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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Consumer Protection & Commerce
And
House Committee on Judiciary & Hawaiian Affairs
Tuesday, March 18, 2025
2:00 p.m.
Conference Room 329

On the following measure:
S.B. 897, S.D. 3, H. D. 1, RELATING TO ENERGY

Chair Matayoshi, Chair Tarnas, and Members of the Committees:

My name is Michael Angelo, and I am the Executive Director of the Department of Commerce and Consumer Affairs (Department) Division of Consumer Advocacy. The Department offers comments on this bill.

The purpose of this bill is to: (1) establish an aggregate limit for liability for economic damages from catastrophic wildfires; and (2) authorize securitization of certain costs for public utilities.

With respect to the provisions of the previous versions of the bill regarding the Wildfire Liability Trust Fund, the Department hopes that Hawaii will never again suffer the incredible loss and destruction of a major wildfire. The Department also understands the societal benefit of having the ability to provide efficient compensation for property damaged or loss if there is any future wildfire. However, the Department believes that

utility customers must not be the primary or sole contributor to such a fund, and that it would be appropriate to ensure that customers' contribution to such a fund would be significantly limited. Put simply, customers did not start the fire that degraded Hawaiian Electric's credit rating and customers are not responsible for on-going risk. Customers should therefore not bear the financial burden of Hawaiian Electric's costs of additional private insurance coverage or contributing to a wildfire fund intended to serve as supplemental insurance, which Hawaiian Electric asserts may restore its credit rating. Additionally, requiring ratepayers to be the primary or sole contributor to such a fund would not acknowledge that the fund may deliver a substantial benefit to shareholders because it may help preserve shareholder value if there were another catastrophic wildfire by acting as a shield against the utility's liability exposure. The Department therefore appreciates that this version of the bill (i.e., the H.D. 1), does not require customer contributions to a wildfire fund.

Even if a wildfire fund was established, as discussed further below, Hawaiian Electric's credit rating may remain below investment grade status and alternative solutions would likely be needed to shield Hawaiian Electric's customers from Hawaiian Electric's high cost of capital. Hawaiian Electric provided comments from Moody's credit rating agency representing that to protect utility credit quality and retain investor confidence, a policy framework is needed that includes:

- limits on liability,
- a sufficiently large wildfire fund to cover the costs of a catastrophic event, and
- transparent guidelines or certification requirements for fire mitigation

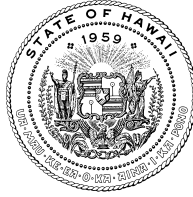
Two of the key criteria identified by Moody's are contemplated by the limit on aggregate liability as set forth in this version of the bill, and by Hawaiian Electric having filed its Wildfire Safety Strategy, which is being reviewed by the Hawaii Public Utilities Commission (Commission) in Docket No. 2025-0156. However, there is no certainty that establishing a wildfire fund would:

- improve the utility's credit rating,
- by how much the credit rating might improve, and
- no known timeline for any improvement.

The Department therefore appreciates that the current version of this bill defers consideration of the fund for now, but still enables securitization for resilience investment so that utilities may still access low-cost capital even with a sub-investment grade credit rating. The Department also appreciates that the current version includes the necessary public interest protective measure of requiring that the Commission review and approve requests for securitization.¹ The Department offers that the securitization mechanism contemplated by the legislation may help customers because it could serve as a bridge for Hawaiian Electric to access low-cost capital while it planned and built the infrastructure needed to decrease its risk from wildfires, and other substantial threats such as hurricanes, pays off its wildfire liabilities, and ultimately improve its credit rating.

Thank you for the opportunity to testify on this bill.

¹ The Department notes that utilities should still first seek all available means to offset costs (e.g., through federal funding).



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

**House Committees on Consumer Protection and Commerce and
Judiciary and Hawaiian Affairs**

Tuesday, March 18, 2025

2:00 p.m.

State Capitol, Conference Room 329 and Videoconference

With Comments

Senate Bill No. 897, SD3, HD1, Relating to Energy

Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the House Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs:

The Office of the Governor provides the following comments for S.B. No. 897, SD3, HD1, Relating to Energy. This bill establishes an aggregate limit for liability for economic damages from catastrophic wildfires and authorizes securitization of certain costs for public utilities.

The Lahaina wildfires resulted in unbearable loss of lives, homes, infrastructure, and businesses. This tragic event is a wake-up call that due to climate changes, the risk of catastrophic wildfires, along with other natural disasters in Hawaii has increased.

The Office of the Governor appreciates that this proposal tries to address how our state and utilities address the financial impacts of catastrophic wildfires, including how we stabilize our electric utility and our energy future. We need to find reasonable ways to finance these improvements and investments; however, the Governor is keenly aware of our state's high electrical rates and the impact that it has on all our residents and hopes that any securitization model will not have a drastic impact on the ratepayers of our state.

We recognize that recent amendments to this bill have altered the proposed securitization model and scope. While the Office of the Governor continues to evaluate the mechanics of this legislation, we do not oppose this bill moving forward so that discussions may continue with the electric utility and other key affected stakeholders.

Mahalo for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
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Testimony of the Public Utilities Commission

To the
House Committees on
Consumer Protection & Commerce
and
Judiciary & Hawaiian Affairs

March 18, 2025
2:00 p.m.

Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe and Members of the Committees:

Measure: S.B. No. 897, S.D. 3, H.D. 1
Title: RELATING TO ELECTRIC UTILITIES.

Position:

The Public Utilities Commission ("Commission") offers the following comments for consideration.

Comments:

The Maui wildfires are tragic reminders of the increased risk of catastrophic wildfires in Hawaii and the tremendous harm such a risk can inflict upon the state. This increased risk of catastrophic wildfires affects not just the public but also the state's public utilities, and any solution must involve fairly balancing between the public and the public utilities the benefits and costs associated with lowering the risk of catastrophic wildfires.

The Commission appreciates the amendments to this measure made by the House Committee on Energy & Environmental Protection last week that attempt to resolve this issue in two ways – the establishment of an aggregate liability limit and the authorization of securitization to recover the costs of infrastructure investments that are needed to reduce wildfire risk and increase reliability and resilience to natural disasters and weather-related events.

By including both an aggregate liability limit and authorization for securitization, this measure appears to apportion the risk of catastrophic wildfires and the benefits of this measure in a balanced manner between public utilities and their ratepayers. Ratepayers benefit from more reliable and resilient public utility infrastructure, financed through low-

cost securitization, while public utilities benefit from having certainty about the maximum level of financial exposure they might have to any damages they may incur because of a catastrophic wildfire.

The Commission notes that while this measure allows a public utility to seek a financing order from the Commission to securitize costs related to a 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 weather-related events", this measure does not mandate that public utilities develop and submit any wildfire risk mitigation plans to the Commission for review.

To address this concern, the Commission recommends that the Committees amend this measure so that it mirrors SB 2922, SD2, HD3 from the 2024 Legislative Session to require electric utilities to have wildfire mitigation plans but limit the costs that can be securitized to infrastructure investments that would reduce wildfire risk. Such an approach would benefit both ratepayers and the electric utilities by detailing the requirements that a public utility's wildfire mitigation plan must have but also create a regular periodic process for those wildfire mitigation plans to be iterated upon and reviewed.

Although the Commission appreciates the intent of the previous Committee to protect ratepayers by limiting the amount that public utilities can securitize to \$500 million, the Commission believes that this limitation may constrain a public utility's ability to make use of the low-cost financing afforded by securitization to lower its wildfire risk to the fullest reasonable extent, and therefore respectfully requests the removal of this cap. It is difficult to determine the precise amount of infrastructure investments that are needed to lower wildfire risk to the lowest reasonable level, so limiting the amount of securitization now may result in a public utility having to resort to higher cost forms of financing later to make all those needed infrastructure investments. Any concerns the Legislature may have about the amounts that will ultimately be borne by ratepayers are adequately addressed by this measure's requirement that all amounts to be securitized must first be approved by the Commission with a financing order. The Commission would review any application for a financing order to ensure that any infrastructure investments that are to be securitized are going to lower wildfire risk and that securitization is the lowest available cost of financing those needed infrastructure investments.

Finally, the Commission offers two technical amendments.

First, the Commission notes that this measure, as written, applies to all public utilities and not just electric utilities. HRS §269-1's definition of a public utility is very broad and includes electric utilities, gas utilities, telecommunications utilities, water utilities, wastewater utilities, water carriers, and motor carriers. The Commission recommends changing most instances of the term "public utility" to "electric utility" to limit the applicability of this measure to just electric utilities as the risk of catastrophic wildfires is largely concentrated with electric utilities rather than other utilities.

Second, the Commission observes that this measure does not include amendments to HRS §269-17 to exempt the securitization that would be authorized in this measure from the requirements of HRS §269-17.

Attached to this testimony is a copy of this measure that incorporates all the suggested amendments detailed in the Commission's testimony.

Thank you for the opportunity to testify on this measure.

A BILL FOR AN ACT

RELATING TO WILDFIRES

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding a new ~~section to~~ part ~~±~~ to be appropriately
3 designated and to read as follows:

4 **PART . WILDFIRE MITIGATION & SECURITIZATION**

5 **§269-A Definitions.** As used in this part:

6 "Ancillary agreement" means a bond insurance policy, letter
7 of credit, reserve account, surety bond, swap arrangement,
8 hedging arrangement, liquidity or credit support arrangement, or
9 other similar agreement or arrangement entered into in
10 connection with the issuance of bonds that is designed to
11 promote the credit quality and marketability of the bonds or to
12 mitigate the risk of an increase in interest rates.

13 "Assignee" means a legally recognized entity to which an
14 electric utility assigns, sells, or transfers, other than as
15 security, all or a portion of the electric utility's interest in
16 or right to infrastructure resilience property. "Assignee"
17 includes a corporation, limited liability company, general
18 partnership or limited partnership, public authority, trust,

1 financing entity, or any other legal entity to which an assignee
2 assigns, sells, or transfers, other than as security, its
3 interest in or right to infrastructure resilience property.

4 "Bond" means any bond, note, certificate of participation
5 or beneficial interest, or other evidence of indebtedness or
6 ownership that is issued by the financing entity under a
7 financing order, the proceeds of which are used directly or
8 indirectly to recover, finance, or refinance financing costs of
9 any infrastructure resilience costs, and that are directly or
10 indirectly secured by or payable from infrastructure resilience
11 property.

12 "Commission" means the public utilities commission.

13 "Consumer" means any individual, governmental body, trust,
14 business entity, or nonprofit organization that consumes public
15 utility services.

16 "Electric cooperative" means a public utility that
17 satisfies the requirements under section 269-31(c).

18 "Electric cooperative wildfire claims costs" means costs
19 incurred by an electric cooperative to resolve third-party
20 liability claims arising from any wildfire occurring in the
21 State that are not covered by insurance and that the commission
22 finds to be just and reasonable. "Electric cooperative wildfire

1 claims costs" do not include costs incurred by an investor-owned
2 public utility.

3 "Electric utility" means a public utility that exists for
4 the furnishing of electrical power.

5 "Executive officer" means any person who performs policy
6 making functions and is employed by an electric utility subject
7 to the approval of the board of directors, and includes the
8 president, secretary, treasurer, and any vice president in
9 charge of a principal business unit, division, or function of
10 the electric utility.

11 "Financing costs" means the costs to issue, service, repay,
12 or refinance bonds, whether incurred or paid upon issuance of
13 the bonds or over the life of the bonds, if they are approved
14 for recovery by the commission in a financing order. "Financing
15 costs" may include any of the following:

16 (1) Principal, interest, and redemption premiums that are
17 payable on bonds;

18 (2) A payment required under an ancillary agreement;

19 (3) An amount required to fund or replenish reserve
20 accounts or other accounts established under an
21 indenture, ancillary agreement, or other financing
22 document related to the bonds;

1 (4) Taxes, franchise fees, or license fees imposed on a
2 financing entity as a result of the issuance of the
3 financing order; the assignment, sale, or transfer of
4 any infrastructure resilience property; or the sale of
5 the bonds, or imposed on the infrastructure resilience
6 charges, or otherwise resulting from the collection of
7 the infrastructure resilience charge, in any such case
8 whether paid, payable, or accrued;

9 (5) Costs related to issuing and servicing bonds or the
10 application for a financing order, including without
11 limitation servicing fees and expenses, trustee fees
12 and expenses, legal fees and expenses, accounting
13 fees, administrative fees, underwriting and placement
14 fees, financial advisory fees, original issue
15 discount, capitalized interest, rating agency fees,
16 and any other related costs that are approved for
17 recovery in the financing order; and

18 (6) Other costs as specifically authorized by a financing
19 order.

20 "Financing entity" means an electric utility or an entity
21 to which an electric utility or an affiliate of an electric
22 utility sells, assigns, or pledges all or a portion of the

1 electric utility's interest in infrastructure resilience
2 property, including an affiliate of the electric utility or any
3 unaffiliated entity, in each case as approved by the commission
4 in a financing order.

5 Subject to section 269-H, an entity to which an electric
6 utility sells, assigns, or pledges all or a portion of the
7 electric utility's interest in infrastructure resilience
8 property may include any governmental entity that is able to
9 issue bonds that are exempt from federal tax pursuant to section
10 103 of the Internal Revenue Code of 1986, as amended, including
11 the State or a political subdivision thereof or any department,
12 agency, or instrumentality of the State or political
13 subdivision; provided that the bonds issued shall not constitute
14 a general obligation of the State or any political subdivision
15 thereof or any department, agency, or instrumentality of the
16 State or political subdivision and shall not constitute a pledge
17 of the full faith and credit of the entity or of the State or
18 any political subdivision thereof, but shall be payable solely
19 from the funds provided under this part.

20 "Financing order" means an order of the commission under
21 this part that has become final and no longer subject to appeal
22 as provided by law and that authorizes the issuance of bonds and

1 the imposition, adjustment from time to time, and collection of
2 infrastructure resilience charges, and that shall include a
3 procedure to require the expeditious approval by the commission
4 of periodic adjustments to infrastructure resilience charges and
5 to any associated fixed recovery tax amounts included in that
6 financing order to ensure recovery of all infrastructure
7 resilience costs and the costs associated with the proposed
8 recovery, financing, or refinancing thereof, including the costs
9 of servicing and retiring the bonds contemplated by the
10 financing order.

11 "Financing party" means any holder of the bonds; any party
12 to or beneficiary of an ancillary agreement; and any trustee,
13 collateral agent, or other person acting for the benefit of any
14 of the foregoing.

15 "Fixed recovery tax amounts" means nonbypassable charges,
16 including but not limited to distribution, connection,
17 disconnection, and termination rates and charges, specifically
18 established to recover federal and state taxes associated with
19 infrastructure resilience charges authorized by the commission
20 in a financing order. These amounts differ from infrastructure
21 resilience charges as they exclusively address tax liabilities
22 and not bond repayments or direct wildfire mitigation costs.

1 "Infrastructure resilience charges" means the nonbypassable
2 charges, including but not limited to distribution, connection,
3 disconnection, and termination rates and charges, that are
4 authorized in a financing order authorized under this part to be
5 imposed on and collected from all existing and future consumers
6 of a financing entity or any successor to recover principal,
7 interest, and other financing costs relating to the bonds.

8 "Infrastructure resilience costs" means an electric
9 utility's costs to implement its wildfire mitigation plan and
10 other investments in infrastructure improvements, modernization,
11 and replacement needed to reduce wildfire risks and increase
12 reliability and resilience to natural disasters and weather-
13 related events, as approved by the commission.

14 "Infrastructure resilience property" means the property
15 right created pursuant to this part, including but not limited
16 to the right, title, and interest of an electric utility,
17 financing entity, or its assignee:

18 (1) In and to the infrastructure resilience charge
19 established pursuant to a financing order, including
20 the right to impose, bill, collect, and receive such
21 infrastructure resilience charges under the financing
22 order and all rights to obtain adjustments to the

1 infrastructure resilience charge in accordance with
2 section 269-E and the financing order; and

3 (2) To be paid the amount that is determined in a
4 financing order to be the amount that the electric
5 utility or its assignee is lawfully entitled to
6 receive pursuant to this part and the proceeds
7 thereof, and in and to all revenues, collections,
8 claims, payments, moneys, or proceeds of, or arising
9 from, the infrastructure resilience charge that is the
10 subject of a financing order.

