

STAND. COM. REP. NO.

776

Honolulu, Hawaii

FEB 14 , 2025

RE: H.B. No. 982
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committees on Consumer Protection & Commerce and
Judiciary & Hawaiian Affairs, to which was referred H.B. No. 982,
H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO WILDFIRES,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Wildfire Recovery Fund, body politic tasked with administratively settling claims for economic damages resulting from catastrophic wildfires and allow public utilities to make contributions to the Wildfire Recovery Fund; and
- (2) Authorize electric utilities to recover their contributions through securitization.

Your Committees received testimony in support of this measure from the International Brotherhood of Electrical Workers Local 1260; Land Use Research Foundation of Hawaii; Sustainable Energy Hawai'i; Chamber of Commerce Hawaii; Kaua'i Island Utility Cooperative; Ulupono Initiative; Hawai'i Island Chamber of Commerce; Kapolei Chamber of Commerce; Hawai'i Climate Advisory Team; Hawaii Cattlemen's Council, Inc.; Clearway Energy Group; Plus Power; Par Hawaii; Japanese Chamber of Commerce & Industry of

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Hawai'i; Life of the Land; AES Hawai'i; Retail Merchants of Hawaii; International Union of Painters and Allied Trades, District Council 50; Plumbers & Fitters UA Local 675; International Association of Heat & Frost Insulators & Allied Workers Local 132; Hawaii Teamsters Local 996; and three individuals. Your Committees received testimony in opposition to this measure from the National Association of Mutual Insurance Companies; Hawaii Association for Justice; Hawaii Regional Council of Carpenters; and one individual. Your Committees received comments on this measure from the Office of the Governor; Department of Commerce and Consumer Affairs; Department of the Attorney General; Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs; Public Utilities Commission; Hawai'i Farm Bureau; Mālama Learning Center; Kaala Farm; Hawaiian Electric; Charter Communications; Pacific Resource Partnership; Hawaii Building & Construction Trades Council; and numerous individuals.

Your Committees find that as wildfire risk has increased in a warming climate, it would be prudent to develop a streamlined process to quickly offer settlement payments for property damages after a catastrophic wildfire, without the need for a lengthy and uncertain litigation process. This measure establishes the Wildfire Recovery Fund, which is modeled after the One Ohana Fund, to ensure the timely compensation for persons who suffered property damage come a catastrophic wildfire. While the measure provides a timely process for compensation, claimants retain the option of rejecting an offer and pursuing their own compensation.

Your Committees further find that securitization could help reduce debt related to wildfire exposures. Securitization allows for the issuance of debt secured by a non-by-passable charge to the customer's bill, which allows the electric utility to fully recover its costs at a lower interest rate for customers. This measure will 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.

Your Committees have amended this measure by:

- (1) Specifying that the Wildfire Recovery Fund is a trust fund;



- (2) Specifying that the Executive Director of the Wildfire Recovery Fund may establish the investment policies of the fund;
- (3) Clarifying that, of the \$505,000,000 in initial contributions funded by shareholders of investor-owned electric utilities, \$5,000,000 is to be used for:
 - (A) Funding the salaries of the Executive Director and other personnel within the Wildfire Recovery Fund; and
 - (B) Contracting consultants to assist the Public Utilities Commission with determining whether a contributor acted prudently,and that any remaining balance of the \$5,000,000 in 2035 is to be transferred to the Wildfire Recovery Fund;
- (4) Specifying that investment earnings associated with payments made to the Wildfire Recovery Fund that were recovered in regulated rates from customers shall be annually refunded to the customers in the form of a credit on their ratepayer accounts;
- (5) Specifying that claimants have no less than four years from the covered catastrophic wildfire to file a claim, and the Executive Director may establish a deadline beyond the four year-period for filing a claim;
- (6) Clarifying that the circuit court's authority to equitably apply the aggregate liability limit applies to all civil claims for qualifying damages;
- (7) Specifying that the limitation on claims relating to indemnity or contribution only applies to agreements entered into on or after the operation date;
- (8) Authorizing the Public Utilities Commission, as a condition of a financing order, to prohibit any increase in compensation, including any bonuses, for the electric utility's officers for a period of time determined by the Commission, with any increase in violation of that



condition to be seized and deposited into the Wildfire Recovery Fund; and

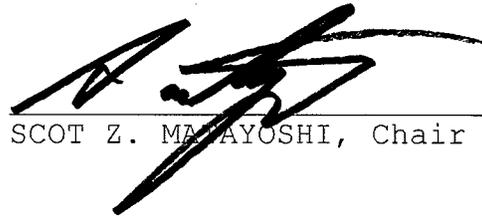
- (9) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary & Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 982, H.D. 1, as amended herein, and recommend that it be referred to your Committee on Finance, in the form attached hereto as H.B. No. 982, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary & Hawaiian Affairs,



DAVID A. TARNAS, Chair



SCOT Z. MAAYOSHI, Chair



State of Hawaii
House of Representatives
The Thirty-third Legislature

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Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 982, HD1	Committee Referral: EEP, CPC/JHA, FIN	Date: 2/13/25		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. MATAYOSHI, Scot Z. (C)	✓			
2. CHUN, Cory M. (VC)	✓			
3. ILAGAN, Greggor	✓			
4. ICHIYAMA, Linda	✓			
5. IWAMOTO, Kim Coco		✓		
6. KONG, Sam Satoru	✓			
7. LOWEN, Nicole E.	✓			
8. MARTEN, Lisa	✓			
9. TAM, Adrian K.	✓			
10. PIERICK, Elijah				✓
TOTAL (10)	8	1		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
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