

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 1201
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 S.B. No. 1201 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 for securitization for electric utilities.

Your Committees received testimony in support of this measure from the Hawai'i Climate Advisory Team; Hawaiian Electric; Kaua'i Island Utility Cooperative; Ulupono Initiative; Clearway Energy Group; IBEW 1260; Plus Power; AES Hawai'i; Par Hawaii; Hawai'i Farm Bureau; Kapolei Chamber of Commerce; Retail Merchants of Hawaii; Hawaii Cattlemen's Council, Inc.; Chamber of Commerce Hawaii; Maui Chamber of Commerce; Land Use Research Foundation of Hawaii; and numerous individuals.

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



Your Committees received comments on this measure from the Office of the Governor, Department of the Attorney General, Department of Commerce and Consumer Affairs, Division of Consumer Advocacy for the Department of Commerce and Consumer Affairs, Public Utilities Commission, Pacific Resource Partnership, and Life of the Land.

Your Committees find that the increasing risk of catastrophic disasters in Hawaii has heightened the threat of property damage and the litigation process for compensation is costly and inefficient. An administrative claims process will provide a faster, low-cost alternative for claimants while preserving their right to litigation while ensuring the financial stability of regulated utilities. This measure creates a streamlined process to offer settlement payments for property damages quickly after a catastrophic fire without the need to undergo a lengthy and uncertain litigation process. Your Committees further find that this measure supports wildfire recovery efforts and the long-term resilience of Hawaii's utility infrastructure.

Your Committees have amended this measure by:

- (1) Amending the definition of "catastrophic wildfire" to include a wildfire that, for an electric cooperative with less than fifty thousand residential members, meets a threshold dollar amount of potential claims to be determined by the Executive Director of the Wildfire Recovery Fund;
- (2) Inserting definitions for the terms "electric cooperative", "executive officer", and "wildfire mitigation plan compliance report";
- (3) Inserting unspecified initial fund contribution amounts for ratepayers and shareholder contributions and deleting language that would have required shareholder contributions to be used exclusively for the payment of salaries for the Executive Director of the Wildfire Recovery Fund and any persons retained by the Director;
- (4) Removing language that would have made a qualified claimant who fails to file a claim by the deadline established by the Executive Director ineligible to



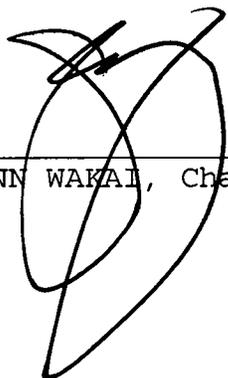
receive payment from the Wildfire Recovery Fund and barred from instituting or maintaining any qualifying action against a contributor;

- (5) Removing language that would have placed a cap on the aggregate liability of all contributors for qualifying damages arising from a covered catastrophic wildfire;
- (6) Limiting the definition of "wildfire recovery costs" to an investor-owned electric utility's contributions to the Wildfire Recovery Fund and electric cooperative wildfire claims costs;
- (7) Inserting language prohibiting an electric utility approved for a financing order from increasing compensation for its executive officers unless the utility's wildfire mitigation plan compliance reports have been approved by the Public Utilities Commission for five consecutive years; provided that the Commission may consider an alternative symmetric performance incentive mechanism, if the Commission deems appropriate;
- (8) Inserting language authorizing an electric cooperative to recover approved mitigation, repair, and restoration costs through an automatic rate adjustment clause or other tariff recovery mechanism established by the Public Utilities Commission;
- (9) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (10) 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 S.B. No. 1201, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1201, 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



TERRETT KEOHOKALOOLE, Chair