11 "Infrastructure resilience property" does not include a
12 right to be paid fixed recovery tax amounts. "Infrastructure
13 resilience property" shall constitute a current property right,
14 notwithstanding the fact that the value of the property right
15 will depend on consumers using electric utility services or, in
16 those instances where consumers are customers of the electric
17 utility, the electric utility performing certain services.

18 "Investor-owned electric utility" means an electric utility
19 that is owned by shareholders and overseen by a board of
20 directors elected by shareholders.

21 "Public utility" has the same meaning as in section 269-1.

1 "True-up adjustment" means a formulaic adjustment to the
2 infrastructure resilience charges as they appear on consumer
3 bills that is necessary to correct for any overcollection or
4 undercollection of the infrastructure resilience charges
5 authorized by a financing order and to otherwise ensure the
6 timely and complete payment and recovery of infrastructure
7 resilience costs over the authorized repayment term.

8 "Wildfire mitigation plan" means a plan, which may include
9 a natural hazard mitigation report, in which an electric utility
10 addresses how the electric utility will mitigate the risk of
11 wildfires to its infrastructure, equipment, and customers.

12 **§269-B Wildfire mitigation plans.** (a) Each electric
13 utility shall have and operate in compliance with a risk-based
14 wildfire mitigation plan, which shall be filed with and
15 evaluated by the commission. The wildfire mitigation plan shall
16 be based on reasonable and prudent practices, and commission
17 standards adopted by rule or order. The electric utility shall
18 design the wildfire mitigation plan to protect public safety,
19 reduce risk to electric utility customers, and promote
20 resilience of the State's power grids to wildfire damage. Each
21 electric utility's wildfire mitigation plan shall, at a minimum:

22 (1) Identify each executive officer responsible for

- 1 executing the wildfire mitigation plan and the scope
2 of each executive officer's responsibilities;
- 3 (2) Describe the objectives of the wildfire mitigation
4 plan;
- 5 (3) Identify areas that are subject to a heightened risk
6 of wildfire and are within the right of way or legal
7 control or ownership of the electric utility;
- 8 (4) Identify a means for mitigating wildfire risk that
9 reflects a reasonable balancing of mitigation costs,
10 continuity of reliable service, and reduction of
11 wildfire risk;
- 12 (5) Identify preventive actions and programs that the
13 electric utility is carrying and shall carry out in
14 the future to minimize the risk of electric utility
15 facilities causing wildfires;
- 16 (6) Identify the metrics the electric utility intends to
17 use to evaluate the wildfire mitigation plan's
18 performance and the assumptions that underlie the use
19 of those metrics;
- 20 (7) Describe how the application of previously identified
21 metrics to evaluate previous wildfire mitigation plan
22 performance has informed the wildfire mitigation plan;

- 1 (8) After seeking information from state and local
2 entities, identify a protocol for the deenergizing of
3 power lines and adjusting of power system operations
4 to mitigate wildfires, promote the safety of the
5 public and first responders, and preserve health and
6 telecommunications infrastructure;
- 7 (9) Describe appropriate and feasible procedures for
8 notifying a customer who may be impacted by the
9 deenergizing of power lines. The procedures shall
10 consider the need to notify, as a priority, critical
11 first responders, health care facilities, operators of
12 wastewater and water delivery infrastructure, and
13 operators of telecommunications infrastructure;
- 14 (10) Describe the procedures, standards, and time frames
15 that the electric utility shall use to inspect
16 electric utility infrastructure in areas that the
17 electric utility identifies under paragraph (3),
18 including whether those procedures, standards, and
19 time frames are already set forth in the electric
20 utility's existing plans or protocols and in
21 coordination with any relevant entities;
- 22 (11) Describe the procedures, standards, and time frames

1 that the electric utility will use to carry out
2 vegetation management in areas that the electric
3 utility identifies under paragraph (3), including
4 whether those procedures, standards, and time frames
5 are already set forth in the electric utility's
6 existing plans or protocols and in coordination with
7 any relevant entities;

8 (12) Include a list that identifies, describes, and
9 prioritizes wildfire risks, and drivers for those
10 risks, throughout the electric utility's service
11 territory, including all relevant risk and risk
12 mitigation information as may be required by guidance
13 or rules adopted by the commission;

14 (13) Describe how the wildfire mitigation plan accounts
15 for risks the electric utility identifies under
16 paragraph (12);

17 (14) Include a showing that the electric utility has an
18 adequately sized and trained workforce to promptly
19 restore service after a wildfire, taking into account
20 employees of other utilities pursuant to mutual aid
21 agreements and employees of entities that have entered
22 into contracts with the electric utility;

- 1 (15) Identify the estimated development, implementation,
2 and administration costs for the wildfire mitigation
3 plan, including a breakdown by year and cost category;
- 4 (16) Identify the timelines, as applicable, for
5 development, implementation, and administration of any
6 aspects of the wildfire mitigation plan;
- 7 (17) Describe how the wildfire mitigation plan is
8 consistent with the electric utility's other hazard
9 mitigation and emergency preparedness plans, including
10 the following:
- 11 (a) Plans to prepare for and restore service after a
12 wildfire, including but not limited to workforce
13 mobilization and prepositioning equipment and
14 employees; and
- 15 (b) Plans for community outreach and public awareness
16 efforts that the electric utility will use
17 before, during, and after a wildfire;
- 18 (18) Identify specific measures to lessen the impact of
19 reliability disruptions caused by wildfire mitigation,
20 especially relating to low-to-moderate income
21 customers, customers with special medical needs,

1 kupuna, public safety partners, and critical
2 facilities;

3 (19) Describe the processes and procedures that the
4 electric utility will use to perform all of the
5 following:

6 (a) Monitor and audit the implementation of the
7 wildfire mitigation plan;

8 (b) Monitor the progress and adherence to the
9 wildfire mitigation plan, including its
10 implementation, and identify areas for
11 improvement; and

12 (c) Monitor and audit the effectiveness of electrical
13 line and equipment inspections, including
14 inspections performed by contractors, carried out
15 under the wildfire mitigation plan and other
16 applicable laws or regulations;

17 (20) Demonstrate elements of data governance, including
18 enterprise systems, as may be required by guidance or
19 rules adopted by the commission; and

20 (21) Other information as required by the commission.

1 (b) Each electric utility shall regularly update its
2 wildfire mitigation plan on a schedule determined by the
3 commission.

4 (c) The commission shall evaluate each electric utility's
5 wildfire mitigation plan and plan updates through a public
6 process.

7 (d) No more than ninety days after the last party filing
8 in the docket or non-docketed case related to the commission's
9 evaluation of a wildfire mitigation plan or plan update from an
10 electric utility, the commission shall approve, accept, or
11 reject the wildfire mitigation plan or plan update if the
12 commission finds that the wildfire mitigation plan or plan
13 update is based on reasonable and prudent practices and designed
14 to meet all applicable rules and standards adopted by the
15 commission. The commission may, in approving or accepting the
16 wildfire mitigation plan or plan update with conditions, direct
17 the electric utility to make modifications to the wildfire
18 mitigation plan or plan update that the commission believes
19 represent a reasonable balancing of mitigation costs with the
20 resulting reduction of wildfire risk based on the information
21 provided by the electric utility and based on best practices.
22 The commission shall issue a decision explaining any such

1 directed modifications at the time the commission approves or
2 accepts the wildfire mitigation plan or plan update. Such
3 decision shall include a determination of the reasonable costs
4 to develop, implement and administer the wildfire mitigation
5 plan or plan update.

6 (e) The electric utility shall track the costs that it
7 actually incurs to develop, implement, and administer the
8 wildfire mitigation plan. In the electric utility's wildfire
9 mitigation plan update, the electric utility shall report on the
10 costs as actually incurred for the most recent past period for
11 which the information is available.

12 If the actual costs are less than the amounts that the
13 commission determined were reasonable in its decision under
14 subsection (d), the commission shall direct the electric utility
15 to refund or credit the costs to ratepayers.

16 If the actual costs are equal to or greater than the
17 amounts that the commission determined were reasonable in its
18 decision under subsection (d), the commission shall not direct
19 the electric utility to refund to ratepayers the amount the
20 commission previously determined was reasonable but may disallow
21 the recovery from ratepayers of any additional costs the
22 commission finds unreasonable.

1 (f) The commission shall, as appropriate, adopt rules or
2 issue orders for the implementation of this section. The rules
3 or orders may include but need not be limited to procedures and
4 standards regarding data governance, risk-based decision-making,
5 vegetation management, public power safety shutoffs and
6 restorations, pole materials, circuitry, and monitoring systems.

7 **§269-C Penalties.** (a) In addition to any other
8 penalties provided by law, a failure by an electric utility to
9 comply with an approved or accepted wildfire mitigation plan or
10 part of an approved or accepted wildfire mitigation plan shall
11 be subject to a civil penalty, as determined by the commission.
12 Imposition of penalties pursuant to this section shall otherwise
13 be in accordance with section 269-28 and all applicable
14 administrative rules. All moneys collected under this section
15 shall be deposited into the public utilities commission special
16 fund.

17 (b) Any determination by the commission that the electric
18 utility materially failed to comply with an approved or accepted
19 wildfire mitigation plan or part of an approved or accepted
20 wildfire mitigation plan, and any imposition of a civil penalty,
21 will be inadmissible in any lawsuit or other action against the
22 electric utility seeking compensation for the alleged death of

1 or injury to persons, or property damage. In any action seeking
2 to hold an electric utility civilly liable for the death of or
3 injury to persons, or property damage, no inference of liability
4 may be drawn solely based on a failure by the electric utility
5 to adhere to the requirements of an approved or accepted
6 wildfire mitigation plan.

7 **§269-D Applications to issue bonds and authorize**

8 **infrastructure resilience charges.** (a) An electric utility may
9 apply to the commission for one or more financing orders to
10 issue bonds to recover any infrastructure resilience costs, each
11 of which authorizes the following:

12 (1) The imposition, charging, and collection of an
13 infrastructure resilience charge, to become effective
14 upon the issuance of the bonds, and an adjustment of
15 any such infrastructure resilience charge in
16 accordance with a true-up adjustment mechanism under
17 this part in amounts sufficient to pay the principal
18 and interest on the bonds and all other associated
19 financing costs on a timely basis;

20 (2) The creation of infrastructure resilience property
21 under the financing order; and

22 (3) The imposition, charging, and collection of fixed

1 recovery tax amounts to recover any portion of the
2 electric utility's federal and state taxes associated
3 with those infrastructure resilience charges and not
4 financed from the proceeds of bonds.

5 (b) The application shall include all of the following:

6 (1) The infrastructure resilience costs to be financed
7 through the issuance of bonds;

8 (2) The principal amount of the bonds proposed to be
9 issued and the selection of a financing entity;

10 (3) An estimate of the date on which each series of bonds
11 is expected to be issued;

12 (4) The scheduled final payment date, which shall not
13 exceed thirty years, and a legal final maturity date,
14 which may be longer, subject to rating agency and
15 market considerations, during which term the
16 infrastructure resilience charge associated with the
17 issuance of each series of bonds is expected to be
18 imposed and collected;

19 (5) An estimate of the financing costs associated with the
20 issuance of each series of bonds;

21 (6) An estimate of the amount of the infrastructure
22 resilience charge revenues necessary to pay principal

1 and interest on the bonds and all other associated
2 financing costs as set forth in the application and
3 calculation for that estimate;

4 (7) A proposed design of the infrastructure resilience
5 charge and a proposed methodology for allocating the
6 infrastructure resilience charge among customer
7 classes within the electric utility's service
8 territory;

9 (8) A description of the financing entity selected by the
10 electric utility;

11 (9) A description of a proposed true-up adjustment
12 mechanism for the adjustment of the infrastructure
13 resilience charge to correct for any overcollection or
14 undercollection of the infrastructure resilience
15 charge, and to otherwise ensure the timely payment of
16 principal and interest on the bonds and all other
17 associated financing costs; and

18 (10) Any other information required by the commission.

19 (c) An electric utility may file an application for a
20 financing order, or as a joint applicant with one or more
21 affiliate electric utilities, to issue bonds to recover

1 infrastructure resilience costs. The application shall include
2 a description of:

3 (1) How the infrastructure resilience charges will be
4 allocated among the applicant electric utilities in a
5 manner that is equitable and that need not correspond
6 to the incurrence of infrastructure resilience costs
7 by each electric utility; and

8 (2) Whether and how the consumers of any of the applicant
9 electric utilities will be responsible for the payment
10 of infrastructure resilience charges allocated to
11 consumers of affiliate electric utilities.

12 In the alternative, an electric utility may apply for a
13 financing order to issue bonds to recover infrastructure
14 resilience costs, including infrastructure resilience costs
15 incurred, or to be incurred, by the applicant and one or more of
16 its affiliate electric utilities. In connection with the
17 issuance of a financing order pursuant to this subsection, the
18 commission shall issue a concurrent order to the affiliate
19 electric utility or electric utilities directing the affiliate
20 electric utility or electric utilities to impose rates on its or
21 their consumers designed to generate revenue sufficient to pay
22 credits over the life of the bonds to the applicant electric

1 utility in the amount as the commission determines is equitable,
2 just, and reasonable. The application shall describe the
3 allocation method and adjustment mechanism for the affiliate
4 electric utility credit payments proposed to be subject to the
5 concurrent commission order.

6 (d) The commission shall issue an approval or denial of
7 any application for a financing order filed pursuant to this
8 section within ninety days of the last filing in the applicable
9 docket but no later than one year after the application is
10 filed.

11 (e) In exercising its duties under this section, the
12 commission shall consider:

13 (1) Whether the recovery of costs is consistent with the
14 public interest;

15 (2) Whether the structuring, marketing, and pricing of the
16 bonds are expected to result in the lowest
17 infrastructure resilience charges consistent with
18 market conditions at the time at which the bonds are
19 priced and the terms of the financing order;

20 (3) Whether the terms and conditions of any bonds to be
21 issued are just and reasonable;

- 1 (4) With respect to an application by an investor-owned
2 electric utility, whether the recovery of
3 infrastructure resilience costs through the
4 designation of the infrastructure resilience charges
5 and any associated fixed recovery tax amounts, and the
6 issuance of bonds in connection with the
7 infrastructure resilience charges, would result in net
8 savings or mitigate rate impacts to consumers, as
9 compared to rate recovery without securitization; and
10 (5) Any other factors that the commission deems reasonable
11 and in the public interest.

12 If the commission makes the determination specified in this
13 section, the commission shall establish, as part of the
14 financing order, a procedure for the electric utility to submit
15 applications from time to time to request the issuance of
16 additional financing orders designating infrastructure
17 resilience charges and any associated fixed recovery tax amounts
18 as recoverable.

19 An electric utility may include in its application for a
20 financing order a request for authorization to sell, transfer,
21 assign, or pledge infrastructure resilience property to a
22 governmental entity if the electric utility expects bonds issued

1 by a governmental entity to result in a more cost-efficient
2 means, taking into account all financing costs related to the
3 bonds, than using another financing entity to issue bonds to
4 finance the same infrastructure resilience costs, taking into
5 account the costs of issuing the other financing entity's bonds.

6 (f) Infrastructure resilience charges and any associated
7 fixed recovery tax amounts shall be imposed only on existing and
8 future consumers in the utility service territory. Consumers
9 within the utility service territory of the electric utility
10 that are subject to the financing order shall continue to pay
11 infrastructure resilience charges and any associated fixed
12 recovery tax amounts until the bonds and associated financing
13 costs are paid in full by the financing entity.

14 **§269-E Infrastructure resilience financing order.** (a) A
15 financing order shall remain in effect until the bonds issued
16 under the financing order and all financing costs related to the
17 bonds have been paid in full or defeased by their terms.

18 A financing order shall remain in effect and unabated
19 notwithstanding the bankruptcy, reorganization, or insolvency of
20 the electric utility or the commencement of any judicial or
21 nonjudicial proceeding on the financing order.

1 (b) Notwithstanding any other law to the contrary, with
2 respect to infrastructure resilience property that has been made
3 the basis for the issuance of bonds and with respect to any
4 associated fixed recovery tax amounts, the financing order, the
5 infrastructure resilience charges, and any associated fixed
6 recovery tax amounts shall be irrevocable. The State and its
7 agencies, including the commission, pledge and agree with
8 bondholders, the owners and assignees of the infrastructure
9 resilience property, and other financing parties that the State
10 and its agencies shall not take any action listed in this
11 subsection. This subsection shall not preclude an action if the
12 action would not adversely affect the interests of the electric
13 utility and of assignees of the infrastructure resilience
14 property. The prohibited actions shall be the following:

15 (1) Alter the provisions of this part, which authorize the
16 commission to create an irrevocable contract right or
17 choice in action by the issuance of a financing order,
18 to create infrastructure resilience property and make
19 the infrastructure resilience charges imposed by a
20 financing order irrevocable, binding, nonbypassable
21 charges for all existing and future consumers;

1 (2) Take or permit any action that impairs or would impair
2 the value of infrastructure resilience property or the
3 security for the bonds or revise the infrastructure
4 resilience costs for which recovery is authorized;

5 (3) In any way impair the rights and remedies of the
6 bondholders, assignees, and other financing parties;
7 and

8 (4) Except for changes made pursuant to the true-up
9 adjustment authorized under subsection (d), reduce,
10 alter, or impair infrastructure resilience charges
11 that are to be imposed, billed, charged, collected,
12 and remitted for the benefit of the bondholders, any
13 assignee, and any other financing parties until any
14 and all principal, interest, premium, financing costs,
15 and other fees, expenses, or charges incurred, and any
16 contracts to be performed, in connection with the
17 related bonds have been paid and performed in full.

18 The financing entity may include this pledge in the bonds.

19 (c) Under a financing order, the electric utility shall
20 retain sole discretion to select the financing entity and to
21 cause bonds to be issued, including the right to defer or

1 postpone the issuance, assignment, sale, or transfer of
2 infrastructure resilience property.

3 (d) The commission may create, pursuant to an application
4 from an electric utility, a nonbypassable charge referred to as
5 an infrastructure resilience charge, which shall be applied to
6 recover principal, interest, and other financing costs relating
7 to the bonds. The infrastructure resilience charge shall be a
8 dedicated, discrete tariff rider.

9 The commission, in any financing order, shall establish a
10 procedure for periodic true-up adjustments to infrastructure
11 resilience charges, which shall be made at least annually and
12 may be made more frequently. Within thirty days after receiving
13 an electric utility's filing of a true-up adjustment, the
14 commission's review of the filing shall be limited to
15 mathematical or clerical errors as determined in accordance with
16 any true-up adjustment formulas set forth in the applicable
17 financing order.

18 The commission shall either approve the filing or inform
19 the electric utility of any mathematical or clerical errors in
20 its calculation. If the commission informs the electric utility
21 of mathematical or clerical errors in its calculation, the
22 electric utility shall correct its error and refile its true-up

1 adjustment. The timeframes previously described in this
2 subsection shall apply to a refiled true-up adjustment.

3 (e) Neither financing orders nor bonds issued under this
4 part shall constitute a general obligation of the State or any
5 of its political subdivisions, nor shall they constitute a
6 pledge of the full faith and credit of the State or any of its
7 political subdivisions, but shall be payable solely from the
8 infrastructure resilience property provided under this part.

9 All bonds shall contain on the face thereof a statement to
10 the following effect: "Neither the full faith and credit nor
11 the taxing power of the State of Hawaii is pledged to the
12 payment of the principal of, or interest and premium on, this
13 bond."

14 The issuance of bonds under this part shall not directly,
15 indirectly, or contingently obligate the State or any of its
16 political subdivisions to levy or pledge any form of taxation or
17 make any appropriation for their payment.

18 (f) Infrastructure resilience charges are infrastructure
19 resilience property when, and to the extent that, a financing
20 order authorizing the infrastructure resilience charges has
21 become effective in accordance with this part, and the
22 infrastructure resilience property shall thereafter continuously

1 exist as property for all purposes, and all of the rights and
2 privileges relating to that property shall continuously exist
3 for the period and to the extent provided in the financing
4 order, but in any event until the bonds, including all
5 principal; premiums, if any; interest with respect to the bonds;
6 and all other financing costs are paid in full. A financing
7 order may provide that the creation of infrastructure resilience
8 property shall be simultaneous with the sale of the
9 infrastructure resilience property to an assignee as provided in
10 the application of the pledge of the infrastructure resilience
11 property to secure the bonds.

12 (g) Any successor to a financing entity shall be bound by
13 the requirements of this part and shall perform and satisfy all
14 obligations of and have the same rights under a financing order
15 as, and to the same extent as, the financing entity.

16 (h) No electric utility approved for a financing order
17 shall increase compensation for its executive officers unless
18 the utility's wildfire mitigation plan compliance reports have
19 been approved by the commission for five consecutive years;
20 provided that the commission may consider an alternative
21 symmetric performance incentive mechanism, if the commission
22 deems appropriate. For the purposes of this subsection,

1 "wildfire mitigation plan" has the same meaning as in section
2 269-A.

3 **§269-F Bonds; issuance; infrastructure resilience property**
4 **interests.** (a) The electric utility may sell and assign all or
5 portions of its interest in infrastructure resilience property
6 to one or more financing entities that make that infrastructure
7 resilience property the basis for issuance of bonds, to the
8 extent approved in a financing order. The electric utility or
9 financing entity may pledge infrastructure resilience property
10 as collateral, directly or indirectly, for bonds to the extent
11 approved in the pertinent financing orders providing for a
12 security interest in the infrastructure resilience property, in
13 the manner set forth in this section. In addition,
14 infrastructure resilience property may be sold or assigned by
15 either of the following:

16 (1) The financing entity or a trustee for the holders of
17 bonds or the holders of an ancillary agreement in
18 connection with the exercise of remedies upon a
19 default under the terms of the bonds; or

20 (2) Any person acquiring the infrastructure resilience
21 property after a sale or assignment pursuant to this
22 part.

1 (b) To the extent that any interest in infrastructure
2 resilience property is sold, assigned, or is pledged as
3 collateral pursuant to subsection (a), the commission may
4 authorize the electric utility to contract with the financing
5 entity or its assignees that the electric utility will:

6 (1) Continue to operate its system to provide service to
7 consumers within its service territory;

8 (2) Collect amounts in respect of the infrastructure
9 resilience charges for the benefit and account of the
10 financing entity or its assignees; and

11 (3) Account for and remit these amounts to or for the
12 account of the financing entity or its assignees.

13 Contracting with the financing entity or its assignees
14 in accordance with that authorization shall not impair
15 or negate the characterization of the sale,
16 assignment, or pledge as an absolute transfer, a true
17 sale, or a security interest, as applicable. To the
18 extent that billing, collection, and other related
19 services with respect to the provision of the electric
20 utility's services are provided to a consumer by any
21 person or entity other than the electric utility in
22 whose service territory the consumer is located, that

1 person or entity shall collect the infrastructure
2 resilience charges and any associated fixed recovery
3 tax amounts from the consumer for the benefit and
4 account of the electric utility, financing entity, or
5 assignees with the associated revenues remitted solely
6 for the person's benefit as a condition to the
7 provision of electric utility service to that
8 consumer.

9 Each financing order shall impose terms and conditions,
10 consistent with the purposes and objectives of this part, on any
11 person or entity responsible for billing, collection, and other
12 related services, including but not limited to collection of the
13 infrastructure resilience charges and any associated fixed
14 recovery tax amounts, that are the subject of the financing
15 order.

16 (c) The financing entity may issue bonds upon approval by
17 the commission in a financing order. Bonds shall be nonrecourse
18 to the credit or any assets of the electric utility, other than
19 the infrastructure resilience property as specified in that
20 financing order.

21 (d) Infrastructure resilience property that is specified
22 in a financing order shall constitute an existing, present

1 property right, notwithstanding the fact that the imposition and
2 collection of infrastructure resilience charges depend on the
3 electric utility's continuing to provide services or continuing
4 to perform its servicing functions relating to the collection of
5 infrastructure resilience charges or on the level of future
6 service consumption, such as consumption of an electric utility
7 service. Infrastructure resilience property shall exist whether
8 or not the infrastructure resilience charges have been billed,
9 have accrued, or have been collected, and notwithstanding the
10 fact that the value for a security interest in the
11 infrastructure resilience property, or amount of the
12 infrastructure resilience property, is dependent on the future
13 provision of service to consumers. All infrastructure
14 resilience property specified in a financing order shall
15 continue to exist until the bonds issued pursuant to a financing
16 order and all associated financing costs are paid in full.

17 (e) Infrastructure resilience property; infrastructure
18 resilience charges; and the interests of an assignee,
19 bondholder, or financing entity, or any pledgee in
20 infrastructure resilience property and infrastructure resilience
21 charges shall not be subject to setoff, counterclaim, surcharge,
22 recoupment, or defense by the electric utility or any other

1 person or in connection with the bankruptcy, reorganization, or
2 other insolvency proceeding of the electric utility, any
3 affiliate of the electric utility, or any other entity.

4 (f) Notwithstanding any law to the contrary, any
5 requirement under this part or a financing order that the
6 commission acts upon shall be binding upon the commission, as it
7 may be constituted from time to time, and any successor agency
8 exercising functions similar to the commission, and the
9 commission shall have no authority to rescind, alter, or amend
10 that requirement in a financing order.

11 **§269-G Infrastructure resilience charge.** (a) The
12 infrastructure resilience charge created pursuant to a financing
13 order approved pursuant to section 269-D shall be a
14 nonbypassable charge of a financing entity that shall be applied
15 to the repayment of bonds and related financing costs as
16 described in this part. The infrastructure resilience charge
17 and any associated fixed recovery tax amounts may be a usage-
18 based charge, a flat user charge, or a charge based upon
19 customer revenues as determined by the commission for each
20 consumer class in any financing order.

21 (b) As long as any bonds are outstanding and any financing
22 costs have not been paid in full, any infrastructure resilience

1 charge and any associated fixed recovery tax amounts authorized
2 under a financing order shall be nonbypassable. Subject to any
3 exceptions provided in a financing order, an infrastructure
4 resilience charge and any associated fixed recovery tax amounts
5 shall be paid by all existing and future consumers within the
6 utility service territory.

7 (c) The infrastructure resilience charge shall be
8 collected by an electric utility or its successors, in
9 accordance with section 269-J(a), in full through a charge that
10 is separate and apart from the electric utility's rates.

11 (d) An electric utility may exercise the same rights and
12 remedies under its tariff and applicable law and regulation
13 based on a consumer's nonpayment of the infrastructure
14 resilience charge as it could for a consumer's failure to pay
15 any other charge payable to that electric utility.

16 **§269-H Security interests in infrastructure resilience**
17 **property; financing statements.** (a) A security interest in
18 infrastructure resilience property is valid and enforceable
19 against the pledgor and third parties, subject to the rights of
20 any third parties holding security interests in the
21 infrastructure resilience property perfected in the manner

1 described in this section, and attaches when all of the
2 following have occurred:

3 (1) The commission has issued a financing order
4 authorizing the infrastructure resilience charge to be
5 included in the infrastructure resilience property;

6 (2) Value has been given by the pledgees of the
7 infrastructure resilience property; and

8 (3) The pledgor has signed a security agreement covering
9 the infrastructure resilience property.

10 (b) A valid and enforceable security interest in
11 infrastructure resilience property is perfected when it has
12 attached and when a financing statement has been filed with the
13 bureau of conveyances naming the pledgor of the infrastructure
14 resilience property as "debtor" and identifying the
15 infrastructure resilience property.

16 Any description of the infrastructure resilience property
17 shall be sufficient if it refers to the financing order creating
18 the infrastructure resilience property. A copy of the financing
19 statement shall be filed with the commission by the electric
20 utility that is the pledgor or transferor of the infrastructure
21 resilience property. The commission may require the electric
22 utility to make other filings with respect to the security

1 interest in accordance with procedures that the commission may
2 establish; provided that the filings shall not affect the
3 perfection of the security interest.

4 (c) A perfected security interest in infrastructure
5 resilience property shall be a continuously perfected security
6 interest in all infrastructure resilience property revenues and
7 proceeds arising with respect thereto, whether or not the
8 revenues or proceeds have accrued. Conflicting security
9 interests shall rank according to priority in time of
10 perfection. Infrastructure resilience property shall constitute
11 property for all purposes, including for contracts securing
12 bonds, whether or not the infrastructure resilience property
13 revenues and proceeds have accrued.

14 (d) Subject to the terms of the security agreement
15 covering the infrastructure resilience property and the rights
16 of any third parties holding security interests in the
17 infrastructure resilience property, perfected in the manner
18 described in this section, the validity and relative priority of
19 a security interest created under this section shall not be
20 defeated or adversely affected by the commingling of revenues
21 arising with respect to the infrastructure resilience property
22 with other funds of the electric utility that is the pledgor or

1 transferor of the infrastructure resilience property, or by any
2 security interest in a deposit account of that electric utility
3 perfected under article 9 of chapter 490, into which the
4 revenues are deposited.

5 Subject to the terms of the security agreement, upon
6 compliance with the requirements of section 490:9-312(b)(1), the
7 pledgees of the infrastructure resilience property shall have a
8 perfected security interest in all cash and deposit accounts of
9 the electric utility in which infrastructure resilience property
10 revenues have been commingled with other funds.

11 (e) If default occurs under the security agreement
12 covering the infrastructure resilience property, the pledgees of
13 the infrastructure resilience property, subject to the terms of
14 the security agreement, shall have all rights and remedies of a
15 secured party upon default under article 9 of chapter 490 and
16 shall be entitled to foreclose or otherwise enforce their
17 security interest in the infrastructure resilience property,
18 subject to the rights of any third parties holding prior
19 security interests in the infrastructure resilience property
20 perfected in the manner provided in this section.

21 In addition, the commission may require in the financing
22 order creating the infrastructure resilience property that in

1 the event of default by the electric utility in payment of
2 infrastructure resilience property revenues, the commission and
3 any successor thereto, upon the application by the pledgees or
4 assignees, including assignees under section 269-F of the
5 infrastructure resilience property, and without limiting any
6 other remedies available to the pledgees or assignees by reason
7 of the default, shall order the sequestration and payment to the
8 pledgees or assignees of infrastructure resilience property
9 revenues. Any financing order shall remain in full force and
10 effect notwithstanding any bankruptcy, reorganization, or other
11 insolvency proceedings with respect to the debtor, pledgor, or
12 transferor of the infrastructure resilience property. Any
13 surplus in excess of amounts necessary to pay principal;
14 premiums, if any; interest, costs, and arrearages on the bonds;
15 and associated financing costs arising under the security
16 agreement, shall be remitted to the debtor, pledgor, or
17 transferor, for the purpose of remitting such amounts to
18 customers via the electric utility.

19 (f) Sections 490:9-204 and 490:9-205 shall apply to a
20 pledge of infrastructure resilience property by the electric
21 utility, an affiliate of the electric utility, or a financing
22 entity.

1 §269-I Transfers of infrastructure resilience property.

2 (a) A transfer or assignment of infrastructure resilience
3 property by the electric utility to an assignee or to a
4 financing entity, or by an assignee of the electric utility or a
5 financing entity to another financing entity, which the parties
6 in the governing documentation have expressly stated to be a
7 sale or other absolute transfer, in a transaction approved in a
8 financing order, shall be treated as an absolute transfer of all
9 of the transferor's right, title, and interest, as in a true
10 sale, and not as a pledge or other financing, of the
11 infrastructure resilience property, other than for federal and
12 state income and franchise tax purposes.

13 (b) The characterization of the sale, assignment, or
14 transfer as an absolute transfer and true sale and the
15 corresponding characterization of the property interest of the
16 assignee shall not be affected or impaired by, among other
17 things, the occurrence of any of the following:

18 (1) Commingling of infrastructure resilience charge
19 revenues with other amounts;

20 (2) The retention by the seller of either of the
21 following:

1 (A) A partial or residual interest, including an
2 equity interest, in the financing entity or the
3 infrastructure resilience property, whether
4 direct or indirect, subordinate or otherwise; or

5 (B) The right to recover costs associated with taxes,
6 franchise fees, or license fees imposed on the
7 collection of infrastructure resilience charge;

8 (3) Any recourse that an assignee may have against the
9 seller;

10 (4) Any indemnification rights, obligations, or repurchase
11 rights made or provided by the seller;

12 (5) The obligation of the seller to collect infrastructure
13 resilience charges on behalf of an assignee;

14 (6) The treatment of the sale, assignment, or transfer for
15 tax, financial reporting, or other purpose; or

16 (7) Any true-up adjustment of the infrastructure
17 resilience charge as provided in the financing order.

18 (c) A transfer of infrastructure resilience property shall
19 be deemed perfected against third parties when:

20 (1) The commission issues the financing order authorizing
21 the infrastructure resilience charge included in the
22 infrastructure resilience property; and

1 (2) An assignment of the infrastructure resilience

2 property in writing has been executed and delivered to

3 the assignee.

4 (d) As between bona fide assignees of the same right for

5 value without notice, the assignee first filing a financing

6 statement with the bureau of conveyances in accordance with part

7 5 of article 9 of chapter 490, naming the assignor of the

8 infrastructure resilience property as debtor and identifying the

9 infrastructure resilience property, shall have priority. Any

10 description of the infrastructure resilience property shall be

11 sufficient if it refers to the financing order creating the

12 infrastructure resilience property. A copy of the financing

13 statement shall be filed by the assignee with the commission,

14 and the commission may require the assignor or the assignee to

15 make other filings with respect to the transfer in accordance

16 with procedures the commission may establish; provided that

17 these filings shall not affect the perfection of the transfer.

18 **§269-J Financing entity successor requirements; default of**

19 **financing entity.** (a) Any successor to an electric utility

20 subject to a financing order, whether pursuant to any

21 bankruptcy, reorganization, or other insolvency proceeding, or

22 pursuant to any merger, sale, or transfer, by operation of law,

1 or otherwise, shall be bound by the requirements of this part.
2 The successor of the electric utility shall perform and satisfy
3 all obligations of the electric utility under the financing
4 order in the same manner and to the same extent as the electric
5 utility, including the obligation to collect and pay the
6 infrastructure resilience charge to any financing party as
7 required by a financing order or any assignee. Any successor to
8 the electric utility shall be entitled to receive any fixed
9 recovery tax amounts otherwise payable to the electric utility.

10 (b) The commission may require in a financing order that,
11 if a default by the electric utility in remittance of the
12 infrastructure resilience charge collected arising with respect
13 to infrastructure resilience property occurs, the commission,
14 without limiting any other remedies available to any financing
15 party by reason of the default, shall order the sequestration
16 and payment to the beneficiaries of the infrastructure
17 resilience charge collected arising with respect to the
18 infrastructure resilience property. Any order shall remain in
19 full force and effect notwithstanding any bankruptcy,
20 reorganization, or other insolvency proceedings with respect to
21 the electric utility.

1 §269-K Severability. If any provision of this part is held
2 to be invalid or is superseded, replaced, repealed, or expires
3 for any reason:

4 (1) That occurrence shall not affect any action allowed
5 under this part that is taken prior to that occurrence
6 by the commission, a financing entity, a bondholder,
7 or any financing party, and any such action shall
8 remain in full force and effect; and

9 (2) The validity and enforceability of the rest of this
10 part shall remain unaffected."

11 ~~"§269— Electric cooperative cost recovery for wildfire~~
12 ~~mitigation, repair, and restoration costs.~~ (a) ~~An electric~~
13 ~~cooperative may recover commission-approved wildfire mitigation,~~
14 ~~repair, and restoration costs through an automatic rate~~
15 ~~adjustment clause or other tariff recovery mechanism to be~~
16 ~~established by the commission.~~

17 ~~(b) For purposes of this section, "electric cooperative"~~
18 ~~means a public utility that satisfies the requirements under~~
19 ~~section 269-31(c)."~~

20 SECTION 2. Chapter 663, Hawaii Revised Statutes, is
21 amended by adding a new section to be appropriately designated
22 and to read as follows:

1 "§663- Limitation on aggregate liability. (a) The
2 aggregate liability of a public utility for qualifying damages
3 arising from a covered catastrophic wildfire shall not exceed
4 the lesser of:

5 (1) \$1,000,000,000;

6 (2) The average assessed value of commercial structures
7 and residential structures designed for habitation in
8 the county in which the covered catastrophic wildfire
9 occurred, multiplied by the number of commercial
10 structures or residential structures designed for
11 habitation that were destroyed, plus the value of
12 personal property lost; or

13 (3) The aggregate assessed replacement value of commercial
14 structures and residential structures designed for
15 habitation in the county in which the covered
16 catastrophic wildfire occurred, plus the value of
17 personal property lost.

18 (b) All civil actions arising out of a catastrophic
19 wildfire shall be brought in the circuit in which the
20 catastrophic wildfire occurred. The court shall adopt
21 procedures to equitably apply the limit set forth in subsection
22 (a) to all filed civil claims. All settlements or judgments for

1 claims for qualifying damages shall be subject to approval by
2 the court. The court shall not approve any settlement or
3 judgment that would cause the aggregate liability of public
4 utilities to exceed the aggregate liability limit.

5 (c) A court may consolidate cases arising from a covered
6 catastrophic wildfire. Any circuit court that is not the
7 consolidating court shall transfer any civil case to facilitate
8 the consolidation.

9 (d) For the purposes of this section:

10 "Catastrophic wildfire" means a wildfire occurring in the
11 State on or after the effective date of this Act that destroys
12 more than five hundred commercial structures or residential
13 structures designed for habitation.

14 "Covered catastrophic wildfire" means a catastrophic
15 wildfire that may have been caused, or whose severity may have
16 been increased, by a public utility's facilities or actions.

17 "Public utility" has the same meaning as in section 269-1.

18 "Qualifying damages" means economic damages arising out of
19 the loss of or damage to real or personal property from a
20 covered catastrophic wildfire."

21 **PART II**

22

1 ~~SECTION 3. The Hawaii Revised Statutes is amended by~~
2 ~~adding a new chapter to be appropriately designated and to read~~
3 ~~as follows:~~

4 SECTION 3. Section 269-17, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§269-17 Issuance of securities. A public utility
7 corporation may, on securing the prior approval of the public
8 utilities commission, and not otherwise, except as provided in
9 section 269-D, issue stocks and stock certificates, bonds,
10 notes, and other evidences of indebtedness, payable at periods
11 of more than twelve months after the date thereof, for the
12 following purposes and no other, namely: for the acquisition of
13 property or for the construction, completion, extension, or
14 improvement of or addition to its facilities or service, or for
15 the discharge or lawful refunding of its obligations or for the
16 reimbursement of moneys actually expended from income or from
17 any other moneys in its treasury not secured by or obtained from
18 the issue of its stocks or stock certificates, or bonds, notes,
19 or other evidences of indebtedness, for any of the aforesaid
20 purposes except maintenance of service, replacements, and
21 substitutions not constituting capital expenditure in cases
22 where the corporation has kept its accounts for [such]

1 expenditures in [such] a manner [as to enable] that enables the
2 commission to ascertain the amount of moneys so expended and the
3 purposes for which the expenditures were made, and the sources
4 of the funds in its treasury applied to the expenditures. As
5 used [herein,] in this section, "property" and "facilities" [,]
6 mean property and facilities used in all operations of a public
7 utility corporation whether or not included in its public
8 utility operations or rate base. A public utility corporation
9 may not issue securities to acquire property or to construct,
10 complete, extend or improve or add to its facilities or service
11 if the commission determines that the proposed purpose will have
12 a material adverse effect on its public utility operations.

13 **"CHAPTER**

14 **SECURITIZATION**

15 ~~§ —1 Definitions. As used in this chapter, unless the~~
16 ~~context otherwise requires:~~

17 ~~"Ancillary agreement" means a bond insurance policy, letter~~
18 ~~of credit, reserve account, surety bond, swap arrangement,~~
19 ~~hedging arrangement, liquidity or credit support arrangement, or~~
20 ~~other similar agreement or arrangement entered into in~~
21 ~~connection with the issuance of bonds that is designed to~~

1 ~~promote the credit quality and marketability of the bonds or to~~
2 ~~mitigate the risk of an increase in interest rates.~~

3 ~~"Assignee" means a legally recognized entity to which a~~
4 ~~public utility assigns, sells, or transfers, other than as~~
5 ~~security, all or a portion of the public utility's interest in~~
6 ~~or right to infrastructure resilience property. "Assignee"~~
7 ~~includes a corporation, limited liability company, general~~
8 ~~partnership or limited partnership, public authority, trust,~~
9 ~~financing entity, or any other legal entity to which an assignee~~
10 ~~assigns, sells, or transfers, other than as security, its~~
11 ~~interest in or right to infrastructure resilience property.~~

12 ~~"Bond" means any bond, note, certificate of participation~~
13 ~~or beneficial interest, or other evidence of indebtedness or~~
14 ~~ownership that is issued by the financing entity under a~~
15 ~~financing order, the proceeds of which are used directly or~~
16 ~~indirectly to recover, finance, or refinance financing costs of~~
17 ~~any infrastructure resilience costs, and that are directly or~~
18 ~~indirectly secured by or payable from infrastructure resilience~~
19 ~~property.~~

20 ~~"Commission" means the public utilities commission.~~

1 ~~"Consumer" means any individual, governmental body, trust,~~
2 ~~business entity, or nonprofit organization that consumes public~~
3 ~~utility services.~~

4 ~~"Electric cooperative" means a public utility that~~
5 ~~satisfies the requirements under section 269-31(c).~~

6 ~~"Electric cooperative wildfire claims costs" means costs~~
7 ~~incurred by an electric cooperative to resolve third-party~~
8 ~~liability claims arising from any wildfire occurring in the~~
9 ~~State that are not covered by insurance and that the commission~~
10 ~~finds to be just and reasonable. "Electric cooperative wildfire~~
11 ~~claims costs" do not include costs incurred by an investor-owned~~
12 ~~public utility.~~

13 ~~"Executive officer" means any person who performs policy~~
14 ~~making functions and is employed by a public utility subject to~~
15 ~~the approval of the board of directors, and includes the~~
16 ~~president, secretary, treasurer, and any vice president in~~
17 ~~charge of a principal business unit, division, or function of~~
18 ~~the public utility.~~

19 ~~"Financing costs" means the costs to issue, service, repay,~~
20 ~~or refinance bonds, whether incurred or paid upon issuance of~~
21 ~~the bonds or over the life of the bonds, if they are approved~~

1 ~~for recovery by the commission in a financing order. "Financing~~
2 ~~costs" may include any of the following:~~

3 ~~(1) Principal, interest, and redemption premiums that are~~
4 ~~payable on bonds;~~

5 ~~(2) A payment required under an ancillary agreement;~~

6 ~~(3) An amount required to fund or replenish reserve~~
7 ~~accounts or other accounts established under an~~
8 ~~indenture, ancillary agreement, or other financing~~
9 ~~document related to the bonds;~~

10 ~~(4) Taxes, franchise fees, or license fees imposed on a~~
11 ~~financing entity as a result of the issuance of the~~
12 ~~financing order; the assignment, sale, or transfer of~~
13 ~~any infrastructure resilience property; or the sale of~~
14 ~~the bonds, or imposed on the infrastructure resilience~~
15 ~~charges, or otherwise resulting from the collection of~~
16 ~~the infrastructure resilience charge, in any such case~~
17 ~~whether paid, payable, or accrued;~~

18 ~~(5) Costs related to issuing and servicing bonds or the~~
19 ~~application for a financing order, including without~~
20 ~~limitation servicing fees and expenses, trustee fees~~
21 ~~and expenses, legal fees and expenses, accounting~~
22 ~~fees, administrative fees, underwriting and placement~~

1 ~~fees, financial advisory fees, original issue~~
2 ~~discount, capitalized interest, rating agency fees,~~
3 ~~and any other related costs that are approved for~~
4 ~~recovery in the financing order; and~~

5 ~~(6) Other costs as specifically authorized by a financing~~
6 ~~order.~~

7 ~~"Financing entity" means a public utility or an entity to~~
8 ~~which a public utility or an affiliate of a public utility~~
9 ~~sells, assigns, or pledges all or a portion of the public~~
10 ~~utility's interest in infrastructure resilience property,~~
11 ~~including an affiliate of the public utility or any unaffiliated~~
12 ~~entity, in each case as approved by the commission in a~~
13 ~~financing order.~~

14 ~~Subject to section ~~6(c)~~, an entity to which a public~~
15 ~~utility sells, assigns, or pledges all or a portion of the~~
16 ~~public utility's interest in infrastructure resilience property~~
17 ~~may include any governmental entity that is able to issue bonds~~
18 ~~that are exempt from federal tax pursuant to section 103 of the~~
19 ~~Internal Revenue Code of 1986, as amended, including the State~~
20 ~~or a political subdivision thereof or any department, agency, or~~
21 ~~instrumentality of the State or political subdivision; provided~~
22 ~~that the bonds issued shall not constitute a general obligation~~

1 ~~of the State or any political subdivision thereof or any~~
2 ~~department, agency, or instrumentality of the State or political~~
3 ~~subdivision and shall not constitute a pledge of the full faith~~
4 ~~and credit of the entity or of the State or any political~~
5 ~~subdivision thereof, but shall be payable solely from the funds~~
6 ~~provided under this chapter.~~

7 ~~"Financing order" means an order of the commission under~~
8 ~~this chapter that has become final and no longer subject to~~
9 ~~appeal as provided by law and that authorizes the issuance of~~
10 ~~bonds and the imposition, adjustment from time to time, and~~
11 ~~collection of infrastructure resilience charges, and that shall~~
12 ~~include a procedure to require the expeditious approval by the~~
13 ~~commission of periodic adjustments to infrastructure resilience~~
14 ~~charges and to any associated fixed recovery tax amounts~~
15 ~~included in that financing order to ensure recovery of all~~
16 ~~infrastructure resilience costs and the costs associated with~~
17 ~~the proposed recovery, financing, or refinancing thereof,~~
18 ~~including the costs of servicing and retiring the bonds~~
19 ~~contemplated by the financing order.~~

20 ~~"Financing party" means any holder of the bonds; any party~~
21 ~~to or beneficiary of an ancillary agreement; and any trustee,~~

1 ~~collateral agent, or other person acting for the benefit of any~~
2 ~~of the foregoing.~~

3 ~~"Fixed recovery tax amounts" means those nonbypassable~~
4 ~~rates and other charges, including but not limited to~~
5 ~~distribution, connection, disconnection, and termination rates~~
6 ~~and charges, that are needed to recover federal and state taxes~~
7 ~~associated with infrastructure resilience charges authorized by~~
8 ~~the commission in a financing order, but are not approved as~~
9 ~~financing costs financed from proceeds of bonds.~~

10 ~~"Infrastructure resilience charges" means the nonbypassable~~
11 ~~charges, including but not limited to distribution, connection,~~
12 ~~disconnection, and termination rates and charges, that are~~
13 ~~authorized in a financing order authorized under this chapter to~~
14 ~~be imposed on and collected from all existing and future~~
15 ~~consumers of a financing entity or any successor to recover~~
16 ~~principal, interest, and other financing costs relating to the~~
17 ~~bonds.~~

18 ~~"Infrastructure resilience costs" means a public utility's~~
19 ~~costs to implement its wildfire risk mitigation plan and other~~
20 ~~investments in infrastructure improvements, modernization, and~~
21 ~~replacement needed to reduce wildfire risks and increase~~

1 ~~reliability and resilience to natural disasters and weather-~~
2 ~~related events, as approved by the commission.~~

3 ~~"Infrastructure resilience property" means the property~~
4 ~~right created pursuant to this chapter, including but not~~
5 ~~limited to the right, title, and interest of a public utility,~~
6 ~~financing entity, or its assignee:~~

7 ~~(1) In and to the infrastructure resilience charge~~
8 ~~established pursuant to a financing order, including~~
9 ~~the right to impose, bill, collect, and receive such~~
10 ~~infrastructure resilience charges under the financing~~
11 ~~order and all rights to obtain adjustments to the~~
12 ~~infrastructure resilience charge in accordance with~~
13 ~~section 3 and the financing order; and~~

14 ~~(2) To be paid the amount that is determined in a~~
15 ~~financing order to be the amount that the public~~
16 ~~utility or its assignee is lawfully entitled to~~
17 ~~receive pursuant to this chapter and the proceeds~~
18 ~~thereof, and in and to all revenues, collections,~~
19 ~~claims, payments, moneys, or proceeds of, or arising~~
20 ~~from, the infrastructure resilience charge that is the~~
21 ~~subject of a financing order.~~

1 ~~"Infrastructure resilience property" does not include a~~
2 ~~right to be paid fixed recovery tax amounts. "Infrastructure~~
3 ~~resilience property" shall constitute a current property right,~~
4 ~~notwithstanding the fact that the value of the property right~~
5 ~~will depend on consumers using public utility services or, in~~
6 ~~those instances where consumers are customers of the public~~
7 ~~utility, the public utility performing certain services.~~

8 ~~"Investor-owned public utility" means a public utility that~~
9 ~~is owned by shareholders and overseen by a board of directors~~
10 ~~elected by shareholders.~~

11 ~~"Public utility" has the same meaning as in section 269-1.~~

12 ~~"True-up adjustment" means a formulaic adjustment to the~~
13 ~~infrastructure resilience charges as they appear on consumer~~
14 ~~bills that is necessary to correct for any overcollection or~~
15 ~~undercollection of the infrastructure resilience charges~~
16 ~~authorized by a financing order and to otherwise ensure the~~
17 ~~timely and complete payment and recovery of infrastructure~~
18 ~~resilience costs over the authorized repayment term.~~

19 ~~"Wildfire risk mitigation plan" means a plan, which may~~
20 ~~include a natural hazard mitigation report, in which a public~~
21 ~~utility addresses how the public utility will mitigate the risk~~
22 ~~to its equipment in the event of a wildfire.~~

1 ~~§ 2 Applications to issue bonds and authorize~~

2 ~~infrastructure resilience charges.~~ (a) A public utility may
3 apply to the commission for one or more financing orders to
4 issue bonds to recover any infrastructure resilience costs, each
5 of which authorizes the following:

6 ~~(1) The imposition, charging, and collection of an~~
7 ~~infrastructure resilience charge, to become effective~~
8 ~~upon the issuance of the bonds, and an adjustment of~~
9 ~~any such infrastructure resilience charge in~~
10 ~~accordance with a true-up adjustment mechanism under~~
11 ~~this chapter in amounts sufficient to pay the~~
12 ~~principal and interest on the bonds and all other~~
13 ~~associated financing costs on a timely basis;~~

14 ~~(2) The creation of infrastructure resilience property~~
15 ~~under the financing order; and~~

16 ~~(3) The imposition, charging, and collection of fixed~~
17 ~~recovery tax amounts to recover any portion of the~~
18 ~~public utility's federal and state taxes associated~~
19 ~~with those infrastructure resilience charges and not~~
20 ~~financed from the proceeds of bonds.~~

21 ~~(b) The application shall include all of the following:~~

22 ~~(1) The infrastructure resilience costs to be financed~~

- 1 ~~through the issuance of bonds;~~
- 2 ~~(2) The principal amount of the bonds proposed to be~~
- 3 ~~issued and the selection of a financing entity;~~
- 4 ~~(3) An estimate of the date on which each series of bonds~~
- 5 ~~is expected to be issued;~~
- 6 ~~(4) The scheduled final payment date, which shall not~~
- 7 ~~exceed thirty years, and a legal final maturity date,~~
- 8 ~~which may be longer, subject to rating agency and~~
- 9 ~~market considerations, during which term the~~
- 10 ~~infrastructure resilience charge associated with the~~
- 11 ~~issuance of each series of bonds is expected to be~~
- 12 ~~imposed and collected;~~
- 13 ~~(5) An estimate of the financing costs associated with the~~
- 14 ~~issuance of each series of bonds;~~
- 15
- 16 ~~(6) An estimate of the amount of the infrastructure~~
- 17 ~~resilience charge revenues necessary to pay principal~~
- 18 ~~and interest on the bonds and all other associated~~
- 19 ~~financing costs as set forth in the application and~~
- 20 ~~calculation for that estimate;~~
- 21 ~~(7) A proposed design of the infrastructure resilience~~

1 ~~charge and a proposed methodology for allocating the~~
2 ~~infrastructure resilience charge among customer~~
3 ~~classes within the public utility's service territory;~~

4 ~~(8) A description of the financing entity selected by the~~
5 ~~public utility;~~

6 ~~(9) A description of a proposed true-up adjustment~~
7 ~~mechanism for the adjustment of the infrastructure~~
8 ~~resilience charge to correct for any overcollection or~~
9 ~~undercollection of the infrastructure resilience~~
10 ~~charge, and to otherwise ensure the timely payment of~~
11 ~~principal and interest on the bonds and all other~~
12 ~~associated financing costs; and~~

13 ~~(10) Any other information required by the commission.~~

14 ~~(c) A public utility may file an application for a~~
15 ~~financing order, or as a joint applicant with one or more~~
16 ~~affiliate public utilities, to issue bonds to recover~~
17 ~~infrastructure resilience costs. The application shall include~~
18 ~~a description of:~~

19 ~~(1) How the infrastructure resilience charges will be~~
20 ~~allocated among the applicant public utilities in a~~
21 ~~manner that is equitable and that need not correspond~~

1 ~~to the incurrence of infrastructure resilience costs~~
2 ~~by each public utility; and~~

3 ~~(2) Whether and how the consumers of any of the applicant~~
4 ~~public utilities will be responsible for the payment~~
5 ~~of infrastructure resilience charges allocated to~~
6 ~~consumers of affiliate public utilities.~~

7 ~~In the alternative, a public utility may apply for a~~
8 ~~financing order to issue bonds to recover infrastructure~~
9 ~~resilience costs, including infrastructure resilience costs~~
10 ~~incurred, or to be incurred, by the applicant and one or more of~~
11 ~~its affiliate public utilities. In connection with the issuance~~
12 ~~of a financing order pursuant to this subsection, the commission~~
13 ~~shall issue a concurrent order to the affiliate public utility~~
14 ~~or public utilities directing the affiliate public utility or~~
15 ~~public utilities to impose rates on its or their consumers~~
16 ~~designed to generate revenue sufficient to pay credits over the~~
17 ~~life of the bonds to the applicant public utility in the amount~~
18 ~~as the commission determines is equitable, just, and reasonable.~~
19 ~~The application shall describe the allocation method and~~
20 ~~adjustment mechanism for the affiliate public utility credit~~
21 ~~payments proposed to be subject to the concurrent commission~~
22 ~~order.~~

1 ~~(d) The commission shall issue an approval or denial of~~
2 ~~any application for a financing order filed pursuant to this~~
3 ~~section within ninety days of the last filing in the applicable~~
4 ~~docket but no later than one year after the application is~~
5 ~~filed.~~

6 ~~(e) In exercising its duties under this section, the~~
7 ~~commission shall consider:~~

8 ~~(1) Whether the recovery of costs is consistent with the~~
9 ~~public interest;~~

10 ~~(2) Whether the structuring, marketing, and pricing of the~~
11 ~~bonds are expected to result in the lowest~~
12 ~~infrastructure resilience charges consistent with~~
13 ~~market conditions at the time at which the bonds are~~
14 ~~priced and the terms of the financing order;~~

15 ~~(3) Whether the terms and conditions of any bonds to be~~
16 ~~issued are just and reasonable;~~

17 ~~(4) With respect to an application by an investor-owned~~
18 ~~public utility, whether the recovery of infrastructure~~
19 ~~resilience costs through the designation of the~~
20 ~~infrastructure resilience charges and any associated~~
21 ~~fixed recovery tax amounts, and the issuance of bonds~~
22 ~~in connection with the infrastructure resilience~~

1 ~~charges, would result in net savings or mitigate rate~~
2 ~~impacts to consumers, as compared to rate recovery~~
3 ~~without securitization; and~~

4 ~~(5) Any other factors that the commission deems reasonable~~
5 ~~and in the public interest.~~

6 ~~If the commission makes the determination specified in this~~
7 ~~section, the commission shall establish, as part of the~~
8 ~~financing order, a procedure for the public utility to submit~~
9 ~~applications from time to time to request the issuance of~~
10 ~~additional financing orders designating infrastructure~~
11 ~~resilience charges and any associated fixed recovery tax amounts~~
12 ~~as recoverable.~~

13 ~~A public utility may include in its application for a~~
14 ~~financing order a request for authorization to sell, transfer,~~
15 ~~assign, or pledge infrastructure resilience property to a~~
16 ~~governmental entity if the public utility expects bonds issued~~
17 ~~by a governmental entity to result in a more cost efficient~~
18 ~~means, taking into account all financing costs related to the~~
19 ~~bonds, than using another financing entity to issue bonds to~~
20 ~~finance the same infrastructure resilience costs, taking into~~
21 ~~account the costs of issuing the other financing entity's bonds.~~

1 ~~(f) Infrastructure resilience charges and any associated~~
2 ~~fixed recovery tax amounts shall be imposed only on existing and~~
3 ~~future consumers in the utility service territory. Consumers~~
4 ~~within the utility service territory of the public utility that~~
5 ~~are subject to the financing order shall continue to pay~~
6 ~~infrastructure resilience charges and any associated fixed~~
7 ~~recovery tax amounts until the bonds and associated financing~~
8 ~~costs are paid in full by the financing entity.~~

9 ~~§ -3 Infrastructure resilience financing order. (a) A~~
10 ~~financing order shall remain in effect until the bonds issued~~
11 ~~under the financing order and all financing costs related to the~~
12 ~~bonds have been paid in full or defeased by their terms. The~~
13 ~~financing order shall be for no greater than \$500,000,000 of the~~
14 ~~infrastructure resilience costs.~~

15 ~~A financing order shall remain in effect and unabated~~
16 ~~notwithstanding the bankruptcy, reorganization, or insolvency of~~
17 ~~the public utility or the commencement of any judicial or~~
18 ~~nonjudicial proceeding on the financing order.~~

19 ~~(b) Notwithstanding any other law to the contrary, with~~
20 ~~respect to infrastructure resilience property that has been made~~
21 ~~the basis for the issuance of bonds and with respect to any~~
22 ~~associated fixed recovery tax amounts, the financing order, the~~

1 ~~infrastructure resilience charges, and any associated fixed~~
2 ~~recovery tax amounts shall be irrevocable. The State and its~~
3 ~~agencies, including the commission, pledge and agree with~~
4 ~~bondholders, the owners and assignees of the infrastructure~~
5 ~~resilience property, and other financing parties that the State~~
6 ~~and its agencies shall not take any action listed in this~~
7 ~~subsection. This subsection shall not preclude an action if the~~
8 ~~action would not adversely affect the interests of the public~~
9 ~~utility and of assignees of the infrastructure resilience~~
10 ~~property. The prohibited actions shall be the following:~~

11 ~~(1) Alter the provisions of this chapter, which authorize~~
12 ~~the commission to create an irrevocable contract right~~
13 ~~or choice in action by the issuance of a financing~~
14 ~~order, to create infrastructure resilience property~~
15 ~~and make the infrastructure resilience charges imposed~~
16 ~~by a financing order irrevocable, binding,~~
17 ~~nonbypassable charges for all existing and future~~
18 ~~consumers;~~

19 ~~(2) Take or permit any action that impairs or would impair~~
20 ~~the value of infrastructure resilience property or the~~
21 ~~security for the bonds or revise the infrastructure~~
22 ~~resilience costs for which recovery is authorized;~~

1 ~~(3) In any way impair the rights and remedies of the~~
2 ~~bondholders, assignees, and other financing parties;~~
3 ~~and~~

4 ~~(4) Except for changes made pursuant to the true-up~~
5 ~~adjustment authorized under subsection (d), reduce,~~
6 ~~alter, or impair infrastructure resilience charges~~
7 ~~that are to be imposed, billed, charged, collected,~~
8 ~~and remitted for the benefit of the bondholders, any~~
9 ~~assignee, and any other financing parties until any~~
10 ~~and all principal, interest, premium, financing costs,~~
11 ~~and other fees, expenses, or charges incurred, and any~~
12 ~~contracts to be performed, in connection with the~~
13 ~~related bonds have been paid and performed in full.~~

14 ~~The financing entity may include this pledge in the bonds.~~

15 ~~(c) Under a financing order, the public utility shall~~
16 ~~retain sole discretion to select the financing entity and to~~
17 ~~cause bonds to be issued, including the right to defer or~~
18 ~~postpone the issuance, assignment, sale, or transfer of~~
19 ~~infrastructure resilience property.~~

20 ~~(d) The commission may create, pursuant to an application~~
21 ~~from a public utility, a nonbypassable charge referred to as a~~
22 ~~infrastructure resilience charge, which shall be applied to~~

1 ~~recover principal, interest, and other financing costs relating~~
2 ~~to the bonds. The infrastructure resilience charge shall be a~~
3 ~~dedicated, discrete tariff rider.~~

4 ~~The commission, in any financing order, shall establish a~~
5 ~~procedure for periodic true-up adjustments to infrastructure~~
6 ~~resilience charges, which shall be made at least annually and~~
7 ~~may be made more frequently. Within thirty days after receiving~~
8 ~~a public utility's filing of a true-up adjustment, the~~
9 ~~commission's review of the filing shall be limited to~~
10 ~~mathematical or clerical errors as determined in accordance with~~
11 ~~any true-up adjustment formulas set forth in the applicable~~
12 ~~financing order.~~

13 ~~The commission shall either approve the filing or inform~~
14 ~~the public utility of any mathematical or clerical errors in its~~
15 ~~calculation. If the commission informs the public utility of~~
16 ~~mathematical or clerical errors in its calculation, the public~~
17 ~~utility shall correct its error and refile its true-up~~
18 ~~adjustment. The timeframes previously described in this~~
19 ~~subsection shall apply to a refiled true-up adjustment.~~

20 ~~(c) Neither financing orders nor bonds issued under this~~
21 ~~chapter shall constitute a general obligation of the State or~~
22 ~~any of its political subdivisions, nor shall they constitute a~~

1 ~~pledge of the full faith and credit of the State or any of its~~
2 ~~political subdivisions, but shall be payable solely from the~~
3 ~~infrastructure resilience property provided under this chapter.~~

4 ~~All bonds shall contain on the face thereof a statement to~~
5 ~~the following effect: "Neither the full faith and credit nor~~
6 ~~the taxing power of the State of Hawaii is pledged to the~~
7 ~~payment of the principal of, or interest and premium on, this~~
8 ~~bond."~~

9 ~~The issuance of bonds under this chapter shall not~~
10 ~~directly, indirectly, or contingently obligate the State or any~~
11 ~~of its political subdivisions to levy or pledge any form of~~
12 ~~taxation or make any appropriation for their payment.~~

13 ~~(f) Infrastructure resilience charges are infrastructure~~
14 ~~resilience property when, and to the extent that, a financing~~
15 ~~order authorizing the infrastructure resilience charges has~~
16 ~~become effective in accordance with this chapter, and the~~
17 ~~infrastructure resilience property shall thereafter continuously~~
18 ~~exist as property for all purposes, and all of the rights and~~
19 ~~privileges relating to that property shall continuously exist~~
20 ~~for the period and to the extent provided in the financing~~
21 ~~order, but in any event until the bonds, including all~~
22 ~~principal; premiums, if any; interest with respect to the bonds;~~

1 ~~and all other financing costs are paid in full. A financing~~
2 ~~order may provide that the creation of infrastructure resilience~~
3 ~~property shall be simultaneous with the sale of the~~
4 ~~infrastructure resilience property to an assignee as provided in~~
5 ~~the application of the pledge of the infrastructure resilience~~
6 ~~property to secure the bonds.~~

7 ~~(g) Any successor to a financing entity shall be bound by~~
8 ~~the requirements of this chapter and shall perform and satisfy~~
9 ~~all obligations of and have the same rights under a financing~~
10 ~~order as, and to the same extent as, the financing entity.~~

11 ~~(h) No public utility approved for a financing order shall~~
12 ~~increase compensation for its executive officers unless the~~
13 ~~utility's wildfire risk mitigation plan compliance reports have~~
14 ~~been approved by the commission for five consecutive years;~~
15 ~~provided that the commission may consider an alternative~~
16 ~~symmetric performance incentive mechanism, if the commission~~
17 ~~deems appropriate. For the purposes of this subsection,~~
18 ~~"wildfire risk mitigation plan" has the same meaning as in~~
19 ~~section 1.~~

20 ~~§ -4 Bonds; issuance; infrastructure resilience property~~
21 ~~interests. (a) The public utility may sell and assign all or~~
22 ~~portions of its interest in infrastructure resilience property~~

1 ~~to one or more financing entities that make that infrastructure~~
2 ~~resilience property the basis for issuance of bonds, to the~~
3 ~~extent approved in a financing order. The public utility or~~
4 ~~financing entity may pledge infrastructure resilience property~~
5 ~~as collateral, directly or indirectly, for bonds to the extent~~
6 ~~approved in the pertinent financing orders providing for a~~
7 ~~security interest in the infrastructure resilience property, in~~
8 ~~the manner set forth in this section. In addition,~~
9 ~~infrastructure resilience property may be sold or assigned by~~
10 ~~either of the following:~~

11 ~~(1) The financing entity or a trustee for the holders of~~
12 ~~bonds or the holders of an ancillary agreement in~~
13 ~~connection with the exercise of remedies upon a~~
14 ~~default under the terms of the bonds; or~~

15 ~~(2) Any person acquiring the infrastructure resilience~~
16 ~~property after a sale or assignment pursuant to this~~
17 ~~chapter.~~

18 ~~(b) To the extent that any interest in infrastructure~~
19 ~~resilience property is sold, assigned, or is pledged as~~
20 ~~collateral pursuant to subsection (a), the commission may~~
21 ~~authorize the public utility to contract with the financing~~
22 ~~entity or its assignees that the public utility will:~~

1 ~~(1) Continue to operate its system to provide service to~~
2 ~~consumers within its service territory;~~

3 ~~(2) Collect amounts in respect of the infrastructure~~
4 ~~resilience charges for the benefit and account of the~~
5 ~~financing entity or its assignees; and~~

6 ~~(3) Account for and remit these amounts to or for the~~
7 ~~account of the financing entity or its assignees.~~

8 ~~Contracting with the financing entity or its assignees in~~
9 ~~accordance with that authorization shall not impair or negate~~
10 ~~the characterization of the sale, assignment, or pledge as an~~
11 ~~absolute transfer, a true sale, or a security interest, as~~
12 ~~applicable. To the extent that billing, collection, and other~~
13 ~~related services with respect to the provision of the public~~
14 ~~utility's services are provided to a consumer by any person or~~
15 ~~entity other than the public utility in whose service territory~~
16 ~~the consumer is located, that person or entity shall collect the~~
17 ~~infrastructure resilience charges and any associated fixed~~
18 ~~recovery tax amounts from the consumer for the benefit and~~
19 ~~account of the public utility, financing entity, or assignees~~
20 ~~with the associated revenues remitted solely for the person's~~
21 ~~benefit as a condition to the provision of public utility~~
22 ~~service to that consumer.~~

1 ~~Each financing order shall impose terms and conditions,~~
2 ~~consistent with the purposes and objectives of this chapter, on~~
3 ~~any person or entity responsible for billing, collection, and~~
4 ~~other related services, including but not limited to collection~~
5 ~~of the infrastructure resilience charges and any associated~~
6 ~~fixed recovery tax amounts, that are the subject of the~~
7 ~~financing order.~~

8 ~~(c) The financing entity may issue bonds upon approval by~~
9 ~~the commission in a financing order. Bonds shall be nonrecourse~~
10 ~~to the credit or any assets of the public utility, other than~~
11 ~~the infrastructure resilience property as specified in that~~
12 ~~financing order.~~

13 ~~(d) Infrastructure resilience property that is specified~~
14 ~~in a financing order shall constitute an existing, present~~
15 ~~property right, notwithstanding the fact that the imposition and~~
16 ~~collection of infrastructure resilience charges depend on the~~
17 ~~public utility's continuing to provide services or continuing to~~
18 ~~perform its servicing functions relating to the collection of~~
19 ~~infrastructure resilience charges or on the level of future~~
20 ~~service consumption, such as consumption of a public utility~~
21 ~~service. Infrastructure resilience property shall exist whether~~
22 ~~or not the infrastructure resilience charges have been billed,~~

1 ~~have accrued, or have been collected, and notwithstanding the~~
2 ~~fact that the value for a security interest in the~~
3 ~~infrastructure resilience property, or amount of the~~
4 ~~infrastructure resilience property, is dependent on the future~~
5 ~~provision of service to consumers. All infrastructure~~
6 ~~resilience property specified in a financing order shall~~
7 ~~continue to exist until the bonds issued pursuant to a financing~~
8 ~~order and all associated financing costs are paid in full.~~

9 ~~(e) Infrastructure resilience property; infrastructure~~
10 ~~resilience charges; and the interests of an assignee,~~
11 ~~bondholder, or financing entity, or any pledgee in~~
12 ~~infrastructure resilience property and infrastructure resilience~~
13 ~~charges shall not be subject to setoff, counterclaim, surcharge,~~
14 ~~recoupment, or defense by the public utility or any other person~~
15 ~~or in connection with the bankruptcy, reorganization, or other~~
16 ~~insolvency proceeding of the public utility, any affiliate of~~
17 ~~the public utility, or any other entity.~~

18 ~~(f) Notwithstanding any law to the contrary, any~~
19 ~~requirement under this chapter or a financing order that the~~
20 ~~commission acts upon shall be binding upon the commission, as it~~
21 ~~may be constituted from time to time, and any successor agency~~
22 ~~exercising functions similar to the commission, and the~~

1 ~~commission shall have no authority to rescind, alter, or amend~~
2 ~~that requirement in a financing order.~~

3 ~~§ 5 Infrastructure resilience charge.~~ (a) ~~The~~
4 ~~infrastructure resilience charge created pursuant to a financing~~
5 ~~order approved pursuant to section 2 shall be a~~
6 ~~nonbypassable charge of a financing entity that shall be applied~~
7 ~~to the repayment of bonds and related financing costs as~~
8 ~~described in this chapter. The infrastructure resilience charge~~
9 ~~and any associated fixed recovery tax amounts may be a usage-~~
10 ~~based charge, a flat user charge, or a charge based upon~~
11 ~~customer revenues as determined by the commission for each~~
12 ~~consumer class in any financing order.~~

13 ~~(b) As long as any bonds are outstanding and any financing~~
14 ~~costs have not been paid in full, any infrastructure resilience~~
15 ~~charge and any associated fixed recovery tax amounts authorized~~
16 ~~under a financing order shall be nonbypassable. Subject to any~~
17 ~~exceptions provided in a financing order, a infrastructure~~
18 ~~resilience charge and any associated fixed recovery tax amounts~~
19 ~~shall be paid by all existing and future consumers within the~~
20 ~~utility service territory.~~

21 ~~(c) The infrastructure resilience charge shall be~~
22 ~~collected by a public utility or its successors, in accordance~~

1 ~~with section 8(a), in full through a charge that is separate~~
2 ~~and apart from the public utility's rates.~~

3 ~~(d) A public utility may exercise the same rights and~~
4 ~~remedies under its tariff and applicable law and regulation~~
5 ~~based on a consumer's nonpayment of the infrastructure~~
6 ~~resilience charge as it could for a consumer's failure to pay~~
7 ~~any other charge payable to that public utility.~~

8 ~~§ 6 Security interests in infrastructure resilience~~

9 ~~property; financing statements.~~ (a) ~~A security interest in~~
10 ~~infrastructure resilience property is valid and enforceable~~
11 ~~against the pledgor and third parties, subject to the rights of~~
12 ~~any third parties holding security interests in the~~
13 ~~infrastructure resilience property perfected in the manner~~
14 ~~described in this section, and attaches when all of the~~
15 ~~following have occurred:~~

16 ~~(1) The commission has issued a financing order~~
17 ~~authorizing the infrastructure resilience charge~~
18 ~~to be included in the infrastructure resilience~~
19 ~~property;~~

20 ~~(2) Value has been given by the pledgees of the~~
21 ~~infrastructure resilience property; and~~

1 ~~(3) The pledgor has signed a security agreement~~
2 ~~covering the infrastructure resilience property.~~

3 ~~(b) A valid and enforceable security interest in~~
4 ~~infrastructure resilience property is perfected when it has~~
5 ~~attached and when a financing statement has been filed with the~~
6 ~~bureau of conveyances naming the pledgor of the infrastructure~~
7 ~~resilience property as "debtor" and identifying the~~
8 ~~infrastructure resilience property.~~

9 ~~Any description of the infrastructure resilience property~~
10 ~~shall be sufficient if it refers to the financing order creating~~
11 ~~the infrastructure resilience property. A copy of the financing~~
12 ~~statement shall be filed with the commission by the public~~
13 ~~utility that is the pledgor or transferor of the infrastructure~~
14 ~~resilience property. The commission may require the public~~
15 ~~utility to make other filings with respect to the security~~
16 ~~interest in accordance with procedures that the commission may~~
17 ~~establish; provided that the filings shall not affect the~~
18 ~~perfection of the security interest.~~

19 ~~(c) A perfected security interest in infrastructure~~
20 ~~resilience property shall be a continuously perfected security~~
21 ~~interest in all infrastructure resilience property revenues and~~
22 ~~proceeds arising with respect thereto, whether or not the~~

1 ~~revenues or proceeds have accrued. Conflicting security~~
2 ~~interests shall rank according to priority in time of~~
3 ~~perfection. Infrastructure resilience property shall constitute~~
4 ~~property for all purposes, including for contracts securing~~
5 ~~bonds, whether or not the infrastructure resilience property~~
6 ~~revenues and proceeds have accrued.~~

7 ~~(d) Subject to the terms of the security agreement~~
8 ~~covering the infrastructure resilience property and the rights~~
9 ~~of any third parties holding security interests in the~~
10 ~~infrastructure resilience property, perfected in the manner~~
11 ~~described in this section, the validity and relative priority of~~
12 ~~a security interest created under this section shall not be~~
13 ~~defeated or adversely affected by the commingling of revenues~~
14 ~~arising with respect to the infrastructure resilience property~~
15 ~~with other funds of the public utility that is the pledgor or~~
16 ~~transferor of the infrastructure resilience property, or by any~~
17 ~~security interest in a deposit account of that public utility~~
18 ~~perfected under article 9 of chapter 490, into which the~~
19 ~~revenues are deposited.~~

20 ~~Subject to the terms of the security agreement, upon~~
21 ~~compliance with the requirements of section 490:9-312(b)(1), the~~
22 ~~pledgees of the infrastructure resilience property shall have a~~

1 ~~perfected security interest in all cash and deposit accounts of~~
2 ~~the public utility in which infrastructure resilience property~~
3 ~~revenues have been commingled with other funds.~~

4 ~~(c) If default occurs under the security agreement~~
5 ~~covering the infrastructure resilience property, the pledgees of~~
6 ~~the infrastructure resilience property, subject to the terms of~~
7 ~~the security agreement, shall have all rights and remedies of a~~
8 ~~secured party upon default under article 9 of chapter 490 and~~
9 ~~shall be entitled to foreclose or otherwise enforce their~~
10 ~~security interest in the infrastructure resilience property,~~
11 ~~subject to the rights of any third parties holding prior~~
12 ~~security interests in the infrastructure resilience property~~
13 ~~perfected in the manner provided in this section.~~

14 ~~In addition, the commission may require in the financing~~
15 ~~order creating the infrastructure resilience property that in~~
16 ~~the event of default by the public utility in payment of~~
17 ~~infrastructure resilience property revenues, the commission and~~
18 ~~any successor thereto, upon the application by the pledgees or~~
19 ~~assignees, including assignees under section 4 of the~~
20 ~~infrastructure resilience property, and without limiting any~~
21 ~~other remedies available to the pledgees or assignees by reason~~
22 ~~of the default, shall order the sequestration and payment to the~~

1 ~~pledgees or assignees of infrastructure resilience property~~
2 ~~revenues. Any financing order shall remain in full force and~~
3 ~~effect notwithstanding any bankruptcy, reorganization, or other~~
4 ~~insolvency proceedings with respect to the debtor, pledgor, or~~
5 ~~transferor of the infrastructure resilience property. Any~~
6 ~~surplus in excess of amounts necessary to pay principal;~~
7 ~~premiums, if any; interest, costs, and arrearages on the bonds;~~
8 ~~and associated financing costs arising under the security~~
9 ~~agreement, shall be remitted to the debtor, pledgor, or~~
10 ~~transferor, for the purpose of remitting such amounts to~~
11 ~~customers via the public utility.~~

12 ~~(f) Sections 490:9-204 and 490:9-205 shall apply to a~~
13 ~~pledge of infrastructure resilience property by the public~~
14 ~~utility, an affiliate of the public utility, or a financing~~
15 ~~entity.~~

16 ~~§ -7 Transfers of infrastructure resilience property.~~

17 ~~(a) A transfer or assignment of infrastructure resilience~~
18 ~~property by the public utility to an assignee or to a financing~~
19 ~~entity, or by an assignee of the public utility or a financing~~
20 ~~entity to another financing entity, which the parties in the~~
21 ~~governing documentation have expressly stated to be a sale or~~
22 ~~other absolute transfer, in a transaction approved in a~~

1 ~~financing order, shall be treated as an absolute transfer of all~~
2 ~~of the transferor's right, title, and interest, as in a true~~
3 ~~sale, and not as a pledge or other financing, of the~~
4 ~~infrastructure resilience property, other than for federal and~~
5 ~~state income and franchise tax purposes.~~

6 ~~(b) The characterization of the sale, assignment, or~~
7 ~~transfer as an absolute transfer and true sale and the~~
8 ~~corresponding characterization of the property interest of the~~
9 ~~assignee shall not be affected or impaired by, among other~~
10 ~~things, the occurrence of any of the following:~~

11 ~~(1) Commingling of infrastructure resilience charge~~
12 ~~revenues with other amounts;~~

13 ~~(2) The retention by the seller of either of the~~
14 ~~following:~~

15 ~~(A) A partial or residual interest, including an~~
16 ~~equity interest, in the financing entity or the~~
17 ~~infrastructure resilience property, whether~~
18 ~~direct or indirect, subordinate or otherwise; or~~

19 ~~(B) The right to recover costs associated with taxes,~~
20 ~~franchise fees, or license fees imposed on the~~
21 ~~collection of infrastructure resilience charge;~~

22 ~~(3) Any recourse that an assignee may have against the~~

1 ~~seller;~~

2 ~~(4) Any indemnification rights, obligations, or repurchase~~
3 ~~rights made or provided by the seller;~~

4 ~~(5) The obligation of the seller to collect infrastructure~~
5 ~~resilience charges on behalf of an assignee;~~

6 ~~(6) The treatment of the sale, assignment, or transfer for~~
7 ~~tax, financial reporting, or other purpose; or~~

8 ~~(7) Any true-up adjustment of the infrastructure~~
9 ~~resilience charge as provided in the financing order.~~

10 ~~(c) A transfer of infrastructure resilience property shall~~
11 ~~be deemed perfected against third parties when:~~

12 ~~(1) The commission issues the financing order authorizing~~
13 ~~the infrastructure resilience charge included in the~~
14 ~~infrastructure resilience property; and~~

15 ~~(2) An assignment of the infrastructure resilience~~
16 ~~property in writing has been executed and delivered to~~
17 ~~the assignee.~~

18 ~~(d) As between bona fide assignees of the same right for~~
19 ~~value without notice, the assignee first filing a financing~~
20 ~~statement with the bureau of conveyances in accordance with part~~
21 ~~5 of article 9 of chapter 490, naming the assignor of the~~
22 ~~infrastructure resilience property as debtor and identifying the~~

1 ~~infrastructure resilience property, shall have priority. Any~~
2 ~~description of the infrastructure resilience property shall be~~
3 ~~sufficient if it refers to the financing order creating the~~
4 ~~infrastructure resilience property. A copy of the financing~~
5 ~~statement shall be filed by the assignee with the commission,~~
6 ~~and the commission may require the assignor or the assignee to~~
7 ~~make other filings with respect to the transfer in accordance~~
8 ~~with procedures the commission may establish; provided that~~
9 ~~these filings shall not affect the perfection of the transfer.~~

10 ~~§ -8 Financing entity successor requirements; default of~~
11 ~~financing entity. (a) Any successor to a public utility~~
12 ~~subject to a financing order, whether pursuant to any~~
13 ~~bankruptcy, reorganization, or other insolvency proceeding, or~~
14 ~~pursuant to any merger, sale, or transfer, by operation of law,~~
15 ~~or otherwise, shall be bound by the requirements of this~~
16 ~~chapter. The successor of the public utility shall perform and~~
17 ~~satisfy all obligations of the public utility under the~~
18 ~~financing order in the same manner and to the same extent as the~~
19 ~~public utility, including the obligation to collect and pay the~~
20 ~~infrastructure resilience charge to any financing party as~~
21 ~~required by a financing order or any assignee. Any successor to~~

1 ~~the public utility shall be entitled to receive any fixed~~
2 ~~recovery tax amounts otherwise payable to the public utility.~~

3 ~~(b) The commission may require in a financing order that,~~
4 ~~if a default by the public utility in remittance of the~~
5 ~~infrastructure resilience charge collected arising with respect~~
6 ~~to infrastructure resilience property occurs, the commission,~~
7 ~~without limiting any other remedies available to any financing~~
8 ~~party by reason of the default, shall order the sequestration~~
9 ~~and payment to the beneficiaries of the infrastructure~~
10 ~~resilience charge collected arising with respect to the~~
11 ~~infrastructure resilience property. Any order shall remain in~~
12 ~~full force and effect notwithstanding any bankruptcy,~~
13 ~~reorganization, or other insolvency proceedings with respect to~~
14 ~~the public utility.~~

15 ~~§ **-9 Severability.** If any provision of this chapter is~~
16 ~~held to be invalid or is superseded, replaced, repealed, or~~
17 ~~expires for any reason:~~

18 ~~(1) That occurrence shall not affect any action allowed~~
19 ~~under this chapter that is taken prior to that~~
20 ~~occurrence by the commission, a financing entity, a~~
21 ~~bondholder, or any financing party, and any such~~
22 ~~action shall remain in full force and effect; and~~

1 ~~(2) The validity and enforceability of the rest of this~~
2 ~~chapter shall remain unaffected."~~

3 **~~PART III~~**

4 SECTION 4. This Act does not affect rights and duties that
5 matured, penalties that were incurred, and proceedings that were
6 begun before its effective date.

7 SECTION 5. In codifying the new sections added by section
8 2 of this Act, the revisor of statutes shall substitute
9 appropriate section numbers for the letters used in designating
10 and referring to the new sections in this Act.

11 SECTION ~~4~~6. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION ~~5~~7. This Act shall take effect on July 1, 3000.

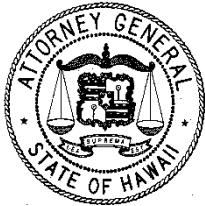
Report Title:

DCCA; PUC; Energy; Aggregate Liability Limit; Securitization;
Public Utility Infrastructure Resilience

Description:

Establishes an aggregate limit for liability for economic damages from catastrophic wildfires. Authorizes securitization of certain costs for public utilities. Effective 7/1/3000.
(HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

LATE

ON THE FOLLOWING MEASURE:

S.B. NO. 897, S.D. 3, H.D. 1, RELATING TO ENERGY.

BEFORE THE:

HOUSE COMMITTEES ON CONSUMER PROTECTION & COMMERCE AND ON
JUDICIARY & HAWAIIAN AFFAIRS

DATE: Tuesday, March 18, 2025

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chairs Matayoshi and Tarnas and Members of the Committees:

The Department of the Attorney General provides the following comments regarding this bill.

This bill:

1. Establishes a limit on the aggregate liability for economic damages from catastrophic wildfires.
2. Authorizes securitization for public utilities, limiting it to the costs of implementing wildfire mitigation plans and other investments in infrastructure improvements, modernization, and replacements needed to reduce risk and increase reliability and resiliency.

This bill establishes a cap on liability that the courts are required to follow. The remainder of the bill addresses the right of a public utility to charge increased rates that it can securitize for the purpose of financing its costs to implement its wildfire risk mitigation plan and other investments in infrastructure improvements.

I. Limitation on Aggregate Liability

Section 2 of the bill, on page 1, line 14, through page 3, line 21, adds a new section to chapter 663, Hawaii Revised Statutes (HRS), entitled "Limitation on aggregate liability."

Subsection (a)(1), on page 2, lines 1-5, provides that the aggregate liability of a public utility for qualifying damages will never exceed \$1,000,000,000. Even if the public utility acted negligently or with gross negligence, the legislation as drafted never allows for an increase in liability.

Subsection (a)(2), on page 2, lines 6-12, provides a formula whereby the "average assessed value of commercial structures and residential structures" will be used to calculate the limitation on aggregate liability. However, the means for implementation of this provision is unclear. The timeframe for calculating the average is not defined and assessed real estate values do not accurately reflect the replacement costs of the structures.

II. Issuance of Bonds for Infrastructure Resilience Costs

Section 3 of the bill, on page 4, line 2, through page 40, line 12, adds a new part to the HRS, including nine new sections. Section -2, of those new sections, entitled "Applications to issue bonds and authorize infrastructure resilience charges," on page 12, line 18, through page 19, line 11, establishes requirements for a public utility to apply to the Public Utilities Commission (PUC), for one or more financing orders to issue bonds to recover any infrastructure resilience costs, as defined in section -1, of the new chapter.

This bill gives the State very little discretion as to who issues the bonds in the case of a securitization. The public utility applies for a financing order, which application names the entity it proposes to issue the bonds, and the Public Utilities Commission can only accept or deny such application based on certain prescribed criteria. See new section -2(b)(8), page 15, lines 3-4; (d), page 17, lines 3-7, and (e), page 17, line 8, through page 19, line 3.

Attached is our markup of the bill which proposes clarifying amendments. We would be happy to assist the Committees in preparing a House Draft 2.

We respectfully ask the Committees to consider our comments.

A BILL FOR AN ACT

RELATING TO ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. Chapter 269, Hawaii Revised Statutes, is
3 amended by adding a new section to part I to be appropriately
4 designated and to read as follows:

5 "§269- **Electric cooperative cost recovery for wildfire**
6 **mitigation, repair, and restoration costs.** (a) An electric
7 cooperative may recover commission-approved wildfire mitigation,
8 repair, and restoration costs through an automatic rate
9 adjustment clause or other tariff recovery mechanism to be
10 established by the commission.

11 (b) For purposes of this section, "electric cooperative"
12 means a public utility that satisfies the requirements under
13 section 269-31(c)."

14 SECTION 2. Chapter 663, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§663- **Limitation on aggregate liability.** (a) The
18 aggregate liability of a public utility for qualifying damages

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1 arising from a covered catastrophic wildfire shall not exceed
2 the ~~lesser~~ least of:

3 (1) \$1,000,000,000;

4 (2) The average ~~assessed~~ value of commercial structures
5 and residential structures designed for habitation in
6 the county in which the covered catastrophic wildfire
7 occurred, multiplied by the number of commercial
8 structures or residential structures designed for
9 habitation that were destroyed, plus the value of
10 personal property lost; or

11 (3) The aggregate ~~assessed~~ replacement value of
12 commercial structures and residential structures
13 designed for habitation in the county in which the
14 covered catastrophic wildfire occurred, plus the value
15 of personal property lost.

16 (b) All civil actions arising out of a catastrophic
17 wildfire shall be brought in the circuit in which the
18 catastrophic wildfire occurred. The court shall adopt
19 procedures to equitably apply the limit set forth in subsection
20 (a) to all filed civil claims. All settlements or judgments for
21 claims for qualifying damages shall be subject to approval by
22 the court. The court shall not approve any settlement or

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1 judgment that would cause the aggregate liability of public
2 utilities to exceed the aggregate liability limit.

3 (c) A court may consolidate cases arising from a covered
4 catastrophic wildfire. Any circuit court that is not the
5 consolidating court shall transfer any civil case to facilitate
6 the consolidation.

7 (d) For the purposes of this section:

8 "Catastrophic wildfire" means a wildfire occurring in the
9 State on or after the effective date of this Act that destroys
10 more than five hundred commercial structures or residential
11 structures designed for habitation.

12 "Covered catastrophic wildfire" means a catastrophic
13 wildfire that may have been caused, or whose severity may have
14 been increased, by a public utility's facilities or actions.

15 "Public utility" has the same meaning as in section 269-1.

16 "Qualifying damages" means economic damages arising out of
17 the loss of or damage to real or personal property from a
18 covered catastrophic wildfire."

19 PART II

20 SECTION 3. The Hawaii Revised Statutes is amended by
21 adding a new chapter to be appropriately designated and to read
22 as follows:

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1 **"CHAPTER**
2 **SECURITIZATION**

3 **§ -1 Definitions.** As used in this chapter, unless the
4 context otherwise requires:

5 "Ancillary agreement" means a bond insurance policy, letter
6 of credit, reserve account, surety bond, swap arrangement,
7 hedging arrangement, liquidity or credit support arrangement, or
8 other similar agreement or arrangement entered into in
9 connection with the issuance of bonds that is designed to
10 promote the credit quality and marketability of the bonds or to
11 mitigate the risk of an increase in interest rates.

12 "Assignee" means a legally recognized entity to which a
13 public utility assigns, sells, or transfers, other than as
14 security, all or a portion of the public utility's interest in
15 or right to infrastructure resilience property. "Assignee"
16 includes a corporation, limited liability company, general
17 partnership or limited partnership, public authority, trust,
18 financing entity, or any other legal entity to which an assignee
19 assigns, sells, or transfers, other than as security, its
20 interest in or right to infrastructure resilience property.

21 "Bond" means any bond, note, certificate of participation
22 or beneficial interest, or other evidence of indebtedness or

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1 ownership that is issued by the financing entity under a
2 financing order, the proceeds of which are used directly or
3 indirectly to recover, finance, or refinance financing costs of
4 any infrastructure resilience costs, and that are directly or
5 indirectly secured by or payable from infrastructure resilience
6 property.

7 "Commission" means the public utilities commission.

8 "Consumer" means any individual, governmental body, trust,
9 business entity, or nonprofit organization that consumes public
10 utility services.

11 "Electric cooperative" means a public utility that
12 satisfies the requirements under section 269-31(c).

13 "Electric cooperative wildfire claims costs" means costs
14 incurred by an electric cooperative to resolve third-party
15 liability claims arising from any wildfire occurring in the
16 State that are not covered by insurance and that the commission
17 finds to be just and reasonable. "Electric cooperative wildfire
18 claims costs" do not include costs incurred by an investor-owned
19 public utility.

20 "Executive officer" means any person who performs policy
21 making functions and is employed by a public utility subject to
22 the approval of the board of directors, and includes the

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1 president, secretary, treasurer, and any vice president in
2 charge of a principal business unit, division, or function of
3 the public utility.

4 "Financing costs" means the reasonable costs to issue,
5 service, repay, or refinance bonds, whether incurred or paid
6 upon issuance of the bonds or over the life of the bonds, if
7 they are approved for recovery by the commission in a financing
8 order. "Financing costs" may include any of the following:

- 9 (1) Principal, interest, and redemption premiums that are
10 payable on bonds;
- 11 (2) A payment required under an ancillary agreement;
- 12 (3) An amount required to fund or replenish reserve
13 accounts or other accounts established under an
14 indenture, ancillary agreement, or other financing
15 document related to the bonds;
- 16 (4) Taxes, franchise fees, or license fees imposed on a
17 financing entity as a result of the issuance of the
18 financing order; the assignment, sale, or transfer of
19 any infrastructure resilience property; or the sale of
20 the bonds, or imposed on the infrastructure resilience
21 charges, or otherwise resulting from the collection of

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1 the infrastructure resilience charge, in any such case
2 whether paid, payable, or accrued;

3 (5) Costs related to issuing and servicing bonds or the
4 application for a financing order, including without
5 limitation servicing fees and expenses, trustee fees
6 and expenses, legal fees and expenses, accounting
7 fees, administrative fees, underwriting and placement
8 fees, financial advisory fees, original issue
9 discount, capitalized interest, rating agency fees,
10 and any other related costs that are approved for
11 recovery in the financing order;

12 (6) Costs related to the engagement of services of a
13 financial advisor by the commission; and

14 [~~(6)~~] (7) Other costs as specifically authorized by a
15 financing order.

16 "Financing entity" means a public utility or an entity to
17 which a public utility or an affiliate of a public utility
18 sells, assigns, or pledges all or a portion of the public
19 utility's interest in infrastructure resilience property,
20 including an affiliate of the public utility or any unaffiliated
21 entity, in each case as approved by the commission in a
22 financing order.

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1 Subject to section -6(c), an entity to which a public
2 utility sells, assigns, or pledges all or a portion of the
3 public utility's interest in infrastructure resilience property
4 may include any governmental entity that is able to issue bonds
5 that are exempt from federal tax pursuant to section 103 of the
6 Internal Revenue Code of 1986, as amended, including the State
7 or a political subdivision thereof or any department, agency, or
8 instrumentality of the State or political subdivision; provided
9 that the bonds issued shall not constitute a general obligation
10 of the State or any political subdivision thereof or any
11 department, agency, or instrumentality of the State or political
12 subdivision and shall not constitute a pledge of the full faith
13 and credit of the entity or of the State or any political
14 subdivision thereof, but shall be payable solely from the funds
15 provided under this chapter.

16 "Financing order" means an order of the commission under
17 this chapter that has become final and no longer subject to
18 appeal as provided by law and that authorizes the issuance of
19 bonds and the imposition, adjustment from time to time, and
20 collection of infrastructure resilience charges, and that shall
21 include a procedure to require the expeditious approval by the
22 commission of periodic adjustments to infrastructure resilience

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1 charges and to any associated fixed recovery tax amounts
2 included in that financing order to ensure recovery of all
3 infrastructure resilience costs and the costs associated with
4 the proposed recovery, financing, or refinancing thereof,
5 including the costs of servicing and retiring the bonds
6 contemplated by the financing order.

7 "Financing party" means any holder of the bonds; any party
8 to or beneficiary of an ancillary agreement; and any trustee,
9 collateral agent, or other person acting for the benefit of any
10 of the foregoing.

11 "Fixed recovery tax amounts" means those nonbypassable
12 rates and other charges, including but not limited to
13 distribution, connection, disconnection, and termination rates
14 and charges, that are needed to recover federal and state taxes
15 associated with infrastructure resilience charges authorized by
16 the commission in a financing order, but are not approved as
17 financing costs financed from proceeds of bonds.

18 "Infrastructure resilience charges" means the nonbypassable
19 charges, including but not limited to distribution, connection,
20 disconnection, and termination rates and charges, that are
21 authorized in a financing order authorized under this chapter to
22 be imposed on and collected from all existing and future

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1 consumers of a [financing entity] public utility or any
2 successor to recover principal, interest, and other financing
3 costs relating to the bonds issued by its financing entity.

4 "Infrastructure resilience costs" means a public utility's
5 costs to implement its wildfire risk mitigation plan and other
6 investments in infrastructure improvements, modernization, and
7 replacement needed to reduce wildfire risks and increase
8 reliability and resilience to natural disasters and weather-
9 related events, as approved by the commission.

10 "Infrastructure resilience property" means the property
11 right created pursuant to this chapter, including but not
12 limited to the right, title, and interest of a public utility,
13 financing entity, or its assignee:

14 (1) In and to the infrastructure resilience charge
15 established pursuant to a financing order, including
16 the right to impose, bill, collect, and receive such
17 infrastructure resilience charges under the financing
18 order and all rights to obtain adjustments to the
19 infrastructure resilience charge in accordance with
20 section -3 and the financing order; and

21 (2) To be paid the amount that is determined in a
22 financing order to be the amount that the public

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1 utility or its assignee is lawfully entitled to
2 receive pursuant to this chapter and the proceeds
3 thereof, and in and to all revenues, collections,
4 claims, payments, moneys, or proceeds of, or arising
5 from, the infrastructure resilience charge that is the
6 subject of a financing order.

7 "Infrastructure resilience property" does not include a right to
8 be paid fixed recovery tax amounts. "Infrastructure resilience
9 property" shall constitute a current property right,
10 notwithstanding the fact that the value of the property right
11 will depend on consumers using public utility services or, in
12 those instances where consumers are customers of the public
13 utility, the public utility performing certain services.

14 "Investor-owned public utility" means a public utility that
15 is owned by shareholders and overseen by a board of directors
16 elected by shareholders.

17 "Public utility" has the same meaning as in section 269-1.

18 "True-up adjustment" means a formulaic adjustment to the
19 infrastructure resilience charges as they appear on consumer
20 bills that is necessary to correct for any overcollection or
21 undercollection of the infrastructure resilience charges
22 authorized by a financing order and to otherwise ensure the

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1 timely and complete payment and recovery of infrastructure
2 resilience costs over the authorized repayment term.

