

Honolulu, Hawaii

FEB 08 , 2024

RE: H.B. No. 2407
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 H.B. No. 2407 entitled:

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

beg leave to report as follows:

The purpose of this measure is to:

- (1) Require electric utilities to develop risk-based wildfire protection plans to be submitted for approval to the Public Utilities Commission; and
- (2) Authorize the recovery of related costs and expenses through securitization and wildfire protection fees to avoid a disproportionate impact on a specific ratepayer or county.

Your Committees received testimony in support of this measure from the Office of the Governor; Department of Commerce and Consumer Affairs; Public Utilities Commission; Hawai'i State Energy Office; Ulupono Initiative; Hawaiian Electric; Kaua'i Island Utility Cooperative; Life of the Land; and two individuals. Your Committees received testimony in opposition to his measure from one individual. Your Committees received comments on this measure from the Department of the Attorney General; Department of Budget and Finance; and Maui Chamber of Commerce.



Your Committees find that this measure sets forth an essential set of wildfire mitigation and prevention policies and plans along with a securitization model that has been demonstrated to be a highly effective method to finance investments to make wildfire-related improvements.

Your Committees have amended this measure by:

- (1) Adding a definition of "catastrophic wildfire";
- (2) Amending the definition of "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 to the Commission 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, 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;
- (8) Modifying an electric utility's role under a wildfire protection plan financing order;




- (9) Establishing provisions related to security interests in wildfire protection property;
- (10) Establishing provisions related to transfers of wildfire protection property;
- (11) Changing its effective date to July 1, 3000, to encourage further discussion; and
- (12) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committees note that this measure needs further details in order to ensure that ratepayers are protected and the public interest is prioritized. Your Committees further note that Hawaiian Electric should be expected to make a sincere effort to find cost savings within their own company and raise financial capital through their own means as a first step.

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 H.B. No. 2407, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2407, 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



