

Honolulu, Hawaii
, 2024

MAR 15

RE: S.B. No. 2922
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Water & Land and Energy & Environmental Protection, to which was referred S.B. No. 2922, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES,"

beg leave to report as follows:

The purpose of this measure is to establish and implement the Catastrophic Wildfire Securitization Act to allow public utilities to securitize rates in order to raise capital that can be used to pay for costs and expenses arising out of catastrophic wildfires.

Your Committees received testimony in support of this measure from Hawaiian Electric; Clearway Energy Group; Longroad Energy; Ulupono Initiative; and International Brotherhood of Electrical Workers Local 1260. Your Committees received testimony in opposition to this measure from the 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; Department of Budget and Finance; Public Utilities Commission; Hawai'i State Energy Office; Kaua'i Island Utility Cooperative; Life of the Land; and Maui Chamber of Commerce.

Your Committees find that in the wake of the August 8, 2023, Maui wildfires, public utilities must raise the capital to fund



near-term costs and expenses to develop and implement effective plans for wildfire risk mitigation and contribute to disaster relief funds. Your Committees further find that present uncertainty as to the financial costs that Hawaii's largest electric utility may bear as a result of the 2023 Maui wildfires has led credit rating agencies to downgrade the credit rating of that utility to non-investment-grade status, which will have severe negative impacts on ratepayers. Your Committees recognize that ratepayers cannot bear the full burden of mitigation efforts through securitization and that shareholder contributions must be a part of utility capitalization moving forward. This measure establishes a framework to authorize public utilities in the State to securitize rates to pay for expenses related to catastrophic wildfires and will provide a vital source of liquidity and preserve the public utilities' financial viability.

Your Committees have amended this measure by:

- (1) Deleting its contents and inserting certain provisions from H.B. No. 2407, House Draft 2, including those related to:
 - (A) Applications to issue bonds and authorize wildfire protection fees;
 - (B) Bond issuance and wildfire protection property interests;
 - (C) Security interests in wildfire protection property;
 - (D) Transfers of wildfire protection property; and
 - (E) Successors to electric utilities that have received a financing order;
- (2) Changing its effective date to July 1, 3000, to encourage further discussion; and
- (3) 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 Water & Land and Energy & Environmental Protection that are attached to this report, your Committees are in accord

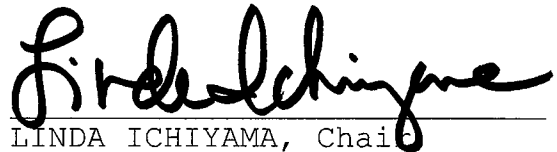


with the intent and purpose of S.B. No. 2922, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2922, S.D. 2, H.D. 1, and be referred to your Committees on Consumer Protection & Commerce and Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committees on Water & Land and
Energy & Environmental
Protection,



NICOLE E. LOWEN, Chair



LINDA ICHIYAMA, Chair



