

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 982
H.D. 3
S.D. 1

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

Sir:

Your Committees on Commerce and Consumer Protection and Energy and Intergovernmental Affairs, to which was referred H.B. No. 982, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO WILDFIRES,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Wildfire Recovery Fund; and
- (2) Allow securitization for electric utilities.

Your Committees received testimony in support of this measure from Hawaiian Electric; IBEW Local 1260; Clearway Energy Group; Kapolei Chamber of Commerce; Par Hawaii; Retail Merchants of Hawaii; Plus Power; Mālama Learning Center; Sustainable Energy Hawai'i; Ulupono Initiative; Hawaii Iron Workers Stabilization Fund; North Kohala Community Resource Center; Hawai'i Island Chamber of Commerce; Hawaii Teamsters & Allied Workers Local 996; International Union of Painters and Allied Trades, District Council 50; International Association of Heat & Frost Insulators & Allied Workers Local 132; Hawai'i Farm Bureau; Chamber of Commerce Hawaii; United Union of Roofers, Waterproofers and Allied Workers, Local 221; Kaua'i Island Utility Cooperative; Hawaii Building & Construction Trades Council; Plumbers & Fitters Local 675; Hawaii



Fire Fighters Association Local 1463, ALF-CIO; Land Use Research Foundation of Hawaii; and numerous individuals.

Your Committees received testimony in opposition to this measure from the Hawaii Regional Council of Carpenters, Hawaii Association for Justice, National Association of Mutual Insurance Companies, and one individual.

Your Committees received comments on this measure from the 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, Hawaii Insurers Council, Charter Communications, and Pacific Resource Partnership.

Your Committees find that the devastating 2023 Maui wildfires were collectively one of the most devastating catastrophic disasters in state history and a tragic reminder of the increased risks of catastrophic wildfire and the tremendous harm they can inflict upon the State. These risks not only impact the public, but also the State's public utilities and infrastructure, further increasing the need to plan and develop solutions to reduce and proactively respond to the risk of catastrophic wildfires in the State. Your Committees further find that developing any solution must involve fairly balancing the interests of the public, the public utilities, and the benefits and costs associated with lowering the risk of catastrophic wildfires. Accordingly, this measure would allow victims of a future catastrophic wildfire to receive quick compensation for any damages, while helping participating utilities reduce their risk of financial instability resulting from a catastrophic disaster.

Your Committees note that this measure, in its current form, allocates the costs associated with lowering the risk of catastrophic wildfires between participating utilities and their ratepayers but does not specify the dollar amounts for the allocations between ratepayers and shareholders for those initial contributions from electric utilities into the Wildfire Recovery Fund. Given that ratepayers in Hawaii are already burdened with some of the highest electricity rates, the securitization proposed in this measure would only add costs to these already high rates. At the same time, however, shifting this burden onto the shareholders may leave the electric utility unable to raise the



capital needed to make their initial contributions to the Wildfire Recovery Fund.

Your Committees further find that while a few states have also considered implementing funds similar to the Wildfire Recovery Fund to address the increased risk of catastrophic wildfires in their jurisdiction, these funds vary with respect to how the costs are allocated between ratepayers and electric utilities.

Ultimately, your Committees acknowledge that this is a significant measure for the State's largest investor-owned electric utility, ratepayers, and the State as a whole. According to the testimony of Hawaiian Electric, the first \$350 million phase of the Wildfire Mitigation Plan has already been financed and itemized, but later phases of the plan are currently being reviewed and have not yet been approved by the Public Utilities Commission. This measure in its current form, however, is not intended to focus on the first important phase of the plan, but rather, is focused on how to help electric utilities with implementing later phases of the plan, including credit enhancement and a risk reduction plan that is intended to help the State in later years. Immediate help is in the form of the State's contribution of an \$800 million general fund appropriation for the global settlement, which helps to address the current, most pressing issue, namely, the settlement of certain claims concerning liability relating to the 2023 Maui wildfires. Because this measure proposes long-term, future solutions in the event of another catastrophic wildfire, your Committees find that more time is needed to determine the appropriateness of the proposed approaches and the impacts of this measure.

Accordingly, your Committees have amended this measure by:

- (1) Deleting its contents and inserting language to:
 - (A) Convene a working group within the Department of Commerce and Consumer Affairs to analyze the provisions of certain measures introduced during the Regular Session of 2025 regarding the establishment of a Wildfire Recovery Fund; and



- (B) Require the working group to submit a report to the Legislature no later than ninety days prior to the convening of the Regular Session of 2026;
- (2) Amending section 1 to reflect its amended purpose; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Energy and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 982, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 982, H.D. 3, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and Energy
and Intergovernmental Affairs,



GLENN WAKAI, Chair



JARRETT KEOHOKALOOLE, Chair



