

STAND. COM. REP. NO.

2674

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 3096

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Public Safety and Intergovernmental and Military Affairs, to which was referred S.B. No. 3096 entitled:

"A BILL FOR AN ACT RELATING TO WILDFIRE RISK MITIGATION,"

begs leave to report as follows:

The purpose and intent of this measure is to create a process for electric utilities to develop and submit wildfire protection plans to the Public Utilities Commission for approval and allow the recovery of related costs and expenses through securitization, while avoiding a disproportionate impact on a specific ratepayer or county.

Your Committee received testimony in support of this measure from the Office of the Governor, Department of Commerce and Consumer Affairs, Hawaii State Energy Office, Public Utilities Commission, Ulupono Initiative, Hawaiian Electric, International Brotherhood of Electrical Workers Local 1260, Kaua'i Island Utility Cooperative, and Life of the Land.

Your Committee received comments on this measure from the Department of Budget and Finance and Department of the Attorney General.

Your Committee finds that the risk of catastrophic wildfires has increased, making it imperative that electric utilities develop, implement, and administer effective plans for wildfire



risk mitigation. According to research conducted by a working group from 2019-2020, securitization may be the most efficient, least-cost way to finance wildfire risk mitigation costs and expenses and have an extensive track record of success. Your Committee recognizes that the establishment of wildfire risk protection plans as provided under this measure will strengthen wildfire prevention and mitigation efforts and approaches related to the impacts of wildfires in our State.

Your Committee has amended this measure by:

- (1) Adding a definition of "catastrophic wildfire";
- (2) Amending the definitions of "financing entity" and "wildfire protection costs";
- (3) Specifying that the best practices discussed in the electric utility workshops, which the Public Utilities Commission may periodically convene, may be incorporated into the proposed wildfire protection plans and updates submitted to the Public Utilities Commission for approval;
- (4) Modifying various components, requirements, and procedures relating to the wildfire protection plans;
- (5) Requiring an electric utility to track and report to the Public Utilities Commission the costs that the electric utility actually incurs to develop, implement, and administer the risk-based wildfire protection plan and providing direction when those actual costs are under, equal to, or over reasonable amounts;
- (6) Expanding the scope of the Public Utilities Commission's rules or orders pertaining to wildfire protection plans to include data governance and risk-based decision-making;
- (7) Requiring the Public Utilities Commission to determine the reasonable costs to develop, implement, and administer the plan to authorize the electric utility to recover the costs in rates;



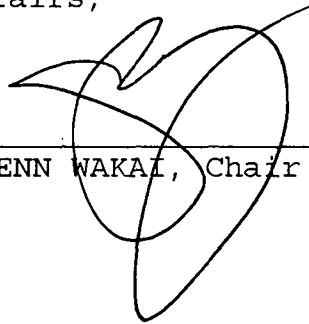
- (8) Clarifying that no electric utility shall be civilly liable for the death of or injury to persons, or property damage, under certain conditions;
- (9) Clarifying that the Public Utilities Commission, the State, and its agents or employees shall not be liable for the death of or injury to persons, or property damage, for any actions taken by them in the performance of their powers and duties;
- (10) Clarifying that an electric utility materially failing to comply with an approved plan or part of an approved plan shall be inadmissible in any lawsuit or other action against the electric utility seeking compensation for the alleged death of or injury to persons, or property damage;
- (11) Deleting language that would have established civil penalties for non-compliance with an approved plan or part of an approved plan;
- (12) Requiring the Public Utilities Commission, in exercising its duties with respect to financing orders to issue bonds to recover any wildfire protection costs, to consider whether such costs are consistent with the public interest;
- (13) Modifying an electric utility's role under a wildfire protection plan financing order;
- (14) Authorizing the Public Utilities Commission to create a nonbypassable surcharge referred to as a wildfire protection fee that shall be applied to recover financing costs and wildfire protection costs in the absence of a financing order;
- (15) Establishing provisions related to security interests in wildfire protection property;
- (16) Establishing provisions related to transfers of wildfire protection property;
- (17) Establishing provisions related to recovery bonds;



- (18) Establishing provisions related to security interests in recovery property and financing statements;
- (19) Establishing provisions related to transfers of recovery property; and
- (20) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Public Safety and Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3096, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3096, S.D. 1, and be referred to your Committees on Commerce and Consumer Protection and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Public Safety and
Intergovernmental and Military
Affairs,



GLENN WAKAI, Chair



The Senate
Thirty-Second Legislature
State of Hawai'i

Record of Votes
Committee on Public Safety and Intergovernmental and Military Affairs
PSM

Bill / Resolution No.:* SB 3096	Committee Referral: PSM, CPN/WAM	Date: 2/14/24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
ELEFANTE, Brandon J.C. (VC)	✓			
FUKUNAGA, Carol				✓
RHOADS, Karl	✓			
AWA, Brenton				✓
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes