial Secretary - Treasurer
Plumbers and Fitters Local 675



LATE

LATE



HAWAII FIRE FIGHTERS ASSOCIATION

INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS LOCAL 1463, AFL-CIO

1018 PALM DRIVE, HONOLULU, HAWAII 96814-1929

TELEPHONE (808) 949-1566 FAX: (808) 952-6003

WEBSITE: www.hawaii firefighters.org

THE SENATE
THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025
March 20, 2025

H.B. No. 982
H.D. 3

RELATING TO WILDFIRES

CPN/EIG, WAM

Dear Chair Keohokalole, Chair Wakai, and members of the Committees,

The Hawaii Fire Fighters Association (HFFA), Local 1463, IAFF, AFL-CIO, represents more than 2,000 professional active-duty and 1,000 retired fire fighters throughout the State. The HFFA, on behalf of all our members, supports H.B. No. 982, H.D. 3, as it relates to the shareholder contribution and encourages further work on certain aspects of the bill. Moving this bill forward will allow continued discussion on the merits of the bill, therefore we are requesting the passage of H.B. No. 982, HD3.

H.B. No. 982, H.D. 3, proposes a solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Given numerous factors affecting our environment, including extreme weather events, this bill is a proactive approach to address the economic threat of a future catastrophic wildfire. Like other states challenged by wildfires have done or are in the process of doing, Hawaii needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court. This year alone the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico, and California are considering similar legislation to address wildfire risk and its impact on electric utilities. Additionally, recent fires in Los Angeles magnify the importance of such legislation.

We request your support of H.B. No. 982, H.D. 3 and its passage to allow for continued discussion on this particularly important initiative.



LATE

LATE

March 19, 2025

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Senate Committee on Commerce and Consumer Protection

Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair
Senate Committee on Energy and Intergovernmental Affairs

**Comments in Support of HB 982, HD3, RELATING TO WILDFIRES
(Establishes the Wildfire Recovery Fund. Allows securitization for electric
utilities. Effective 7/1/3000. [HD3])**

CPN-EIG Hearing: Thursday, March 20, 2025, 9:30 a.m.
Conference Room 229 & Videoconference

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. LURF's mission is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth, housing, and renewable energy, while safeguarding Hawaii's significant natural, cultural, and agricultural resources, and public health and safety. For over one hundred years, LURF members have led the state in energy research, development, installation, generation, transmission, and delivery.

LURF supports the general intent of HB 982, HD3. LURF also appreciates the comments and concerns expressed by the regulated electric utilities, the various government agencies, and legislators as they relate to the portions of this measure that relate to utility, shareholder and ratepayer contributions to the Wildfire Recovery Fund, securitization, and the creditworthiness of regulated electric utilities. LURF encourages further work on these aspects of the bill by the parties concerned and believes that moving this bill forward will allow continued discussion on those issues and the merits of the bill.

HB 982, HD3. The purpose of this bill is to serve the public interest by establishing a mechanism to create a Wildfire Recovery Fund to provide efficient compensation for property damage resulting from a future catastrophic wildfire allegedly caused by a regulated utility, while also protecting the financial integrity of Hawaii's regulated utilities.

LURF's Position. This measure proposes a proactive approach and solution to address the economic threat of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. Like other states challenged by wildfires have done, Hawaii needs to establish a recovery fund that can pay victims' claims faster after a future catastrophic wildfire.

LURF has supported the earlier versions of this measure, which proposed for regulated utilities to fund its contribution through securitization (funding by contributions by the regulated utility and ratepayers over time). LURF believes that under the circumstances, securitization would have the least impact on customers versus other modes of financing and is the quickest and most cost-effective way for a regulated utility to finance the contributions to the Wildfire Recovery Fund.

LURF understands that generally "securitization" of a utility bond to address wildfires means to tie a rate collection mechanism — usually a fixed charge on utility customer bills — to the issued bond. (i.e., an asset-backed security). Because securitized bonds are backed by dedicated ratepayer charges, the borrowing costs for the long-term debt are usually more favorable for the regulated utility. These "securitized bonds" are used to spread out the recovery of substantial amounts of wildfire claims and utility costs over many years in order to reduce the immediate impact on ratepayers.

LURF also understands that that regulated utility securitization transactions have an extensive history of success in other jurisdictions and that this year the legislatures of Wyoming, South Dakota, Colorado, Montana, Oregon, New Mexico and California are considering similar legislation using securitization to address wildfire risk and its impact on electric utilities (the recent fires in Los Angeles magnifies the importance of such legislation).

This measure could ensure that financial resources would be available for our local families if a future catastrophic wildfire occurs again, by creating and funding a Wildfire Recovery Fund for potential victims and could provide Hawaii families with an efficient option for recovering property damage claims without the expense and uncertainty of going to court.

The economic viability of our state's regulated electric utilities is critical to the state economy, and this measure could reduce the financial uncertainty created by the risk of future catastrophic wildfires and help support Hawaii's economy. We respectfully request that your Committees consider amendments that will protect the creditworthiness of the participating regulated electric utilities that contribute to the fund.

For the above reasons, LURF **supports the general intent of HB 982, HD3** and respectfully urges your favorable consideration of the above issues.

Thank you for the opportunity to present testimony regarding this measure.

LATE

**Senate Committees on Commerce and Consumer Protection and Energy
and Intergovernmental Affairs**

Thursday, March 20, 2025

9:30 a.m.

State Capitol, Conference Room 229 and Videoconference

With Comments

House Bill No. 982, HD3, Relating to Wildfire Recovery Fund; Securitization

Aloha Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Senate Committees on Commerce and Consumer Protection and Energy and Intergovernmental Affairs:

Thank you for the opportunity to testify.

For your consideration I am providing my email correspondence with one of the chairs of the committees holding this hearing. I very much appreciated the Senator's engagement in this issue.

Although my correspondence with the chair is a matter of public record given that the senator used official senate email, I am choosing to share only my part of the communication:

From: Ian Chan Hodges

Subject: Did HEI Sell ASB for fair market value?

Date: February 7, 2025 at 5:42:43 PM HST

To: <sen_____@capitol.hawaii.gov>

Aloha Senator _____:

I spoke with a staff member in your office this afternoon about the question of whether Hawaiian Electric Industries sold American Savings Bank for fair market value. She was very helpful and requested that I email you a summary that begins to address this question. Here it is:

The recent sale of American Savings Bank (ASB) by Hawaiian Electric Industries (HEI) should raise concerns about whether the transaction accurately reflected ASB's true market value. This is not just a technical financial issue—it has real-world implications for HEI shareholders, Maui wildfire victims, and Hawai'i residents. The proceeds from the sale were intended to help fund HEI's obligations, including its share of the \$4 billion wildfire settlement. If ASB was sold for less than it was worth, it means fewer resources are available to support these critical needs, potentially increasing the financial burden on wildfire victims, ratepayers, and taxpayers.

Valuing a bank like ASB is a complex process involving multiple methodologies. However, comparing ASB to similar banks in Hawai'i—such as First Hawaiian Bank

(FHB) and Bank of Hawaii (BOH)—provides a reasonable starting point for assessing whether the sale price of \$449.5 million (implied from the \$405 million sale of 90.1% ownership) was fair. By using key financial metrics like Price-to-Earnings (P/E) and Price-to-Book (P/B) ratios from these comparable banks, we can estimate ASB's potential market value and determine whether it was significantly undervalued.

Applying the key financial metrics of P/E and P/B from FHB and BOH to ASB's financials provides preliminary valuation estimates for ASB.

Combining these estimates gives us a valuation range for ASB:

- Low End: \$714 million (based on FHB's P/E ratio)
- High End: \$894 million (based on BOH's P/B ratio)
- Midpoint: Approximately \$804 million

This range suggests that ASB could have been worth significantly more than the implied valuation of \$449.5 million from the recent sale.

Comparison to Sale Price

HEI sold a 90.1% stake in ASB for \$405 million, implying a total valuation of approximately \$449.5 million for the entire bank ($\$405 \text{ million} / 0.901$). Comparing this to our estimated range:

- At the low end (\$714 million), ASB was undervalued by approximately \$264.5 million, or 37%.
- At the high end (\$894 million), ASB was undervalued by approximately \$444.5 million, or nearly 50%.
- Using the midpoint (\$804 million), ASB was undervalued by approximately \$354.5 million, or about 44%.

Here's why any undervaluation of ASB in its sale by HEI matters:

Impact on Wildfire Victims

The proceeds from selling ASB were intended to help fund HEI's obligations related to the Maui wildfire settlement, which totals \$4 billion. If ASB was sold at a discount, it means less money is available to compensate wildfire victims or fund recovery efforts.

Increased Burden on Ratepayers and Taxpayers

With less money from the sale, HEI might need increased electricity rates, securitization or government assistance to cover its financial obligations, shifting the burden onto Hawai'i residents.

Losses for HEI Shareholders

HEI shareholders effectively lost out on hundreds of millions of dollars in potential value due to the undervaluation, raising questions about whether HEI leadership fulfilled its fiduciary duty.

