

Honolulu, Hawaii

MAR 21, 2025

RE: S.B. No. 897
S.D. 3
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committees on Consumer Protection & Commerce and
Judiciary & Hawaiian Affairs, to which was referred S.B. No. 897,
S.D. 3, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Authorize electric cooperatives to recover, if approved by the Public Utilities Commission, wildfire mitigation, repair, and restoration costs through an automatic rate adjustment clause or other tariff recovery mechanism;
- (2) Establish an aggregate limit for liability for economic damages from catastrophic wildfires; and
- (3) Authorize a public utility to securitize costs to implement the public utility's wildfire risk mitigation plan and other investments in infrastructure improvements, modernization, and replacement needed to reduce wildfire risks and increase reliability and resilience to natural disasters and other weather-related events.



Your Committees received testimony in support of this measure from the Chamber of Commerce Hawaii; Hawai'i Farm Bureau; Life of the Land; Par Hawaii; Plus Power; Clearway Energy Group; Ulupono Initiative; Kaua'i Island Utility Cooperative; Mālama Learning Center; Sustainable Energy Hawai'i; International Brotherhood of Electrical Workers Local Union 1260; Hawaiian Electric; Hawai'i Island Chamber of Commerce; Kapolei Chamber of Commerce; and numerous individuals. Your Committees received testimony in opposition to this measure from the Hawai'i Regional Council of Carpenters and Hawaii Association for Justice. Your Committees received comments on this measure from the Office of the Governor; Department of Commerce and Consumer Affairs; Department of the Attorney General; Public Utilities Commission; and Charter Communications.

Your Committees find that due to climate change, the risk to Hawaii from catastrophic wildfires and other natural disasters has increased. While various proposals have been made to address potential damages from a future catastrophic wildfire, including the establishment of a streamlined process to quickly offer settlement payments, your Committees believe that it would be more prudent to direct efforts toward mitigating wildfire risk.

Your Committees also find that while an electric utility must expend significant financial capital to make the necessary upgrades or maintenance to address wildfire risk, securitization could aid the electric utility in meeting its financial needs while spreading the costs over an extended period of time. Securitization allows for the issuance of debt secured by a nonbypassable charge to the customer's bill, which allows the electric utility to fully recover its costs at a lower interest rate for customers. This measure allows public utilities to securitize costs to implement the utility's wildfire risk mitigation plan and other investments in infrastructure improvements, modernization, and replacement needed to reduce wildfire risks and increase reliability and resilience to natural disasters and other weather-related events.

Your Committees have amended this measure by:

- (1) With respect to the limitation on aggregate liability:



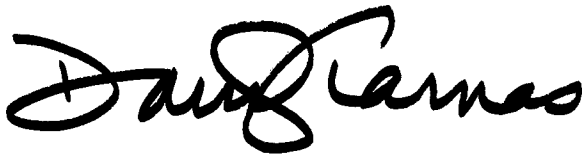
- (A) Narrowing the scope on the limitation on aggregate liability only to electric utilities, rather than public utilities;
 - (B) Clarifying that joint and several liability do not apply to any qualifying damages;
 - (C) Requiring the Director of Hawaii Emergency Management to determine whether a wildfire is a covered catastrophic wildfire; and
 - (D) Specifying that qualifying damages does not include claims for physical bodily harm or emotional harm;
- (2) With respect to the authorization to securitize costs:
- (A) Narrowing the scope of the authorization only to electric utilities, rather than public utilities;
 - (B) Clarifying the definition of "consumer";
 - (C) Specifying that the electric utility must, in good faith, seek the maximum federal funding to offset the costs of infrastructure; and
 - (D) Clarifying that the maximum \$500,000,000 for a financing order applies to the corporate family and inserting a definition for "corporate family";
- (3) Exempting the authority to issue bonds for securitization from the other existing requirements applicable to public utility corporations on the issuance of securities;
- (4) Establishing a working group within the Department of Commerce and Consumer Affairs to examine the establishment and implementation of a wildfire recovery fund to provide efficient compensation for damage resulting from a future wildfire allegedly caused or exacerbated by an electric utility, with a report required to the Legislature before the Regular Session of 2026; and



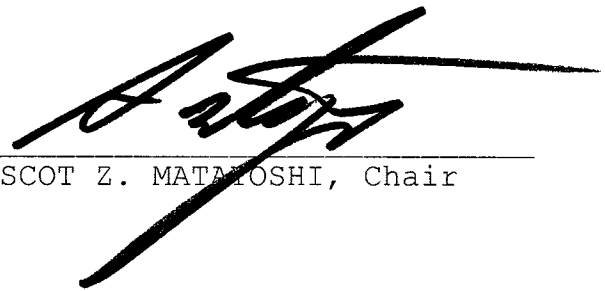
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary & Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 897, S.D. 3, H.D. 1, as amended herein, and recommend that it be referred to your Committee on Finance, in the form attached hereto as S.B. No. 897, S.D. 3, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary & Hawaiian Affairs,



DAVID A. TARNAS, Chair



SCOT Z. MATSUMOSHI, Chair



HSCR 1503

Bill/Resolution No.:	Committee Referral:	Date:		
SB897, SD3, HD1	ECP, CPC/JHA, FIN	3/18/25		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. MATAYOSHI, Scot Z. (C)	✓			
2. CHUN, Cory M. (VC)	✓			
3. ILAGAN, Greggor	✓			
4. ICHIYAMA, Linda	✓			
5. IWAMOTO, Kim Coco	✓			
6. KONG, Sam Satoru	✓			
7. LOWEN, Nicole E.	✓			
8. MARTEN, Lisa	✓			
9. TAM, Adrian K.				✓
10. PIERICK, Elijah				✓
TOTAL (10)	8			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

HSCR 1503

Bill/Resolution No.: SB 897 SD3 HD1	Committee Referral: EPP, CPC/JHA, FIN	Date: 03/18/2025		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. TARNAS, David A. (C)	✓			
2. POEPOE, Mahina (VC)	✓			
3. BELATTI, Della Au	✓			
4. COCHRAN, Elle				✓
5. HASHEM, Mark J.	✓			
6. KAHALOA, Kirstin	✓			
7. PERRUSO, Amy A.	✓			
8. TAKAYAMA, Gregg	✓			
9. TODD, Chris	✓			
10. GARCIA, Diamond			✓	
11. SHIMIZU, Garner M.		✓		
TOTAL (11)	8	1	1	1
The recommendation is:	<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted			
If joint referral,	_____ did not support recommendation. committee acronym(s)			
Vice Chair's or designee's signature:				
Distribution:	Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO			