

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committee on Energy and Environmental Protection

Tuesday, February 4, 2025

9:00 a.m.

State Capitol, Conference Room 325 and Videoconference

With Comments

House Bill No. 982, Relating to Wildfires

Chair Lowen, Vice Chair Perruso, and Members of the House Committee on Energy and Environmental Protection:

The Office of the Governor provides the following comments for H.B. No. 982, Relating to Wildfires. This bill establishes the Wildfire Recovery Fund and allows securitization for electric utilities.

The Lahaina wildfires resulted in unbearable loss of lives, homes, infrastructure, and businesses. This tragic event is a wake-up call that due to climate changes, the risk of catastrophic wildfires, along with other natural disasters in Hawaii has increased.

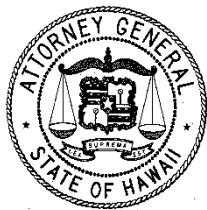
The Office of the Governor appreciates that this proposal tries to address how our state and utilities address the financial impacts of catastrophic wildfires, including how we stabilize our electric utility and our energy future. However, the Governor is keenly aware of our state's high electrical rates and the impact that it has on all our residents. We respectfully ask that this Committee and the Legislature, consider looking at significantly increasing the initial contribution by Hawaiian Electric Industries to decrease the impact and contributions to the ratepayers of our state.

The Office of the Governor recognizes the importance of establishing the Wildfire Recovery Fund but is concerned about placing it within a state agency. To uphold transparency and accountability, the fund should remain independent, free from constraints that could complicate its administration. Separating it from state agencies would help prevent the risk of financial entanglements, ensuring that all resources are directed exclusively toward wildfire recovery efforts. The Office believes that maintaining this autonomy is vital to ensuring the fund remains focused on its intended purpose.

Testimony of the Office of the Governor
H.B. No. 982
February 4, 2025
Page 2

While the Office of the Governor has unresolved concerns regarding the mechanics of this legislation, we do not oppose this bill moving forward so that discussions may continue with the electric utility and other key affected stakeholders.

Mahalo for the opportunity to provide testimony on this measure.



**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, RELATING TO WILDFIRES.

BEFORE THE:
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

DATE: Tuesday, February 4, 2025 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 325

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

Chair Lowen and Members of the Committee:

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 Wildfires 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 5, through page 9, line 6.

The nature of the Fund, that is, whether it is a special fund or a trust fund should be explicitly stated. 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 1-2); 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) and define its statutory framework within the Department of Commerce and Consumer Affairs for administrative purposes. The Fund could then be placed within the Corporation.

While moneys in the Fund can be invested (page 7, lines 11-14), the investment policies of the Fund are not specified. The bill should specify that the Corporation's Board of Directors is responsible for establishing the Fund's investment policies.

2. Section A-3 - Financial Contributions Required from the Investor-Owned Utilities to Capitalize the Fund, page 9, line 7, through page 12, line 5.

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

- Amount: \$1,000,000,000 plus interest (if applicable)
- Funding mechanism: The \$1,000,000,000 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: \$5,000,000
- Funding mechanism: This contribution comes from the shareholders of the investor-owned utilities, not from the ratepayers.
- Purpose: To pay the salaries of the Executive Director of the Fund and other personnel needed to implement this chapter. If any of

this \$5,000,000 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 bulk of the \$1,000,000,000 financial burden falls on customers either through nonbypassable rates or rates charged for their electricity usage while the smaller contribution (\$5,000,000) is funded by the shareholders of the investor-owned utilities.

3. Section A-6 - Claims for Payment by Qualified Claimants, page 14, line 14, through page 16, line 11.

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 14, line 17). This would preclude the State from making a claim for damages to State-owned property, including, for example, housing projects.

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:

If a claimant fails to file a claim by the established deadline set by the Executive Director, the claimant is precluded from receiving payment from the Fund and instituting any civil action against the participating utility.

We believe that this statutory provision, which restricts a person from suing an entity, may raise constitutional concerns depending on the context and the entity involved. Potential constitutional issues include Due Process, Equal Protection, the Right to Access the Courts, and the Takings Clause, particularly regarding the deprivation of a person's property interest without just compensation.

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.

4. Section A-8 - Limitation on Aggregate Liability, page 17, line 3, through page 18, line 16.

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 the 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, no further amount would be payable if it is determined that the participating utility acted prudently.

5. Section B-2 - Application to Issue Bonds and Authorize Wildfire Recovery Charges, page 29, line 12, through page 35, 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.

6. Section B-5 - Wildfire Recovery Charge, page 45, line 14, through page 46, line 19.

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.

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



JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I. HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Energy & Environmental Protection
Tuesday, February 4, 2025
9:00 a.m.

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

Chair Lowen and Members of the Committee:

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.

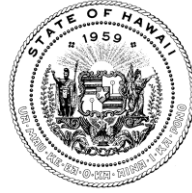
The Department recognizes the urgent need to address the financial impacts of catastrophic wildfires and views this bill as a critical step in achieving that goal. We appreciate the bill's emphasis on creating an efficient administrative claims process, modeled after the One Ohana Fund, to ensure timely 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 also believes that the legislation should consider a means to minimize the impact on rate payers and also deliver something in return to customers for contributing to this fund. The department recommends that the initial contribution by Hawaiian Electric Industries should be increased, thereby decreasing ratepayer contributions. In addition, 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.



JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Energy & Environmental Protection
Tuesday, February 4, 2025
9:00 a.m.
Conference Room 325

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

Chair Lowen and Members of the Committee:

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.

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 offers that this fund places the responsibility for funding the proposed one billion dollars almost entirely on Hawaiian Electric's customers without any assurance of a clearly defined and quantifiable benefit. Additionally, the Department notes that the most effective investment in reducing the risk of catastrophes from wildfire or importantly other threats to which Hawaii is highly

vulnerable, such as high winds and flooding, is investment in maintaining the reliability of our electrical grid and utility systems. The Department offers the following comments to strengthen and improve the proposals in this bill.

Hawaiian Electric has provided comments from Moody's credit rating agency representing that to protect utility credit quality and retain investor confidence in the event of catastrophic wildfires 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. The liability limits in proposed Sections A-8, A-9, and A-10 may improve utility credit, but the Department would like to see more evidence and quantitative analysis of:

- What the financial benefits of participating in this fund may be to utilities and their customers?
- How the \$1.005 billion initial contribution for investor-owned electric utilities in proposed Section A-3(b) was calculated?
- Why the "actuarial assessment of risk" standard for other participating utilities in proposed Section A-3(d) is not as or more appropriate for investor-owned electric utilities?

In addition, the Department believes that for any public utility that intends to participate, but at a minimum Hawaiian Electric, it must be required to provide a comparison to costs for current commercial insurance coverage compared to wildfire property damage and loss.

The Department also believes that utility customers should 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. Customers' financial contributions are more appropriately expended on infrastructure investments. As such, the Department offers the following suggested changes:

- For investor-owned electric utilities, instead of the \$5 million contribution from shareholders in proposed Section A-3(b)(2), which is only 0.5% of the \$1 billion contribution that would be recovered from ratepayers in proposed Section A-3(b)(1), the Department recommends changing proposed Section A-3(b) to

require that the majority of the contribution to the fund be from the investor-owned electric utility; and

- In proposed Section A-3(d) that the majority of other public utilities' contributions will not be recoverable from ratepayers.

The Department also recommends that customers contributions to the fund should provide some defined value to them, such as using the interest on the relief fund as an annual refund to customers, or to fund hazard mitigation projects that might lower the overall risk of needing the relief fund.

Finally, in proposed Chapter B, the Department recommends that a "reasonable" standard be added to proposed Section B-1 "Financing costs", both for which categories of financing costs may be allowed at all from the numbered list, as well as for the amounts allowed of any approved financing cost categories.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
465 S. KING STREET, #103
HONOLULU, HAWAII 96813

LEODOLOFF R. ASUNCION, JR.
CHAIR

NAOMI U. KUWAYE
COMMISSIONER

COLIN A. YOST
COMMISSIONER

Telephone: (808) 586-2020
Facsimile: (808) 586-2066

Website: puc.hawaii.gov
E-mail: puc@hawaii.gov

Testimony of the Public Utilities Commission

To the
House Committee on
Energy & Environmental Protection

February 4, 2025
9:00 a.m.

Chair Lowen, Vice Chair Perruso, and Members of the Committee:

Measure: H.B. No. 982
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 allow for electric utilities to finance their contributions the Wildfire Recovery Fund through securitization.

The Commission notes that the Wildfire Recovery Fund proposed in H.B. 982 appears conceptually very similar to the California Wildfire Fund. Both funds are designed to provide a source of money to reimburse eligible claims arising from a wildfire that may have been caused by a participating electric utility. A participating electric utility's shareholders and ratepayers would each provide contributions to capitalize the fund, and these contributions may be financed through the securitization.

Nevertheless, the proposed Wildfire Recovery Fund and the California Wildfire Fund differ in a very significant way. The initial contributions to the California Wildfire Fund were split evenly between the electric utilities' shareholders and its ratepayers, with \$10.5 billion in initial contributions from shareholders and \$10.5 billion in initial contributions from ratepayers. H.B. 982 sets the initial contribution from shareholders to \$5 million and the initial contribution from ratepayers to \$1 billion. In other words, shareholders would be responsible for 0.5% of the initial contributions, while ratepayers would be responsible for 99.5% of the initial contributions. This split is in stark contrast to the 50/50 split between shareholders and ratepayers in funding the initial contributions to the California Wildfire

Fund. While the Commission respectfully defers to the Legislature to determine what the appropriate split between shareholder and ratepayer contributions to the Wildfire Recovery Fund should be, the Commission urges the Legislature to carefully balance the following considerations in making that determination: (1) an electric utility's ability to raise capital independently of any authorized securitization in this bill; and (2) the bill impact to ratepayers of any ratepayer contributions.

The Commission also urges the Legislature to carefully consider whether establishing the Wildfire Recovery Fund will achieve any of its intended outcomes. In doing so, examining California's experience with the California Wildfire Fund may prove instructive.

For example, if an objective of the Wildfire Recovery Fund is to quickly provide compensation to wildfire victims, the Wildfire Recovery Fund must be adequately funded at the time of distribution, otherwise wildfire victims may not be quickly or adequately compensated in the event of a catastrophic wildfire caused by an electric utility. In California, the California Wildfire Fund reported having approximately \$14.7 billion available as of December 12, 2024,¹ but media reports on the estimated damages arising from the recent Los Angeles wildfires provide damage estimates that go as high as \$250 billion.² While many of the facts regarding the Los Angeles wildfires are still uncertain, including whether the Los Angeles wildfires were caused by electric utility operations or infrastructure and the actual damage amounts, there is reason to be concerned that the initial determination of the appropriate size of the California Wildfire Fund may not have been sufficient.

Likewise, if an objective of the Wildfire Recovery Fund is to raise utility's credit rating to an investment grade rating, California's experience with the California Wildfire Fund shows that having such an insurance fund is not a silver bullet solution. While the establishment of the California Wildfire Fund may be viewed favorably by credit rating agencies, it is not dispositive and PG&E (the electric utility found responsible for causing the 2018 Camp Fire) still has a credit rating that is below investment grade rating, despite the California Wildfire Fund being in existence since 2019.³

Additionally, the Commission has several concerns regarding its role in the Wildfire Recovery Fund and the securitization of any ratepayer contributions to the Wildfire Recovery Fund.

First, §A-5 (beginning on page 12, line 14) mandates that the Commission review the prudence of a public utility's conduct if the Wildfire Recovery Fund has made payments with respect to a covered catastrophic wildfire and a contributor's facilities were implicated in the covered catastrophic wildfire. Performing this prudency review is likely to be a time and resource intensive task, which may affect the Commission's ability to perform its other

¹ <https://www.cawildfirefund.com/sites/wildfire/files/documents/2024/section-3287-statutory-report-2025.pdf>

² See <https://www.latimes.com/business/story/2025-01-24/estimated-cost-of-fire-damage-balloons-to-more-than-250-billion>

³ See <https://investor.pgecorp.com/-PGE-Investors-Fixed-Income/Fixed-Income/>

statutory duties. Additionally, this effort is likely to require the services of a consultant or firm with expertise in this area. The Commission notes that: (1) §A-2(e) empowers the Executive Director of the Wildfire Recovery Fund to retain, employ, or contract with officers, experts, and other professionals; (2) §A-4 permits the Executive Director of the Wildfire Recovery Fund to adopt rules to determine whether a wildfire is a covered catastrophic wildfire; (3) §A-6 permits the Executive Director of the Wildfire Recovery Fund to adopt rules to create a process for claimants to submit claims to the Wildfire Recovery Fund; and (4) §A-6(c)(3) and §A-6(c)(4) requires the Executive Director of the Wildfire Recovery Fund to consider the strength of any evidence of contributor liability and the evidence of involvement of non-contributor third-parties in determining the settlement of any claims. Given the broad powers and authority of the Executive Director of the Wildfire Recovery Fund, it may be more reasonable and appropriate for the Executive Director of the Wildfire Fund to determine the prudence of a public utility contributor's conduct leading up to a catastrophic wildfire. In addition, in connection with §A-6, the Commission suggests the bill might need clarification as to whether the Executive Director's authority includes determining the validity of specific claims and the recoverable value of specific claims made against the Fund.

Second, §B-1 defines "Wildfire recovery costs" (see page 27, line 17) as including "professional fees, consultant fees, redemption premiums, tender premiums, and other costs incurred by the electric utility in using proceeds of bonds to acquire outstanding securities of the electric utility that the commission has determined were or will be prudently incurred." The Commission is concerned that such a definition may permit an electric utility to refinance existing bonds through the securitization process authorized by H.B. 982, which may be broader than the Legislature's intentions regarding securitization.

Third, §B-2(d) (see page 33, line 13) requires that the Commission issue an approval or denial of any application for a financing order within ninety days of the last filing in the applicable docket but no later than one year after the application is filed. While the Commission appreciates the desire for an expedited decision on an application for a financing order, the Commission believes that any overly prescriptive deadline for a Commission decision may affect the Commission's ability to carefully scrutinize and consider this novel issue. The Commission notes that it already typically issues decisions for financing requests from its regulated public utilities within a year of the filing of the application and has generally been responsive to any specific deadlines for expedited decisions identified by the public utilities in their applications.

Finally, although the Commission understands the desire of any bondholders for assurance that any collateral will be unaffected for the duration of the bond, the Commission is concerned that the list of prohibited actions by the Commission and the State listed in §B-3 (beginning on page 36, line 1) and the irrevocable, nonbypassable nature of any wildfire recovery charges authorized by a financing order may hinder the Commission's ability to oversee the operations of the state's public utilities and the Commissions' ability to keep rates just and reasonable as circumstances change.

Should the Committee choose to move H.B. 982 forward, the Commission respectfully requests the following amendments.

1. Replacement of the Commission with the Executive Director of the Wildfire Recovery Fund as the entity responsible for conducting the prudency review in §A-5;
2. Limit the definition for “wildfire recovery costs” in §B-1 to just “an investor-owned electric utility’s contributions to the wildfire recovery fund, as set forth in section A-3, and electric cooperative wildfire claims costs.”; and
3. Removal of “but no later than one year after the application is filed” on Lines 16-17 of Page 33.

Thank you for the opportunity to testify on this measure.



Hawai'i Climate Advisory Team

To: Representative Nicole Lowen, Chair
Representative Amy Perruso, Vice Chair
House Committee on Energy & Environmental Protection

From: The Climate Advisory Team

RE: **HB982 - Relating to Wildfires - Support with Comments**
Tuesday, February 4, 9:00 a.m.; Conference Room 325 & Videoconference

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee on Energy & Environmental Protection,

On behalf of the Climate Advisory Team, I submit this testimony **supporting the intent of HB 982**, which seeks to establish a Wildfire Recovery Fund to provide an efficient compensation mechanism for individuals and businesses impacted by catastrophic wildfires caused by regulated utilities. This bill represents a critical step toward addressing the growing wildfire threat in Hawai'i while ensuring resilience funding is available to those who need it most.

The tragic August 2023 Lahaina wildfires demonstrated the devastating impact wildfires can have on our communities, natural resources, and economy. As climate change increases the frequency and intensity of extreme weather events, we must proactively implement policies that mitigate wildfire risks and ensure timely financial recovery for affected individuals.

The Climate Advisory Team supports the intent of HB 982 based on the following ways in which it aligns with our recommendations and offers comments below on topics for further consideration.

The Wildfire Recovery Fund Proposal Largely Aligns with the Recommendations of the CAT

1. Ensuring Rapid Recovery for Impacted Residents

- a. HB 982 establishes a structured compensation mechanism, allowing impacted individuals and businesses to receive financial relief without the lengthy and costly burden of civil litigation.
- b. The bill aligns with the Climate Advisory Team's recommendation for a **Hawai'i Disaster Recovery Fund (HDRF)** that prioritizes financial assistance for vulnerable residents recovering from disasters.



Hawai'i Climate Advisory Team

2. Strengthening Hawai'i's Resilience Through Sustainable Funding

- a. A well-designed recovery fund ensures that those affected by wildfires receive timely compensation while maintaining the financial stability of public utilities responsible for providing essential services.
- b. The Climate Advisory Team supports the creation of a **Hawai'i Climate Resilience Fund (HCRF)** to support proactive resilience measures, including wildfire mitigation strategies such as invasive species management, fuel reduction, and community education.

3. Wildfire Mitigation Must Be Prioritized

- a. Preventive action, such as **the removal of invasive grasses, improved land management, and enhanced fire suppression capacity**, is critical to reducing wildfire risk.
- b. Requiring a well-funded wildfire mitigation plan will not only reduce the severity of future fires but also ensure that the Wildfire Recovery Fund remains sustainable.

Further Considerations on the Wildfire Recovery Fund and Securitization

While we support the establishment of a Wildfire Recovery Fund, further discussion is needed regarding the proposed funding mechanism and participation in the fund. As stated in the January 2025 "Policy Recommendations on Climate Disaster Resilience, Recovery and Funding" report, the Climate Advisory Team believes that wildfire resilience and recovery is a shared responsibility among all major stakeholders, including utilities, landowners, and government agencies, and that a careful balance must be struck between utility shareholder and ratepayer interests.

- **Broader Participation:** The legislature should consider participation in the fund by **large landowners, state and county governments, and other responsible entities** to equitably distribute costs and ensure long-term financial stability. If such broader participation is not feasible in the near-term, the fund should allow for expansion in the future.
- **Equitable Burden Sharing:** Currently, HB 982 proposes that shareholders contribute only \$5 million upfront, while ratepayers bear the bulk of the funding burden. The CAT recognizes that the fund will have direct and indirect benefits to ratepayers, that warrant ratepayer contributions. Further discussion is warranted regarding the balance between shareholders and ratepayers for initial contributions to align incentives and ensure fair cost distribution.
- **Securitization Considerations:** We recognize the complex relationship between a utility's financial health (and therefore access to lower cost capital) and the cost burden on ratepayers who end up paying for interest on utility debt. A wildfire recovery fund will limit financial



Hawai'i Climate Advisory Team

uncertainty and potential liability exposure, helping to stabilize utilities' financial positions and enabling them to attract needed investment for infrastructure and mitigation work at a reduced cost of capital. Securitization is a powerful tool in capitalizing the wildfire recovery fund, but we urge the Legislature to carefully evaluate its impact on ratepayers and ensure it does not reduce the incentive to implement critical resilience initiatives.

The proposed HB 982 is an important step forward in safeguarding Hawai'i's communities from the devastating impacts of wildfires. By creating a dedicated Wildfire Recovery Fund and ensuring a sustainable funding structure, this bill can help protect our residents, businesses, and environment while seeking to reduce the overall cost burden on ratepayers. We urge the committee to advance HB 982 while continuing discussions to refine the funding model to maximize effectiveness and fairness.

Mahalo for the opportunity to testify in support of this important legislation.

With aloha,

The Climate Advisory Team



91-111 Kalaelo Boulevard, Kapolei HI 96707 * 808-682-5288 *** www.kalaeloapartners.com**

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025
9:00 AM

State Capitol, Conference Room 325

Submitted by Kalaelo Partners LP

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

On behalf of Kalaelo Partners LP, I am testifying in support of HB 982, Relating to Wildfires. **HB 982** is proposing a future solution in the event of another catastrophic wildfire that could be caused by a contributor utility's infrastructure. Given various factors affecting our environment, including extreme weather events, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local

families. This bill would create a future wildfire recovery fund 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, 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.

We support HB 982 and request its passage. Thank you for the opportunity to share support.

A handwritten signature in black ink, appearing to read 'H. R. Tobler', with a stylized, cursive script.

Hans R. Tobler

General Manager, Kalaeloa Partners LP

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982 - Relating to Wildfires

In Support

Tuesday, February 4, 2025
9:00 AM
State Capitol, Conference Room 325

Submitted by Plus Power

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

On behalf of Plus Power, I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future solution in the event of another catastrophic wildfire that could be caused by a contributor utility's infrastructure. Given various factors affecting our environment, including extreme weather events, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

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.

We support HB 982 and request its passage. Thank you for the opportunity to share support.

Brian Duncan

Senior Vice President, Origination & Commercial

Plus Power



Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Tuesday, February 4, 2025 — 9:00 a.m.

Ulupono Initiative supports HB 982, Relating to Wildfires.

Dear Chair Lowen and Members of the Committee:

My name is Mariah Yoshizu, and I am the Government Affairs Associate 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, which establishes the Wildfire Recovery Fund (Fund) and allows securitization for electric utilities. Furthermore, Ulupono submits the following comments with recommendations on how to improve the bill's effectiveness.

Key Items for Inclusion in HB 982:

1. Proactive wildfire mitigation and management best practices should be continuously monitored and implemented by utilities. Utilities should remain in constant consultation with Federal and State Agencies, including but not limited to, the State's Department of Land and Natural Resources, Division of Forestry and Wildlife (DOFAW), the United States Forest Service, and the United States Department of Agriculture, Hawaiian Homelands, the Bishop Estate, and other State of Hawai'i and County agencies to adapt with prevention practices as the threat of wildfires increases.
2. Utilities should be further incentivized to stay current on accepted standards of prevention and mitigation and are appropriate for inclusion in performance-based rate regulation (PBR). To the extent that the Public Utilities Commission (PUC) needs authorization or direction to implement Performance Incentive Mechanisms (PIMs) that lead to inclusion within the PBR framework that accomplish such prevention strategy, this legislation should explicitly delegate that authority to the PUC with an understanding that prevention is key.
3. The Fund should be limited to payment for and actual damage to real and personal property that are directly caused by wildfires. The legislation should also contemplate whether the Fund should cover, in a capped amount similar to other injury funds, bodily injury and loss of life as a way to both efficiently manage injury claims outside of the courts while also providing some level of financial certainty to

Investing in a Sustainable Hawai'i

a utility or other defined Contributor. This fund should not include payment for punitive damages, non-economic damages unless the Fund includes payment for bodily injury and loss of life, emotional damages, or other damages which may be speculative or subjective in valuation.

4. This bill should require utilities to update their wildfire mitigation plans through filing at the PUC at least every three (3) years unless a duration of more frequent updates is ordered by the PUC. An annual filing and demonstration of compliance could also be a way for a utility to obtain a rebuttable presumption as to prudence.
5. The Fund should utilize securitized debt funding guaranteed by non-bypassable charges on monthly bills. The legislation should either establish the percentage contribution assigned to each class of customer (residential, commercial, and industrial) or instruct the PUC or a Master appointed by the Fund to hold an administrative proceeding to establish the allocation of contribution by customer class.
6. The Fund legislation should address the interests to include the protection of the citizens of the State through fair and equitable compensation for actual damages caused by wildfires, preserving the natural resources located in the State, protect both real property and personal property, as well as preserve financial integrity of the electric utilities of the State.
7. Upon ratification, it should be required that a Request for Proposals (RFP) for qualified third-party administrators with previous experience in management of a catastrophe fund shall be issued and the Governor shall choose the most qualified entity to contract with to administer the Fund.
8. The Fund should also explore other products or mechanisms, including the purchase of reinsurance from private entities, as a means of mitigating such risk.

The establishment of the Hawai'i Wildfire Recovery 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, and minimizing the long-term socio-economic impacts of wildfires.

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,

Mariah Yoshizu
Government Affairs Associate

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Representative Nicole E. Lowen, Chair
Representative Amy A. Perruso, Vice Chair

Tuesday, February 4, 2025
9:00 a.m.

HB 982

Chair Lowen, Vice Chair Perruso, and members of the Committee on Energy & Environmental Protection, 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 **opposes** two sections in this bill as follows:

Section A-6 provides that the Executive Director 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. The details of how this is done and who is entitled to what part of the monies in the fund is not in the bill. We have concerns that the rule-making process will be slow and cumbersome, especially given all the details and specifics of the program that the executive director will have to define, without much guidance from the Legislature. Specifically, we have concerns about apportionment. What percentage of funds would insurers be eligible for? Would that change for every catastrophic fire? Would insurers be eligible for anything? Could we be awarded nothing? Is the apportionment to all claimants to be presented at the same time? If the range of potential recovery is zero to some undefined portion of the fund, there is no incentive for insurers to agree to this provision.

Section A-8(c) mandates the court to not approve any settlement or judgment that could cause the aggregate liability of contributors to exceed the aggregate liability limit. This means that an insurer's right to recover in subrogation is limited *even if they choose not to participate in the fund*.

These two sections of the bill potentially limit an insurer's subrogation rights and recovery. This will likely not be helpful in stabilizing the property insurance market in Hawaii. We ask that Section A-6 be amended to include the detail of the process for claims and that Section A-8(c) be deleted from the bill.

Thank you for the opportunity to testify.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025, House Committee on Energy and Environment

HEARING DATE: Tuesday, February 4, 2025

TIME: 9:00 a.m.

PLACE: Committee Room 325

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

Aloha Honorable Chair Lowen, Vice-Chair Perruso, and 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.

IBEW1260, 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. It's our duty and priority to serve and to protect the well-being of our members, but beyond that, it is incumbent upon all of us to serve and protect the well-being of our island home.

HB982 establishes the Wildfire Recovery Fund which provides efficient compensation for property damage resulting from a future catastrophic wildfire where a regulated utility may have contributed to its cause and further, provides mechanisms to protect the financial integrity of the regulated utility involved.

Recent local and national events have magnified the tremendous impacts that catastrophic wildfires can have on a community. Additionally, without pro-active policies such as HB982, regulated electric utilities who may be found to have contributed to such future catastrophic events can face insurmountable financial hardship. Such challenges not only impact the utility themselves, but more importantly, the communities they serve.

Like water is to our survival...stable, reliable, and resilient energy is an extremely critical resource to our community's well-being. Likewise, a healthy and viable electric utility is critical to the stable supply of this invaluable resource. HB982 is a proactive approach to mitigate the potential impacts that future catastrophic wildfires may have on a regulated utility, and to provide those impacted, a fair and efficient process for financial recovery due to property damage.

The health and viability of Hawaii's electric utilities is of utmost importance to IBEW1260 and the many local men and women throughout the state who work very hard to ensure that Hawaii's electrical infrastructure is the best that it can be. Continuing to build on a strong working partnership with our electric utilities, IBEW1260 strongly supports HB982 as a positive and pro-active step towards achieving this end.

Mahalo for this opportunity to testify on this measure.



COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair
Rep. Amy A. Perruso, Vice Chair

HB982
RELATING TO WILDFIRES

Monday, February 3, 2025, 1:02 PM
Conference Room 224 & Videoconference

Chair Lowen, Vice Chair Perruso, and Members of the Committee,

The Hawaii Cattlemen's Council **supports HB982** which establishes the Wildfire Recovery Fund.

This bill prepares us for future catastrophic wildfire events caused by utility infrastructure. While we hope that we can prevent catastrophic wildfires, we must also be prepared for these events. Establishing a recovery fund will help claims to be distributed quickly after a wildfire.

We appreciate the opportunity to testify on this measure. The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the four county-level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





P.O. Box 37158, Honolulu, Hawai`i 96837-0158
Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair

Rep. Amy A. Perruso, Vice Chair

DATE: Tuesday, JanFebruary 4, 2025

TIME: 9:00 AM

Conference Room 325

RE: HB 982 RELATING TO WILDFIRES.

Comments

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 55 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

LOL participated in the HECO Company's two-day Fire Symposium, is a member of HECO's Wildfire Safety Working Group, participated in HECO's Wildfire Risk Model Deep Dive, reviewed thousands of pages of California regulatory fire mitigation plans filed by Pacific Gas and Electric (PG&E), PacifiCorp, and Southern California Edison (SCE); was a member of the Commission's Reliability Standards Working Group and HECO's Resilience Working Group, and was a party in the PUC's review of HECO's Climate Adaptation Transmission and Distribution Resilience Program.

HECO was incorporated in 1891. Supposed this law had been enacted then. How would the funds have addressed the three most devastating Hawai'i fires?

No funds for the 1900 Chinatown fire. It wasn't a "Covered catastrophic wildfire ... that may have been caused, or whose severity may have been increased, by a contributor's facilities or actions. "

No funds for the 2023 Upcountry wildfires. Although more than 500 structures burned, they burned in different fires, and even if the fires are counted as one, they burned less than "five hundred commercial structures or residential structures designed for habitation."

The 2023 Lahaina fire would be covered. Ratepayers starting in the 1890s would have paid in the funds used to offset wildfire costs in 2023.

The funds would not be replenished. To replenish the funds from HECO, the Public Utilities Commission must rule that "the utility acted imprudently."

The Commission's Case and Document Management System contains virtually all files in all proceedings opened during or after 1998, including more than 25,000 decisions and orders.

A search of the PUC website reveals that "acted imprudently" appears in only one decision. Wind developers proposed Big Wind. The proposed cable violated HECO's publicly stated reliability standards. HECO then financed one-sided studies to justify the utility position. Life of the Land asserted that HECO "acted imprudently" when it tried to make ratepayers pay for these studies. The Commission rejected the prudent argument.

Interestingly, HECO asserts that HEI stockholders should be on the hook for only \$5 million and ratepayers might shoulder the lions share of \$1,000 million.

Mahalo
Henry Curtis
Executive Director



Sustainable Energy Hawai'i

sustainableenergyhawaii.org
noel@sustainableenergyhawaii.org

February 2, 2025

SUPPORT for HB982 - RELATING TO WILDFIRES

Dear Chair Lowen, Vice Chair Perruso, 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 and the creation of a thriving clean hydrogen economy.

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

Once established, the Wildfire Recovery Fund will compensate 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 can continue to deliver essential services effectively.

HB982 proposes that Hawaiian Electric fund its initial contribution of \$1 billion through securitization. Given Hawaiian Electric's current credit rating, securitization is the quickest and most cost-effective way to finance this fund, and most importantly, it would have the least impact on customers compared to financing strategies.

SB982 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 a lower impact on ratepayers.

We support HB982 and ask that you pass it.

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



TESTIMONY IN SUPPORT OF HB 982

**BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Par Hawaii

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

Thank you for the opportunity to testify in support of HB 982 Relating to Wildfires. 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 is a proactive approach to dealing with economic losses from a wildfire. The process that HB 982 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 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 Before the House Committee on Energy & Environmental Protection

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

Tuesday, February 4, 2025; 9:00 am
Conference Room #325 & Videoconference

House Bill No. 982 – RELATING TO WILDFIRES

To the Honorable Chair Nicole E. Lowen, Vice Chair Amy A. Perruso, and Members of the Committee:

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 this measure and offers amendments.

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. We would suggest amending the definition of "Catastrophic wildfire" to include circumstances that might be more realistic for an island like Kaua'i. We offer the following amendment on page 5 beginning on line 1 for consideration:

"Catastrophic wildfire" means a wildfire occurring on or after the operation date that fully destroys more than five hundred commercial structures or residential structures designed for habitation; or, for an electric cooperative with less than 50,000 residential members, meets a threshold dollar amount of potential claims to be determined by the Executive Director.

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:

§269-16.23 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.

Mahalo for your consideration.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Jason Benn
Senior Vice President
Hawaiian Electric

Aloha Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Jason Benn, Senior Vice President for Hawaiian Electric and I am testifying **in strong support of HB 982, Relating to Wildfires**, and requesting amendments prompted by input from the Attorney General's office.

This bill is in the public interest and protects the people of Hawaii and our economy by creating a fund to provide compensation to property owners, renters, and insurers if there were to be a future catastrophic wildfire. We took the feedback we heard from legislators and key stakeholders last session and revised the bill to make it simpler. It achieves the following three key objectives that reasonably balance the interest of many stakeholders:

1. **Protect claimants and the economy** by creating a speedy process that provides fair compensation for property damage should another catastrophic wildfire occur, while preserving rights to pursue litigation.

2. **Protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability**, which negatively affects the utilities' credit ratings and access to capital for infrastructure improvements. The bill also provides for a unique giveback feature based on future risk reductions.
3. **Preserve accountability for wildfire risk mitigation**. The bill ensures that utilities are held accountable to prudently protect the public from wildfire risk by conditioning their participation on having a Hawaii Public Utilities Commission (PUC)-accepted wildfire mitigation plan; and by making shareholders pay if the utility is found imprudent.

Protect claimants and the economy

This bill creates 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. Claimants don't have to hire a lawyer and can keep all of the settlement proceeds, without giving one third or more to attorneys, much of which would likely leave the state. No claimant would have to prove any contributing utility legally liable for a fire. But the bill preserves the right of any person to reject the fund's settlement offer and hire a lawyer to sue.

We note that in its January 2025 report, the Climate Advisory Team ("CAT") created by the Governor endorsed "efforts to establish a separate disaster mitigation fund that would provide benefits to Hawaii residents," including specifically for wildfires. (CAT Report at 36.) The Wildfire Recovery Fund meets the criteria recommended by the CAT for recovery legislation. (CAT Report, App'x F.)

The bill proposes that Hawaiian Electric's initial contribution to the fund be \$1 billion and be included in rates like all other costs related to providing essential utility services, including wildfire insurance premiums. To reduce the cost to customers, the bill proposes that this amount be securitized, which will result in a rate of about \$4 per month for the typical residential customer. To protect customers further, we are proposing a unique refund mechanism described below.

Protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability

Creating forward-looking financial protection for potential future catastrophic wildfires is a key part of restoring Hawaiian Electric's credit rating. 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. Addressing the problem of wildfire liability thus protects customers.

Wildfire risk exists, not due to any one entity, but is the 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. Impaired access to capital leads to higher rates for customers and/or delays in critical investments.

To protect customers from these negative effects, the bill would reasonably mitigate the risk of unlimited financial liability from wildfires. It would do so, in part, by means of an aggregate cap on payments through the administrative process and litigation for property damages only. 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 that fire is immediately extinguished or spreads into a massive conflagration depends on many factors, including climate change, that are outside the utility's control.

The bill also includes a refund provision to further protect customers. Over the past year, work done by hundreds of Hawaiian Electric employees has already reduced the potential for a fire ignited by our equipment by approximately 60 percent, according to a nationally recognized wildfire prevention specialist. The implementation of wildfire mitigation plans by contributor utilities is expected to further reduce risk over time. The bill provides that, in ten years, the Legislature will assess whether reduced risk means the fund can give money back to customers, with interest.

Preserve accountability

The bill will also help keep Hawaii safer from wildfires. The bill allows utilities to participate, so long as they demonstrate a commitment to Hawai'i wildfire safety by having a PUC-accepted wildfire mitigation plan. PUC acceptance and oversight ensures that utilities are held accountable to prudently protect the public from wildfire

risk. Furthermore, the bill requires utilities to replenish the fund from shareholders, should they be found to have acted imprudently in the event of a future fire.

Importantly, 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.

Conclusion

We believe this bill is in the public interest and protects the people of Hawaii, while reasonably balancing stakeholder interests.

Separately, we are proposing a few minor edits to the bill, which are included in the attached red-line, summarized in the attached index of exhibits. The majority of these edits are technical edits to Chapter B (the securitization provisions) that were made in response to input from the Attorney General's office to improve the clarity and mechanics of that chapter.

Solving the impacts of climate change on our State must be addressed collectively and collaboratively. Please pass HB 982.

Hawaiian Electric Supports H.B. 982 with amendments
Index of Proposed Amendments to H.B. 982 (As Introduced)

<u>Section</u>	<u>Redline of Edit</u>	<u>Description of Edit</u>
§A-3(b)(1)	<p>4 (b) The initial contributions from investor-owned electric</p> <p>5 utilities collectively shall be:</p> <p>6 (1) \$1,000,000,000 plus interest as provided in subsection</p> <p>7 (e) for amounts not securitized, which amounts shall</p> <p>8 be recovered from its customers in nonbypassable</p> <p>9 rates; and</p>	<p>This edit is not intended to change the substance of the Act. Section A-3(c) already makes clear that (1) interest is added to non-securitized payments that are made over time, and (2) the \$1 billion, plus interest on non-securitized deferred payments, are recovered in rates. The deleted text is unnecessary and created an unintended ambiguity.</p>
§B-1 Definitions “Electric Cooperative”	<p>15 "Electric cooperative" means an electric utility that meets</p> <p>16 <u>satisfies</u> the requirements under section 269-31(c).</p>	Grammatical correction.
§B-1 Definitions “Financing Costs”	<p>1 (6) <u>Costs related to the engagement of services of a</u></p> <p>2 <u>financial advisor by the commission pursuant to §B-</u></p> <p>3 <u>3 (H); and-</u></p> <p>4 <u>(7)</u> Other costs as specifically authorized by a financing</p> <p>5 order.</p>	<p>Implements AG’s request to allow PUC to retain financial advisor, the costs of which will be recovered from the bond proceeds.</p> <p>See also the suggested edits to §B-3(h).</p>

<p>§B-1 Definitions “Wildfire Recovery Costs”</p>	<p>17 "Wildfire recovery costs" means an investor-owned electric 18 utility's contributions to the wildfire recovery fund, as set 19 forth in section A-3, and electric cooperative wildfire claims 20 costs. Wildfire recovery costs shall also include professional 21 fees, consultant fees, redemption premiums, tender premiums, and 22 other costs incurred by the electric utility in using proceeds 23 of bonds to acquire outstanding securities of the electric 24 utility that the commission has determined were or will be 25 prudently incurred.</p>	<p>Deleted because the only costs to be securitized are a contribution to the recovery fund.</p>
<p>§B-2(c) (allocation of wildfire recovery costs among customers)</p>	<p>2 (c) An electric utility may file an application for a 3 financing order, including as a joint application with one or 4 more affiliate electric utilities, to issue bonds to recover 5 wildfire recovery costs. The application shall include a 6 description of <u>how</u> + 7 (1) How the wildfire recovery charges-costs will be allocated 8 among <u>consumers of</u> the applicant electric utilities in a manner 9 that is equitable and that need not correspond to the incurrence 10 of wildfire recovery costs by each electric utility; and 11 (2) Whether and how the consumers of any of the applicant 12 electric utilities will be responsible for the payment of 13 wildfire recovery charges allocated to consumers of 14 affiliate electric utilities.</p>	<p>Simplified because the only costs to be securitized are fund contributions; allows PUC to allocate charges among customers of 3 utilities.</p>
<p>§B-2(d) (timeline of approval by the commission)</p>	<p>4 (d) The commission shall issue an approval or denial of 5 any application for a financing order filed pursuant to this 6 section within ninety days of the last filing in the applicable 7 docket but no later than one year <u>120 days</u> after the application 8 is filed.</p>	<p>We shortened the timeline to 120 days, consistent with other states' securitization statutes. Extended time creates challenges with rating agencies. Issues PUC will decide are narrow.</p>

<p>§B-2(e)(1) (public interest standard)</p>	<p>9 (e) In exercising its duties under this section, the 10 commission shall consider: 11 (1) Whether the recovery of such costs, the issuance of 12 <u>the bonds, and the imposition and collection of</u> 13 <u>wildfire recovery charges</u> are consistent with the 14 public interest;</p>	<p>Based on the suggestion of the AG, we clarified that the public interest standard is applicable to the charge, and not the costs, because the costs are the fund contribution which the statute defines and declares recoverable. PUC will decide whether recovery of these costs via securitization is in the public interest.</p>
<p>§B-2(f) (imposition of charge on customers)</p>	<p>23 (f) Wildfire recovery charges and any associated fixed 24 recovery tax amounts shall be imposed only on existing and 25 future consumers in the utility service territory <u>of the</u> 26 <u>electric utility that is subject to such financing order</u>. 27 Consumers within the utility service territory of the electric 1 utility that are <u>is</u> subject to the financing order shall 2 continue to pay wildfire recovery charges and any associated 3 fixed recovery tax amounts until the bonds and associated 4 financing costs are paid in full by the financing entity.</p>	<p>Clarification based on the suggestion of the AG.</p>
<p>§B-3(b) (prohibited State actions)</p>	<p>13 (b) Notwithstanding any other law to the contrary, with 14 respect to wildfire recovery property that has been made the 15 basis for the issuance of bonds and with respect to any 16 associated fixed recovery tax amounts, the financing order, the 17 wildfire recovery charges, and any associated fixed recovery tax 18 amounts shall be irrevocable. The State and its agencies, 19 including the commission, pledge and agree with bondholders, the 20 owners and assignees of the wildfire recovery property, and 21 other financing parties that the State and its agencies shall 22 not take any action listed in this subsection. This subsection 23 shall not preclude an action if such action would not adversely 24 affect the interests of the electric utility, and of assignees 25 of the wildfire recovery property, <u>and of bondholders</u>. The 26 prohibited actions shall be the following:</p>	<p>Clarification based on the suggestion of the AG.</p>

<p>§B-3(b)(1) (prohibited State actions)</p>	<p>1 (1) Alter the provisions of this chapter, which authorize 2 the commission to create an irrevocable contract right 3 or choice in action by the issuance of a financing 4 order, to create wildfire recovery property, and make 5 the wildfire recovery charges imposed by a financing 6 order irrevocable, binding, nonbypassable charges for 7 all existing and future consumers;</p>	<p>Typographical error.</p>
<p>§B-3(h) (commission financial advisor)</p>	<p>6 (h) The commission, in its discretion, may engage the 7 services of a financial adviser for the purpose of assisting the 8 commission in its consideration of an application for a 9 financing order and a subsequent issuance of bonds pursuant to a 10 financing order.</p>	<p>Based on the suggestion of the AG, we added a provision allowing the commission, in its discretion, to engage a financial advisor.</p>
<p>Sections 5–8 (various)</p>	<p>8 <u>SECTION 5. Notwithstanding the provisions of section 39A-</u> 9 <u>191, Hawaii Revised Statutes, and the provisions of Act 182,</u> 10 <u>Session Laws of Hawaii 2022, as amended by Act 262, Session Laws</u> 11 <u>of Hawaii 2023, the legislature authorizes the issuance of</u> 12 <u>special purpose revenue bonds for costs that require an</u> 13 <u>allocation of the annual state ceiling under section 39B-2,</u> 14 <u>Hawaii Revised Statutes, for the period July 1, 2024, through</u> 15 <u>December 31, 2028. Notwithstanding Section 39A-195 of Hawaii</u> 16 <u>Revised Statutes, a project agreement entered into in connection</u> 17 <u>with the issuance of special purpose revenue bonds to finance</u> 18 <u>costs may include a project agreement with an affiliate of an</u> 19 <u>electric or gas utility and may contain provisions limiting the</u> 20 <u>obligation to pay, and the security for the payment of, debt</u> 21 <u>service and related deposits and costs in respect of such bonds</u> 22 <u>or loans funded by such bonds to recovery charges and recovery</u> 23 <u>property.</u> 24 <u>SECTION 6. The legislature authorizes the allocation of the</u> 25 <u>annual state ceiling under section 39B-2, Hawaii Revised</u> 26 <u>Statutes, to the issuance of bonds issued pursuant to section 5</u> 1 <u>of this Act that require such allocation in order for interest</u> 2 <u>on the bonds to be tax-exempt for federal income tax purposes.</u> 3 <u>SECTION 7. This Act does not affect rights and duties that</u> 4 <u>matured, penalties that were incurred, and proceedings that were</u> 5 <u>begun before its effective date.</u></p>	<p>Based on the suggestion of the AG, we added these sections:</p> <p>Section 5 and 6 relate to the potential use of a state conduit issuer for the securitized bonds.</p> <p>Section 7 addresses retroactivity.</p>



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
FEBRUARY 4, 2025
HB 982 RELATING TO WILDFIRES.**

Good morning, Chair Lowen, and members of the House Committee on Energy and Environmental Protection. 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. This measure establishes the Wildfire Recovery Fund; and allows securitization for electric utilities.

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.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 4, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

TESTIMONY ON HB 982
RELATING TO WILDFIRES

Conference Room 325 & Videoconference
9:00 AM

Aloha Chair Lowen, Vice-Chair Perruso, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports HB 982, which establishes the Wildfire Recovery Fund and allows securitization for electric utilities. Given the increasing risks posed by extreme weather events and drought conditions, proactive measures are necessary to mitigate the economic and environmental devastation of catastrophic wildfires.

Hawai'i'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.

Establishing a Wildfire Recovery Fund provides a structured and efficient way to compensate victims of future catastrophic wildfires without the prolonged expense and uncertainty of litigation. Having dedicated resources available will ensure that local families, farmers, and businesses can recover faster and rebuild in the aftermath of a disaster.

Additionally, this measure protects the financial stability of Hawai'i's electric utilities, which play a critical role in powering agricultural operations, irrigation systems, and food processing facilities. Ensuring the creditworthiness of regulated utilities that contribute to the fund is essential for maintaining reliable energy infrastructure and reducing economic uncertainty in the event of a wildfire disaster.

Thank you for the opportunity to testify on this important matter.

**Testimony to the House Committee on Energy & Environmental Protection
Representative Nicole E. Lowen, Chair
Representative Amy A. Perruso, Vice Chair**

**Tuesday, February 4, at 9:00AM
Conference Room 325 & Videoconference**

RE: HB982 Relating to Wildfires

Aloha e Chair Lowen, Vice Chair Perruso, 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 (HB982), which establishes the Wildfire Recovery Fund. Allows securitization for electric utilities.

HB982 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.

This bill proposes a proactive solution to address the economic risks of future catastrophic wildfires that may be caused by utility infrastructure. Given the increasing threat of extreme weather events, HB 982 seeks to establish a wildfire recovery fund—similar to those in other wildfire-prone states—to ensure faster claims processing for affected individuals without the expense and uncertainty of litigation.

While we hope a disaster like the one in West Maui never happens again, this bill ensures resources will be available if it does, particularly for local families. By creating a dedicated recovery fund, HB 982 provides a more efficient way for Hawaii residents to recover property damage claims from future wildfires. Additionally, it safeguards the creditworthiness of participating regulated utilities that contribute to the fund. Since the financial stability of Hawaii's largest electric utility is crucial to the state's economy, this bill aims to reduce financial uncertainty while supporting economic resilience. The Chamber supports HB 982 as a vital measure to protect Hawaii's families, businesses, and economy by ensuring swift wildfire recovery while preserving the financial stability of essential utilities.

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. Thank you for the opportunity to testify.



111 Speen Street, Suite 410
Framingham, MA 01701

P: 508 661 2200
Toll Free: 1-866-AMERESCO

Ameresco.com

TESTIMONY TO THE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

9:00 AM, February 4, 2025

Conference Room 325 & Via Videoconference

HB 982

Chair Lowen, Vice Chair Perruso and Members of the Committee,

Ameresco supports the intent of HB 982, which establishes the Wildfire Recovery Fund. Allows securitization for electric utilities.

Ameresco is a leading cleantech integrator and renewable energy asset developer, owner and operator. With 25 years of experience, we have successfully completed energy saving, renewable energy and environmentally responsible projects for commercial, industrial, Federal, State and Local government in Hawai'i, across the US, Canada and Europe. Ameresco has been a part of the Hawai'i community for the last 15 years and committed to supporting the goals of clean, reliable and affordable energy. Last year, we completed the Kūpono Solar 42 MW/168 MWh photovoltaic solar and battery project in 'Ewa. We currently have three additional large-scale renewable energy projects in development on 'Oahu and Maui.

HB 982 serves the public interest by providing a framework for individuals and businesses to obtain quick administrative claims for a catastrophic wildfire, should they desire. The bill also helps to protect the financial integrity of a regulated public utility, which is vital to providing reliable energy – and which is critical to companies such as Ameresco that are building renewable generation resources for those utilities.

The bill recognizes the challenges faced by many residents and utilities across the nation due to wildfire risk and offers potential proactive solutions. Taking steps to create collaborative solutions will strengthen public infrastructure and improve the community and welfare of its citizens.

Thank you for the opportunity to testify.



February 3, 2025

Representative Nicole E. Lowen, Chair
Representative Amy A. Perruso, Vice Chair
House Committee on Energy and Environmental Protection

Testimony in Support of HB 982, RELATING TO WILDFIRES (Establishes the Wildfire Recovery Fund. Allows securitization for electric utilities.)

Tuesday, February 4, 2025, 9:00 a.m.
Conference Room 325; Via 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.

LURF and its members support all forms of renewable energy and for over one hundred years, our members have led the state in energy research, development, installation, generation, transmission, and delivery of renewable energy.

LURF appreciates the opportunity to express its **support for HB 928**, which establishes the Wildlife Recovery Fund and allow securitization for electric utilities.

HB 982. The purpose of this bill is to serve the public interest by 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 and Hawaii's economy.

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 claims faster after a future catastrophic wildfire, providing an option to people without the expense and uncertainty of going to court.

LURF understands that HB 982 proposes for Hawaiian Electric to fund its initial contribution through securitization, which under the circumstances, would have the least impact to customers versus other modes of financing, and is the quickest and most cost-effective way for a utility to finance the contributions to the wildfire recovery fund. We also understand that utility securitization transactions have an extensive track record of success in other jurisdictions.

This bill could ensure that resources would be available for our local families if a future catastrophic wildfire occurs again, by creating a wildfire recovery fund for potential victims and could provide Hawaii families with an efficient option for recovering property damage claims from without the expense and uncertainty of going to court. In addition, this bill would protect the creditworthiness of the participating regulated electric utilities that contribute to the fund. The economic viability of our state's electric utilities is important to the economy of our state, and this measure could reduce the financial uncertainty created by the risk of future catastrophic wildfires and help support Hawaii's economy.

For the above reasons, LURF **supports** **HB 982** and respectfully urges your favorable consideration.

Thank you for the opportunity to present testimony regarding this measure.



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

Executive Officer

Carla Kuo

2024-2025

Board of Directors

President

Keith Marrack

President-Elect

David Kurohara

Vice President

Dennis Lin

Treasurer

Joshua Vierra

Immediate Past President

Randall Kurohara

Directors

Kehau Amorin

Mary Begier

Vanessa Carlson

Rebecca Choi

Jeremy Chong

Chelsey Chow

Mark Chun

Kapaelani Comstock

Dean Fuke

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 HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

HB 982 – Relating to Wildfires – IN SUPPORT

Tuesday, February 4, 2025 9:00 AM

State Capitol, Conference Room 325

Submitted by: Carla Kuo, Executive Officer, Hawai'i Island Chamber of Commerce

Dear Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Carla Kuo, and I serve as the Executive Officer of the Hawai'i Island Chamber of Commerce, which represents over 300 business and individual members primarily located on the East side of Hawai'i Island. I submit this testimony in strong support of HB 982, which proposes a proactive solution to address the economic risks posed by potential future wildfires caused by regulated utility infrastructure.

With the increasing impact of extreme weather events and other environmental factors, it is crucial that Hawai'i adopts forward-thinking measures to mitigate the financial and social consequences of catastrophic wildfires. HB 982 seeks to establish a wildfire recovery fund that would expedite compensation for affected individuals, providing an alternative to lengthy and costly litigation. Other wildfire-prone states have implemented similar mechanisms, ensuring timely relief for victims while maintaining economic stability.

While we hope to never again witness a tragedy like the one in West Maui, it is imperative that we prepare for such possibilities. This bill would ensure resources are available to support local families in the event of a future disaster. By creating a dedicated recovery fund, HB 982 offers an efficient pathway for Hawai'i residents to recover property damage claims without the burdens of legal proceedings. Additionally, it safeguards the financial stability of regulated utilities contributing to the fund, which is essential for the broader economic well-being of our state.

For these reasons, we strongly support HB 982 and respectfully urge its passage. Thank you for the opportunity to testify.

Sincerely,

Carla Kuo

Executive Officer, Hawai'i Island Chamber of Commerce



February 3, 2025

Via Electronic Submittal

Committee on Energy & Environmental Protection
Representative Nicole E. Lowen, Chair
Representative Amy A. Perruso, Vice Chair

Tuesday, February 4, 2025, 9:00 a.m.
Conference Room 325 & Videoconference

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

Aloha Chair Lowen, Vice Chair Perruso, and members of the Committee,

Clearway Energy Group ("Clearway") supports the intent of HB 982, 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, 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 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.

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

In addition to HB 982, Clearway also supports HB 974, 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 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



HAWAII REGIONAL COUNCIL OF CARPENTERS

February 4, 2025

TO: The Honorable Nicole E. Lowen, Chair
The Honorable Amy A. Perruso, Vice Chair
and Members of the Committee on Energy & Environmental Protection

FROM: Mitchell Tynanes
Hawaii Regional Council of Carpenters

RE: Strong Opposition for HB982 – Relating to Wildfires

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

On behalf of the Hawai'i Regional Council of Carpenters (HRCC), I submit this testimony in **strong opposition of HB982**, which seeks to establish the Wildlife Recovery Fund and allows securitization for electric utilities, for the following reasons:

This bill will increase the cost of energy in Hawai'i and worsens our affordability crisis. HB982 raises electricity costs for Hawai'i's working families and by requesting the legislature to mandate non-bypassable rate increases, compounds Hawai'i's affordability crisis and pushes more local families to the mainland. The cost of energy disproportionately impacts low-income earners and individuals who live below the poverty line. In fact, just this month DBEDT found that Hawai'i residents who live below established poverty levels pay up to 24% of their income on the cost of electricity. Furthermore, **this bill reverses the affordability progress made from historic housing investments and the legislature's 2024 tax relief package by adding this additional cost** (\$1 billion fund from ratepayers that protects the company in the case of a major event).

The bottom line is that a \$1 billion ratepayer-funded slush fund for an electric utility company is a bad deal for local residents. In exchange for contributing a mere \$5 million for administrative fees, HECO is provided with a \$1 billion fund from ratepayers that protects the company in the case of a major event. In addition, HECO would receive liability immunity, capped at \$200 million in losses, if the utility is found to have engaged in negligence and mismanagement in a future event. In short, this bill provides no benefits to ratepayers as there is no provision for public ownership, no decrease in energy costs, and no sharing of profit.

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

HECO's entire net worth is approximately \$1.5 billion, yet ratepayers are expected to provide \$1 billion to subsidize its operations.

This bill's tort reform is in favor of HECO but not the victims of the Lahaina wildfire nor Hawai'i residents. The bill seeks a ratepayer increase by pre-authorizing rate increases to cover the creation of the \$1 billion slush-fund for the utility, bypassing the PUC's mandate and authority. HECO is capable of pursuing rate-increases in the PUC, but rather than go through the existing legal process with the requisite fact-finding and stakeholder input, the company would rather pass the buck to the legislature. **What are HECO's other financing opportunities from equity and debt? These options have not been presented to the public.**

The State of Hawai'i has already bailed HECO out with a settlement, so why is HECO asking for more? HECO is already receiving an unprecedented level of support with the State's \$800 million contribution to the global settlement. HECO's "contribution" is \$1.99 billion due to their disproportionate share of liability in causing the 2023 Lahaina wildfire. **Why should Hawai'i ratepayers have to contribute further to the utility company?**

There is a lack of accountability and no burden for HECO to tighten its belt. Despite the role HECO played in causing the Lahaina wildfires, there has been little accountability by the company. HECO's executives and board members are some of the highest compensated in the entire State of Hawai'i and received pay increases which were approved in May 2024 in the wake of the 2023 Maui wildfires. If Scott Seu's total compensation (\$5,386,250, Year 2023) and Shelee Kimura's total compensation (\$2,077,532, Year 2023) alone were restricted to \$100,000 each, this would cover the estimated annual bill increases for securitization for 151,328 customers alone—it seems very likely that HECO could raise capital through belt-tightening.

Time and again, HECO has prioritized profits over service to Hawai'i and squandered past opportunities to mitigate disasters. Rather than making necessary investments to ensure the people of Hawai'i receive affordable, reliable energy, HECO has worked to enrich its executives and shareholders. HECO's parent company, instead of re-investing in energy infrastructure, paid hundreds of millions of dollars in stock buybacks and dividend payments to shareholders before the Maui wildfires in 2023. **Hawai'i's people deserve to recoup this value from the company and its owners—not the other way around, especially as HECO continues to struggle with poor reliability.**

For the reasons mentioned in this testimony, we are in **strong opposition of HB982** and ask that the committee **defer this bill indefinitely**. Mahalo for your time and consideration.

Sincerely,

Mitchell Tynanes
Hawai'i Regional Council of Carpenters

House Bill 982 – Relating to Wildfires

TESTIMONY

Hawai'i State House of Representatives
House Committee on Energy and Environmental Protection
Tuesday, February 4, 2025
9:00 a.m.

Aloha Chair Lowen, Vice Chair Perruso and Members of the House Committee on Energy and Environmental Protection,

Mahalo for the opportunity to provide testimony in **support of HB 982, relating to Wildfires**. AES is Hawai'i's largest renewable energy provider. We share the state's vision for a 100% renewable energy future to enhance energy resilience, decarbonization, and promote energy equity. We are working to accelerate and support Hawai'i's transition toward a carbon-free energy future with renewable projects across the Hawaiian Islands totaling over 405 MW of solar, solar plus storage, and wind resources in operation or under contract, with 102.5 MW of Stage 1 projects, 37 MW of Stage 2 projects, and 126 MW of Stage 3 projects.

The purpose of HB 982 is to establish a wildfire recovery fund to provide compensation for property damage resulting from future catastrophic wildfires in the State. Following the Maui Wildfires that resulted in tragic losses of life, personal injuries and property damage, AES Hawai'i fully appreciates and supports the **intent** of this measure, as stated, as well as the proposal's intent to address the future stability of the investor and electric utility. Hawai'i needs a stable utility to meet the ambitious renewable energy goals embedded in our state energy policy.

Mahalo for your consideration.



Sandra Larsen

President

AES Hawai'i

HB-982

Submitted on: 2/3/2025 10:15:18 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Hans R Tobler	Kalaeloa Partners LP	Support	Written Testimony Only

Comments:

91-111 Kalaeloa Boulevard, Kapolei HI 96707 * 808-682-5288 *****

www.kalaeloapartners.com

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Kalaeloa Partners LP

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

On behalf of Kalaeloa Partners LP, I am testifying in support of HB 982, Relating to Wildfires. **HB 982** is proposing a future solution in the event of another catastrophic wildfire that could be caused by a contributor utility's infrastructure. Given various factors affecting our environment, including extreme weather events, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local

families. This bill would create a future wildfire recovery fund 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, 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.

We support HB 982 and request its passage. Thank you for the opportunity to share support.

Hans R. Tobler



General Manager, Kalaeloa Partners LP

Testimony of
Pacific Resource Partnership

Hawai'i State Legislature, House Committee on Energy & Environmental Protection (EEP)
Honorable Chair Nicole Lowen and Honorable Vice Chair Amy Perruso
Tuesday, February 4, 2025

Subject: Strong Opposition for HB982 – Relating to Wildfires

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee:

On behalf of Pacific Resource Partnership (PRP), which represents thousands of unionized carpenters and hundreds of general contractors across Hawai'i, we strongly oppose HB982, which seeks to establish a wildfire recovery fund to address wildfire-related property damage and support electric utilities in rebuilding infrastructure. While the intent to aid recovery efforts is commendable, this bill presents significant concerns that outweigh its proposed benefits.

Increased Cost of Living

The establishment of a wildfire recovery fund in excess of \$1 billion is anticipated to be financed primarily through HECO customers via "nonbypassable rates." This additional financial burden would directly impact the 6,000 men and women who work as union carpenters in Hawai'i, thus exacerbating the already high cost of living. This additional cost threatens the livelihoods of our members, many of whom are already struggling to make ends meet in one of the nation's most expensive states.

Erosion of Middle-Class Financial Gains

In 2024, Hawai'i enacted a historic state income tax cut aimed at providing relief to middle-class families. The legislation raised the standard deduction and adjusted tax brackets, resulting in significant tax savings for many residents. HB982 threatens to negate these financial gains by imposing new financial obligations on HECO ratepayers, effectively undoing the progress made in alleviating the tax burden on middle-class families.

Lack of Incentive for Hawaiian Electric Company (HECO) to Improve Infrastructure

While HB982 allocates funds to support electric utilities in rebuilding infrastructure, it does little to encourage Hawaiian Electric Company (HECO) to proactively improve its systems' resilience and reliability. Without clear mandates or incentives for HECO to enhance infrastructure and implement preventive measures, the bill risks perpetuating a cycle of reactive responses rather than fostering proactive solutions to prevent future wildfires.

Conclusion

PRP urges the committee to consider the adverse effects of HB982 on Hawai'i's working families and the broader community. We recommend exploring alternative solutions that do not impose additional financial burdens on residents and that hold utility companies accountable for



(Continued From Page 1)

infrastructure improvements. It is crucial to develop strategies that support wildfire recovery and prevention without compromising the economic well-being of Hawai'i's middle class.

Mahalo for your time and consideration.

Sincerely,



Andrew Pereira
Director of Public Affairs
Pacific Resource Partnership



TESTIMONY OF EVAN OUE ON BEHALF OF THE HAWAII ASSOCIATION FOR JUSTICE (HAJ) IN OPPOSITION OF HB 982

Date: Tuesday, February 4, 2025

Time: 9:00 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 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.

As currently drafted, HB 982 establishes the WRF and creates a process for future property damage claims arising from catastrophic wildfire (500 or more residential and commercial structures). The measure creates a process which victims of a future catastrophic wildfire will be required to submit their claims for property damages to the WRF executive director (the “ED”) for evaluation of the claim after which offers to settle the claim will be made. If the offer is accepted, then the victim will be prohibited from filing a claim against a participating public utility.

Victims which reject an offer from the WRF will be permitted to pursue litigation, however, their aggregate claimants (all claimants who rejected offers) 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.**

HB 982 is intended to limit liability of contributing public utilities and cap the total amount of property damage that can be paid through both the administrative claims process and litigation by participating public utilities. HAJ is concerned that this measure penalizes victims who elect to litigate and seek full recovery for property damages should another catastrophic wildfire occur. The

WRF should serve as an option for victims to seek recovery and participation by victims in the WRF should not be mandated, especially with the current liability limitations in place.

I. HB 982 Limits Recovery for Future Wildfire Victims:

HAI has always held the position that liability limits on economic damages is bad public policy. In this instance, HAI is concerned that the proposed measure will limit property damage claims against public utilities that contribute to the WRF for any disaster in the future where those very same fund contributors, through their negligence, caused a wildfire disaster and failed to ensure that the wildfire relief fund was adequately funded. As currently drafted the measure would undercut the rights of victims in all future disasters. This liability limitation could incentivize minimal contribution to the fund in order to receive liability limitation that will apply even to disasters that are caused by the same sort of negligence that led to the recent destruction of so many lives and livelihoods on Maui.

HAI understands the 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 grant of capping liability for the damage they caused, at the expense of their victims.

Limiting a victim's ability under this measure will remove any accountability for utility companies whose actions or omissions result in damage to people across the state. The current liability language sets a dangerous precedent of rewarding public utilities that contribute to catastrophic wildfires or disasters in the future. Further, HAI is concerned that a public utility's liability will be subsidized by securitization through raising of customer rates.

II. Substantial ED Authority Without Clear Parameters:

HAI is concerned that HB 982 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 panel based on the qualifications of the members (e.g., insurance rep, attorney, a DCCA rep, etc.), and a new panel should be appointed every time a “catastrophic wildfire” occurs (similar to the MICP proceedings). 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, HAI concerned that the measure penalizes a claimant who fails to meet a deadline to file a claim, which is determined by ED (i.e., the ED) and not clearly defined in this legislation. The lack of a specified timeframe to file a claim is deeply concerning and may adversely impact a victim’s rights to seek remedy from the WRF or after rejecting an offer from the ED. An appropriate deadline which reflects the intent to expedite claims while balancing the time needed for victim to heal and begin the recovery process should be made a part of this legislation.

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. HAI 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 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 upkept and proper protocols are adhered to by a contributor.

V. 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.

VI. 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 6: Amend “Qualifying damages” to mean economic damages arising out of the loss of or damage to real or personal property from a covered catastrophic wildfire.
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 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.
4. 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.
5. Page 13: Amend (b)(2) ...an error by a contributor’s employee would not be a basis for a finding of imprudence, unless that error resulted from [~~an imprudent~~] the failure of a system, process, or program to prevent the error.

6. Page 14: Amend (c)...and the foreseeability of factors within and beyond the contributor's control that may have led...
7. Page 15: Amend (b)... A qualified claimant who fails to file a claim by ~~[the deadline established by the executive director pursuant to rule]~~ six 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.
8. Page 17: Amend (a)...arising from a covered catastrophic wildfire[, ~~including economic and non-economic damages,~~]
9. 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.
10. 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.
11. Page 19: Remove §A-10, abolition of joint and several liability.
12. 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: 1) impairs in seeking recourse for damage to their property; 2) subsidizes public utility liability through by securitization through raising 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)

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. Please feel free to contact me should you have any questions or desire additional information.

February 3, 2025

Committee on Energy & Environmental Protection
Rep. Nicole E. Lowen, Chair
Rep. Amy A. Peruso, Vice Chair



Working together for Kapolei

Tuesday, February 4, 2025
9:00 a.m. Conference Room #325
and via Videoconference

RE: HB 982 – Relating to Wildfires

Dear Chair Lowen, Vice Chair Peruso, 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 the intent of HB982** which creates a future Hawaii wildfire recovery fund and provides securitization and protection devices for participating regulated utilities that contribute to the fund.

The devastation of the Maui wildfires has touched all of us and while we hope that nothing like that happens again anywhere in our State, we must be vigilant and be prepared in the case that it does. This bill would create a future wildfire recovery fund for potential victims and provide Hawaii families with an efficient process for recovering property damage from a future catastrophic wildfire. The impact on the infrastructure is a reality that is very real. Having a funding mechanism that will help protect the creditworthiness of the state, counties, large landowners, and utilities that contribute to the fund is a solution we must seek now.

There are portions of West O'ahu that are specifically vulnerable to devastating wildfire in a very similar manor that West Maui was.

Thank you for this opportunity to provide testimony.

Respectfully,

Kiran Polk
Executive Director

NORTH KOHALA COMMUNITY RESOURCE CENTER

To Empower A Thriving North Kohala

DIRECTORS

Nathan Trump
President

General Manager

Jay Vega
Vice President

PID Organizer

Shani "Kai" Carvalho
Secretary

Public Relations Director

Todd Apo
Treasurer
CEO

Beth Bohn
Small Business Owner

Cherie Carvalho
Vice Principal

Denni Keyes
Small Business Owner

Vicky Kometani
Public Relations Consultant

Wendy Nickl
Kohala Teacher

YOUTH DIRECTORS

Jensel Merice Jose
Kenneth Matsuda

HONORARY DIRECTORS

Alida Adamek

Kelly Ah Hee

Gino Amar

Lani Bowman

Christopher Brown

Joe Carvalho

David Gomes

Chris Helmuth

Bob Martin

Dennis Matsuda

Kathleen Matsuda

Desiree Medeiros

Amy Meyer-Sullivan

Jessica Patao

Nani Svendsen

Kim Takata

EXECUTIVE DIRECTOR

Leelen Park

DIRECTOR OF OPERATIONS

Michelle Kawai

PROJECT COORDINATOR

Annalene Williams

KOHALA RESILIENCE HUB COORDINATOR

Kathy Matsuda

KOHALA RESILIENCE HUB ASSISTANT

Kimi Vakauta

February 3, 2025

RE: TESTIMONY BEFORE THE HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

HB 982

Relating to Wildfires

Tuesday, February 4, 2025, 9:00 AM
State Capitol, Conference Room 325

Submitted by Leelen Park

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Leelen Park, and I serve as the Executive Director of the North Kohala Community Resource Center (NKCRC). We aim to support a thriving North Kohala by empowering local projects that strengthen our community. Given our region's isolation, resilience is not just an aspiration; it's a necessity.

I am testifying in strong support of HB 982, which would establish a wildfire recovery fund to ensure that families and communities have access to resources if a catastrophic wildfire, potentially caused by regulated utility infrastructure, were to occur. While we hope such a disaster never happens, preparation is crucial.

North Kohala is one of the most geographically isolated regions on Hawai'i Island. If a wildfire were to devastate our community, there would be no alternate routes in or out, and our residents, homes, and essential resources would be cut off. A fire of that magnitude would destroy homes and livelihoods and threaten the deep-rooted cultural and agricultural traditions that define Kohala.

Hawai'i must take proactive steps to ensure a rapid and reliable recovery process, as other wildfire-prone states have done. This bill would provide a structured, efficient way for local families to seek recovery without the delays, expenses, and uncertainty of litigation. At the same time, it would help maintain the financial stability of the utilities that serve our state.

We need this safety net in place for North Kohala and all of Hawai'i before the next disaster strikes. I urge you to pass HB 982.

Mahalo for the opportunity to testify.



Leelen Park
Executive Director

55-3393 Akoni Pule Hwy ~ P. O. Box 519, Hawi, Hawaii 96719
Phone: 808-889-5523 ~ Fax: 808-889-5527 ~ www.northkohala.org ~ Email: info@northkohala.org



February 3, 2025

RE: HB 982: Relating to Wildfires

Dear Chair Lowen, Vice Chair Perruso, and members of the Committee on Energy & Environmental Protection,

Founded in 1968, the Kona-Kohala Chamber of Commerce works to enhance the quality of life for our community through a strong, sustainable economy on Hawai'i Island. With 460 member businesses and organizations, our mission is to provide leadership and advocacy for a successful business environment in West Hawai'i.

The Kona-Kohala Chamber of Commerce supports HB 982: Relating to Wildfires.

The economic viability of our state's largest electric utility is essential to the business community and the quality of life for Hawai'i residents. Given various factors affecting our environment, including extreme weather events, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire.

HB 982 proposes a solution in the event of a future catastrophic wildfire that may be caused by a regulated utility. As other states challenged by wildfires have done, Hawai'i could establish a recovery fund to pay claims faster after such an event.

In addition, this bill would protect the creditworthiness of participating regulated utilities that contribute to the fund. It aims to rein in the financial uncertainty created by the risk of future catastrophic wildfires to help support Hawai'i's economy.

We ask you to pass HB 982: Relating to Wildfires.

Sincerely,

A handwritten signature in dark ink, reading "Wendy J. Laros". The signature is fluid and cursive, with the first name "Wendy" and last name "Laros" clearly legible.

Wendy J. Laros, President and CEO
Kona-Kohala Chamber of Commerce

HB-982

Submitted on: 1/31/2025 10:13:35 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

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

Comments:

Aloha!

Wildfires scare me. I never thought something like the Lahaina Wildfire would ever happen in Hawaii.

The wildfire fund would serve multiple purposes including keeping Hawaii's utilities financially healthy and providing payment to those who suffer losses from catastrophic wildfire losses involving utility equipment.

The bill would also support the creditworthiness of the utility.

Hawaii Island is 4,000 square miles and last night's act of god wind storm could have caused a wildfire given the right circumstance. It's time to get ready for what unfortunately is next.

Please support HB982.

Mahalo,

Ross Wilson Jr.

Kailua-Kona

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Darren Ishimura

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

I am testifying in **support** of HB 982 to establish a recovery fund that can pay claims to individuals and businesses after a future catastrophic wildfire without the expense and uncertainty of protracted litigation. This fund is a much-needed solution that serves the public interest.

Given the increasing occurrence of extreme weather events, the State of Hawai'i needs to be proactive in addressing the economic threat of devastating conflagrations. HB 982 does this by (1) providing potential victims with an efficient option for recovering property damage and (2) protecting the creditworthiness of regulated electric utilities that contribute to the fund.

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

Please pass HB 982. Thank you for the opportunity to share support.

Testimony before the HOUSE COMMITTEE ON

ENERGY AND ENVIRONMENTAL PROTECTION

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Warren Hall

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Warren Hall and I am testifying in support of HB 982, Relating to Wildfires.

My family lives in House District 48 (Lisa Kitagawa, Representative).

HB 982 is proposing a future solution in the event of a future catastrophic wildfire that could be caused by a regulated utility's infrastructure. HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. Like other states challenged by wildfires have done, Hawaii needs to establish a recovery fund. HB 982 would create a future wildfire recovery fund 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, HB 982 would help 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. The economic viability of our utilities is important to the economic viability of our state. .

We support HB 982 and request its passage. Thank you for the opportunity to share support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Michelle Zambetti

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Michelle Zambetti and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

We support HB 982 and request its passage. Thank you for the opportunity to share support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Chad Asato

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Chad Asato and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

We support HB 982 and request its passage. Thank you for the opportunity to share support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Leslie Kwock

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Leslie Kwock and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. Like other states challenged by wildfires 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 Mau'i ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund for potential victims and provide Hawai'i 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, 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 Hawai'i's economy with keeping local

companies with local talent including for any future generations, and being able to continue to operate and exist in Hawai'i.

I wholeheartedly support HB 982 and kindly request your support for its passage. Thank you for your time and the opportunity to share my support.

HB-982

Submitted on: 2/1/2025 7:03:59 PM

Testimony for EEP on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Theresa M Thompson	Individual	Support	Written Testimony Only

Comments:

I support HB 982 RELATING TO WILDFIRES.

Mahalo,

Theresa Thompson

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Kelsey Ito

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Kelsey Ito and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

I support HB 982 and request its passage. Thank you for the opportunity to share support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Dawn Wong

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Dawn Wong and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

We support HB 982 and request its passage. Thank you for the opportunity to share support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Thurston Wong

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Thurston Wong and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

We support HB 982 and request its passage. Thank you for the opportunity to share support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Leslie Malasa

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Leslie Malasa and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

We support HB 982 and request its passage. Thank you for the opportunity to share support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Kristen Okinaka

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Kristen Okinaka and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. Like other states challenged by wildfires 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 ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund for potential victims and provide Hawai'i 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, 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 Hawai'i's economy.

I support HB 982 and request its passage. Thank you for the opportunity to share support.

HB-982

Submitted on: 2/3/2025 8:27:22 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
David Kurohara	Individual	Support	Written Testimony Only

Comments:

I support HB982 - HECO Wildfire Recovery Fund because it will save customers in the long run, while establishing a recovery fund for catastrophic damage caused by wildfires.

HB-982

Submitted on: 2/3/2025 8:33:49 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jennifer Zelko	Individual	Support	Written Testimony Only

Comments:

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Jennifer Zelko-Schlueter and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

I support HB 982 and request its passage. Thank you for the opportunity to share my support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025

9:00 AM

State Capitol, Conference Room 325

Submitted by Teri Theuriet

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Teri Theuriet, a local girl born and raised in Kāneʻohe, currently living in Kuliʻouʻou. I am testifying in full support of HB 982, Relating to Wildfires. HB 982 is proposing 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, HB 982 is a proactive approach to addressing the economic threat of a future catastrophic wildfire. As other wildfire-prone states have done, Hawaiʻi needs to establish a recovery fund that can pay claims faster after a future catastrophic wildfire, providing an option for claimants 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 would help ensure resources for our local families would be available if it the unthinkable happens. HB 982 would create a future wildfire recovery fund for potential victims and would provide Hawaiʻi families with an efficient option for recovering property damage claims. 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 Hawaiʻi's economy.

I support HB 982 and request its passage. Mahalo for allowing me to share my support.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

HB 982

Relating to Wildfires

Tuesday, February 4, 2025
9:00 AM
State Capitol, Conference Room 325

Submitted by Christine Shibata

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

My name is Christine Shibata and I am testifying in support of HB 982, Relating to Wildfires. HB 982 is proposing a future 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, HB 982 is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill is being proposed to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

I support HB 982 and request its passage. Thank you for the opportunity to share support.



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

LATE

House of Representatives
THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025
February 3, 2025

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Testimony by
Hawaii Fire Fighters Association

H.B. No. 982

Relating to Wildfires

EEP, CPC/JHA, FIN

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee,

The Hawaii Fire Fighters Association (HFFA), Local 1463, IAFF, AFL-CIO represents more than 2,000 active-duty and 1,000 retired professional fire fighters throughout the State of Hawaii. The HFFA, on behalf of all our members, supports H.B. No. 982 which establishes the Wildfire Recovery Fund and allows securitization for regulated utilities.

HFFA supports H.B. No. 982 as it proposes a future solution in the event of another catastrophic wildfire that could be caused by a contributor utility's infrastructure and is a proactive approach to address the economic threat of a future catastrophic wildfire. 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 we hope nothing like what happened in West Maui ever occurs again, this bill proposes to ensure resources would be available if it does, especially for our local families. This bill would create a future wildfire recovery fund 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, 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.

HFFA supports H.B. No. 982 and requests its passage. Thank you for the opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 325
TUESDAY, FEBRUARY 4, 2025 AT 9:00 A.M.**

To The Honorable Nicole E. Lowen, Chair
The Honorable Amy A. Perruso, Vice Chair
Members of the Committee on Energy & Environmental Protection

SUPPORT HB982 RELATING TO WILDFIRES

The Maui Chamber of Commerce **SUPPORTS HB982.**

The Chamber supports the concept of this fund that helps protect impacted residents and businesses of future catastrophic wildfires by getting paid from the fund regardless of the cause of the wildfire. We acknowledge that it will help protect state, counties, large landowners, and utilities that contribute to the fund from financial uncertainty by the risk of future catastrophic wildfires. We note that residents and businesses that will benefit from this fund will also be contributors to this fund through state taxes, other governmental taxes, and as rate payers of utility companies. We all must come together on solutions when dealing with catastrophic events.

We appreciate the forward thinking of this initiative. We hope that the state would continue to explore federal and other methods of funding for expediting protective measures in order to help lessen the impacts of future disasters.

The Chamber looks forward to continued discussions on this and other related bills to find the best possible solutions.

For these reasons, we **SUPPORT HB982.**

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.