Potential Self-Dealing

The transaction included participation from insiders at ASB who purchased shares at a fixed price of \$50,000 per share—potentially benefiting from an undervalued sale at the expense of HEI shareholders and wildfire victims.

Conclusion

Valuing a bank is inherently complex, but comparing American Savings Bank to similar institutions like First Hawaiian Bank and Bank of Hawaii provides a fair starting point for assessing its market value. Based on these comparisons, it appears that ASB may have been worth between \$714 million and \$894 million as an independent institution—significantly higher than its sale price of \$449.5 million.

This apparent undervaluation has far-reaching consequences: it reduces resources available for wildfire victims, increases financial burdens on Hawai'i residents, and raises serious concerns about whether HEI acted in the best interests of its stakeholders during this transaction. These issues warrant further scrutiny from regulators, shareholders, and community leaders to ensure accountability and fairness in such critical decisions affecting Hawai'i's future.

Please let me know if you have any questions.

Mahalo,
Ian

Ian Chan Hodges
Managing Member
Responsible Markets
(808) 573-1000

From: Ian Chan Hodges
Subject: Re: Did HEI Sell ASB for fair market value?
Date: February 10, 2025 at 9:40:33 AM HST
To: <sen_____@capitol.hawaii.gov>

Good morning senator,

I hope you had a relaxing weekend.

We are in complete agreement that HEI sold ASB for far under market value. None of the key indicators support the \$450 million valuation which Scott Seu is standing by. In fact, as I look further into ASB's financials and make comparisons to other regional banks I now believe that the valuation range that I sent you was too low — by more than \$100 million.

I'm curious what the internal conversations were at CPB when they learned that ASB was sold for less than 60% of CPB's market capitalization given that ASB is a larger bank with a stronger asset base, higher net income, and larger operational footprint. Currently CPB's market cap is \$800 million so its leadership and shareholders would likely have been ecstatic if they had the opportunity to acquire ASB for \$450 million.

There is clear evidence that HEI's board is shirking its fiduciary and conflicts of interest are being ignored. Last April Maui County's Democratic Party [passed resolutions](#) urging action to: 1) address conflicts of interest at HEI's board, and 2) ensure that the wildfire recovery costs and liabilities are substantially borne by HEI shareholders and others who HEI has benefited financially rather than rate payers. There has been no constructive response that I know of to these requests for action.

Thank you for asking the right questions and pursuing just outcomes for Hawaii's people.

Aloha,
Ian

From: Ian Chan Hodges
Subject: Re: Did HEI Sell ASB for fair market value?
Date: February 10, 2025 at 11:14:57 PM HST
To: <sen_____@capitol.hawaii.gov>

Apologies for the delayed response. I need to report for jury duty this week so I have less time available and will be unable to testify at tomorrow morning's hearing on SB 1201.

The most evident conflict of interest issue is highlighted in the Maui Democratic Party's 2024 convention resolution, which states: "[T]he clear conflict of interest arising from the fact that Hawai'i Community Foundation's CEO is a compensated member of the board of Hawaiian Electric Industries with a fiduciary duty to shareholders of HEI, the holding company for Hawaiian Electric whose alleged negligence led to a substantial portion of the damage resulting from the August 2023 Maui wildfires." With the CEO of HCF serving on HEI's board, a growing number of people on Maui see a real potential for misalignment of duties between supporting wildfire recovery initiatives and protecting the financial interests of HEI.

Other potential conflicts of interest in the sale of ASB by HEI which need further scrutiny include:

- 1) Valuation opaqueness, as the \$450 million valuation almost certainly does not reflect ASB's true market value, compounded by a lack of transparency in regulatory filings regarding the valuation method;
- 2) Stakeholder representation issues, where HEI's leadership had fiduciary duties to shareholders while ASB's executive team and independent directors were part of the purchasing group;
- 3) Regulatory considerations, including HEI's possible desire to avoid federal regulatory oversight of the sale given that HEI was subject to the bank holding company act, potentially motivated by [evidence that ASB engaged in redlining](#) practices against Native Hawaiian communities;
- 4) Advisory roles, where HEI and ASB engaged separate legal counsel (Sullivan & Cromwell for HEI and Davis Polk for ASB) even though ASB was a wholly owned subsidiary of HEI, raising concerns about potential conflicts or misaligned priorities between the entities.

There are likely more than these four which need further scrutiny.

Aloha,
Ian

I hope the information above is helpful to your deliberations on HB982 HD3

Mahalo,
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