3 "Wildfire risk mitigation plan" means a plan, which may
4 include a natural hazard mitigation report, in which a public
5 utility addresses how the public utility will mitigate the risk
6 to its equipment in the event of a wildfire.

7 **§ -2 Applications to issue bonds and authorize**

8 **infrastructure resilience charges.** (a) A public utility may
9 apply to the commission for one or more financing orders to
10 issue bonds to recover any infrastructure resilience costs, each
11 of which authorizes the following:

12 (1) The imposition, charging, and collection of an
13 infrastructure resilience charge, to become effective
14 upon the issuance of the bonds, and an adjustment of
15 any such infrastructure resilience charge in
16 accordance with a true-up adjustment mechanism under
17 this chapter in amounts sufficient to pay the
18 principal and interest on the bonds and all other
19 associated financing costs on a timely basis;

20 (2) The creation of infrastructure resilience property
21 under the financing order; and

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- 1 (3) The imposition, charging, and collection of fixed
2 recovery tax amounts to recover any portion of the
3 public utility's federal and state taxes associated
4 with those infrastructure resilience charges and not
5 financed from the proceeds of bonds.
- 6 (b) The application shall include all of the following:
- 7 (1) The infrastructure resilience costs to be financed
8 through the issuance of bonds;
- 9 (2) The principal amount of the bonds proposed to be
10 issued and the selection of a financing entity;
- 11 (3) An estimate of the date on which each series of bonds
12 is expected to be issued;
- 13 (4) The scheduled final payment date, which shall not
14 exceed thirty years, and a legal final maturity date,
15 which may be longer, subject to rating agency and
16 market considerations, during which term the
17 infrastructure resilience charge associated with the
18 issuance of each series of bonds is expected to be
19 imposed and collected;
- 20 (5) An estimate of the financing costs associated with the
21 issuance of each series of bonds;

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- 1 (6) An estimate of the amount of the infrastructure
2 resilience charge revenues necessary to pay principal
3 and interest on the bonds and all other associated
4 financing costs as set forth in the application and
5 calculation for that estimate;
- 6 (7) A proposed design of the infrastructure resilience
7 charge and a proposed methodology for allocating the
8 infrastructure resilience charge among customer
9 classes within the public utility's service territory;
- 10 (8) A description of the financing entity selected by the
11 public utility;
- 12 (9) A description of a proposed true-up adjustment
13 mechanism for the adjustment of the infrastructure
14 resilience charge to correct for any overcollection or
15 undercollection of the infrastructure resilience
16 charge, and to otherwise ensure the timely payment of
17 principal and interest on the bonds and all other
18 associated financing costs; and
- 19 (10) Any other information required by the commission.
- 20 (c) A public utility may file an application for a
21 financing order, or as a joint applicant with one or more
22 affiliate public utilities, to issue bonds to recover

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1 infrastructure resilience costs. The application shall include
2 a description of:

3 (1) How the infrastructure resilience charges will be
4 allocated among the applicant public utilities in a
5 manner that is equitable and that need not correspond
6 to the incurrence of infrastructure resilience costs
7 by each public utility; and

8 (2) Whether and how the consumers of any of the applicant
9 public utilities will be responsible for the payment
10 of infrastructure resilience charges allocated to
11 consumers of affiliate public utilities.

12 In the alternative, a public utility may apply for a
13 financing order to issue bonds to recover infrastructure
14 resilience costs, including infrastructure resilience costs
15 incurred, or to be incurred, by the applicant and one or more of
16 its affiliate public utilities. In connection with the issuance
17 of a financing order pursuant to this subsection, the commission
18 shall issue a concurrent order to the affiliate public utility
19 or public utilities directing the affiliate public utility or
20 public utilities to impose rates on its or their consumers
21 designed to generate revenue sufficient to pay credits over the
22 life of the bonds to the applicant public utility in the amount

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1 as the commission determines is equitable, just, and
2 reasonable. The application shall describe the allocation
3 method and adjustment mechanism for the affiliate public utility
4 credit payments proposed to be subject to the concurrent
5 commission order.

6 (d) The commission shall issue an approval or denial of
7 any application for a financing order filed pursuant to this
8 section within ninety days of the last filing in the applicable
9 docket ~~[but no later than one year after the application is~~
10 ~~filed]~~.

11 (e) In exercising its duties under this section, the
12 commission shall consider:

13 (1) Whether the issuance of the bonds, and the imposition
14 and collection of infrastructure resilience charges,
15 are~~[recovery of costs is]~~ consistent with the public
16 interest;

17 (2) Whether the structuring, marketing, and pricing of the
18 bonds are expected to result in the lowest
19 infrastructure resilience charges consistent with
20 market conditions at the time at which the bonds are
21 priced and the terms of the financing order;

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- 1 (3) Whether the terms and conditions of any bonds to be
2 issued are just and reasonable;
- 3 (4) With respect to an application by an investor-owned
4 public utility, whether the recovery of infrastructure
5 resilience costs through the designation of the
6 infrastructure resilience charges and any associated
7 fixed recovery tax amounts, and the issuance of bonds
8 in connection with the infrastructure resilience
9 charges, would result in net savings or mitigate rate
10 impacts to consumers, as compared to rate recovery
11 without securitization; and
- 12 (5) Any other factors that the commission deems reasonable
13 and in the public interest.

14 If the commission makes the determination specified in this
15 section, the commission shall establish, as part of the
16 financing order, a procedure for the public utility to submit
17 applications from time to time to request the issuance of
18 additional financing orders designating infrastructure
19 resilience charges and any associated fixed recovery tax amounts
20 as recoverable.

21 A public utility may include in its application for a
22 financing order a request for authorization to sell, transfer,

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1 assign, or pledge infrastructure resilience property to a
2 governmental entity if the public utility expects bonds issued
3 by a governmental entity to result in a more cost-efficient
4 means, taking into account all financing costs related to the
5 bonds, than using another financing entity to issue bonds to
6 finance the same infrastructure resilience costs, taking into
7 account the costs of issuing the other financing entity's bonds.

8 (f) Infrastructure resilience charges and any associated
9 fixed recovery tax amounts shall be imposed only on existing and
10 future consumers in the utility service territory of the
11 electric utility that is subject to such financing
12 order. Consumers within the utility service territory of the
13 public utility that are subject to the financing order shall
14 continue to pay infrastructure resilience charges and any
15 associated fixed recovery tax amounts until the bonds and
16 associated financing costs are paid in full by the financing
17 entity.

18 **§ -3 Infrastructure resilience financing order.** (a) A
19 financing order shall remain in effect until the bonds issued
20 under the financing order and all financing costs related to the
21 bonds have been paid in full or defeased by their terms. The

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1 financing order shall be for no greater than \$500,000,000 of the
2 infrastructure resilience costs.

3 A financing order shall remain in effect and unabated
4 notwithstanding the bankruptcy, reorganization, or insolvency of
5 the public utility or the commencement of any judicial or
6 nonjudicial proceeding on the financing order.

7 (b) Notwithstanding any other law to the contrary, with
8 respect to infrastructure resilience property that has been made
9 the basis for the issuance of bonds and with respect to any
10 associated fixed recovery tax amounts, the financing order, the
11 infrastructure resilience charges, and any associated fixed
12 recovery tax amounts shall be irrevocable. The State and its
13 agencies, including the commission, pledge and agree with
14 bondholders, the owners and assignees of the infrastructure
15 resilience property, and other financing parties that the State
16 and its agencies shall not take any action listed in this
17 subsection. This subsection shall not preclude an action if the
18 action would not adversely affect the interests of the public
19 utility, [and] of assignees of the infrastructure resilience
20 property and of bondholders. The prohibited actions shall be
21 the following:

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- 1 (1) Alter the provisions of this chapter, which authorize
2 the commission to create an irrevocable contract right
3 or ~~[choice]~~ chose in action by the issuance of a
4 financing order, to create infrastructure resilience
5 property and make the infrastructure resilience
6 charges imposed by a financing order irrevocable,
7 binding, nonbypassable charges for all existing and
8 future consumers;
- 9 (2) Take or permit any action that impairs or would impair
10 the value of infrastructure resilience property or the
11 security for the bonds or revise the infrastructure
12 resilience costs for which recovery is authorized;
- 13 (3) In any way impair the rights and remedies of the
14 bondholders, assignees, and other financing parties;
15 and
- 16 (4) Except for changes made pursuant to the true-up
17 adjustment authorized under subsection (d), reduce,
18 alter, or impair infrastructure resilience charges
19 that are to be imposed, billed, charged, collected,
20 and remitted for the benefit of the bondholders, any
21 assignee, and any other financing parties until any
22 and all principal, interest, premium, financing costs,

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1 and other fees, expenses, or charges incurred, and any
2 contracts to be performed, in connection with the
3 related bonds have been paid and performed in full.

4 The financing entity may include this pledge in the bonds.

5 (c) Under a financing order, the public utility shall
6 retain sole discretion to select the financing entity and to
7 cause bonds to be issued, including the right to defer or
8 postpone the issuance, assignment, sale, or transfer of
9 infrastructure resilience property.

10 (d) The commission may create, pursuant to an application
11 from a public utility, a nonbypassable charge referred to as a
12 infrastructure resilience charge, which shall be applied to
13 recover principal, interest, and other financing costs relating
14 to the bonds. The infrastructure resilience charge shall be a
15 dedicated, discrete tariff rider.

16 The commission, in any financing order, shall establish a
17 procedure for periodic true-up adjustments to infrastructure
18 resilience charges, which shall be made at least annually and
19 may be made more frequently. Within thirty days after receiving
20 a public utility's filing of a true-up adjustment, the
21 commission's review of the filing shall be limited to
22 mathematical or clerical errors as determined in accordance with

1 any true-up adjustment formulas set forth in the applicable
2 financing order.

3 The commission shall either approve the filing or inform
4 the public utility of any mathematical or clerical errors in its
5 calculation. If the commission informs the public utility of
6 mathematical or clerical errors in its calculation, the public
7 utility shall correct its error and refile its true-up
8 adjustment. The timeframes previously described in this
9 subsection shall apply to a refiled true-up adjustment.

10 (e) The commission may require, in the financing order,
11 that, if a default by the electric utility in remittance of the
12 wildfire recovery charges collected occurs, the commission shall
13 order the sequestration and payment to the applicable financing
14 entity. Any order shall remain in full force and effect
15 notwithstanding any bankruptcy, reorganization, or other
16 insolvency proceedings with respect to the electric utility.

17 [~~(e) Neither financing orders nor bonds issued under this~~
18 ~~chapter shall constitute a general obligation of the State or~~
19 ~~any of its political subdivisions, nor shall they constitute a~~
20 ~~pledge of the full faith and credit of the State or any of its~~
21 ~~political subdivisions, but shall be payable solely from the~~
22 ~~infrastructure resilience property provided under this chapter.~~

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1 ~~All bonds shall contain on the face thereof a statement to~~
2 ~~the following effect: "Neither the full faith and credit nor~~
3 ~~the taxing power of the State of Hawaii is pledged to the~~
4 ~~payment of the principal of, or interest and premium on, this~~
5 ~~bond.~~

6 ~~The issuance of bonds under this chapter shall not~~
7 ~~directly, indirectly, or contingently obligate the State or any~~
8 ~~of its political subdivisions to levy or pledge any form of~~
9 ~~taxation or make any appropriation for their payment.]~~

10 (f) Infrastructure resilience charges are infrastructure
11 resilience property when, and to the extent that, a financing
12 order authorizing the infrastructure resilience charges has
13 become effective in accordance with this chapter, and the
14 infrastructure resilience property shall thereafter continuously
15 exist as property for all purposes, and all of the rights and
16 privileges relating to that property shall continuously exist
17 for the period and to the extent provided in the financing
18 order, but in any event until the bonds, including all
19 principal; premiums, if any; interest with respect to the bonds;
20 and all other financing costs are paid in full. A financing
21 order may provide that the creation of infrastructure resilience
22 property shall be simultaneous with the sale of the

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1 infrastructure resilience property to an assignee as provided in
2 the application of the pledge of the infrastructure resilience
3 property to secure the bonds.

4 (g) Any successor to a financing entity shall be bound by
5 the requirements of this chapter and shall perform and satisfy
6 all obligations of and have the same rights under a financing
7 order as, and to the same extent as, the financing entity.

8 (h) No public utility approved for a financing order shall
9 increase compensation for its executive officers unless the
10 utility's wildfire risk mitigation plan compliance reports have
11 been approved by the commission for five consecutive years;
12 provided that the commission may consider an alternative
13 symmetric performance incentive mechanism, if the commission
14 deems appropriate. For the purposes of this subsection,
15 "wildfire risk mitigation plan" has the same meaning as in
16 section -1.

17 (i) The commission, in its discretion, may engage the
18 services of a financial adviser for the purposes of assisting
19 the commission in its consideration of an application for a
20 financing order and a subsequent issuance of bonds pursuant to a
21 financing order.

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1 **§ -4 Bonds; issuance; infrastructure resilience property**

2 **interests.** (a) The public utility may sell and assign all or
3 portions of its interest in infrastructure resilience property
4 to one or more financing entities that make that infrastructure
5 resilience property the basis for issuance of bonds, to the
6 extent approved in a financing order. The public utility or
7 financing entity may pledge infrastructure resilience property
8 as collateral, directly or indirectly, for bonds to the extent
9 approved in the pertinent financing orders providing for a
10 security interest in the infrastructure resilience property, in
11 the manner set forth in this section. In addition,
12 infrastructure resilience property may be sold or assigned by
13 either of the following:

14 (1) The financing entity or a trustee for the holders of
15 bonds or the holders of an ancillary agreement in
16 connection with the exercise of remedies upon a
17 default under the terms of the bonds; or

18 (2) Any person acquiring the infrastructure resilience
19 property after a sale or assignment pursuant to this
20 chapter.

21 (b) To the extent that any interest in infrastructure
22 resilience property is sold, assigned, or is pledged as

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1 collateral pursuant to subsection (a), the commission [may]
2 shall require[authorize] the public utility to contract with the
3 financing entity or its assignees that the public utility will:

4 (1) Continue to operate its system to provide service to
5 consumers within its service territory;

6 (2) Collect amounts in respect of the infrastructure
7 resilience charges for the benefit and account of the
8 financing entity or its assignees; and

9 (3) Account for and remit these amounts to or for the
10 account of the financing entity or its assignees.

11 Contracting with the financing entity or its assignees in
12 accordance with that authorization shall not impair or
13 negate the characterization of the sale, assignment,
14 or pledge as an absolute transfer, a true sale, or a
15 security interest, as applicable. To the extent that
16 billing, collection, and other related services with
17 respect to the provision of the public utility's
18 services are provided to a consumer by any person or
19 entity other than the public utility in whose service
20 territory the consumer is located, that person or
21 entity shall collect the infrastructure resilience
22 charges and any associated fixed recovery tax amounts

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1 from the consumer for the benefit and account of the
2 public utility, financing entity, or assignees with
3 the associated revenues remitted solely for the
4 person's benefit as a condition to the provision of
5 public utility service to that consumer.

6 Each financing order shall impose terms and conditions,
7 consistent with the purposes and objectives of this chapter, on
8 any person or entity responsible for billing, collection, and
9 other related services, including but not limited to collection
10 of the infrastructure resilience charges and any associated
11 fixed recovery tax amounts, that are the subject of the
12 financing order.

13 (c) The financing entity may issue bonds upon approval by
14 the commission in a financing order. Bonds shall be nonrecourse
15 to the credit or any assets of the public utility, other than
16 the infrastructure resilience property as specified in that
17 financing order.

18 (d) Infrastructure resilience property that is specified
19 in a financing order shall constitute an existing, present
20 property right, notwithstanding the fact that the imposition and
21 collection of infrastructure resilience charges depend on the
22 public utility's continuing to provide services or continuing to

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1 perform its servicing functions relating to the collection of
2 infrastructure resilience charges or on the level of future
3 service consumption, such as consumption of a public utility
4 service. Infrastructure resilience property shall exist whether
5 or not the infrastructure resilience charges have been billed,
6 have accrued, or have been collected, and notwithstanding the
7 fact that the value for a security interest in the
8 infrastructure resilience property, or amount of the
9 infrastructure resilience property, is dependent on the future
10 provision of service to consumers. All infrastructure
11 resilience property specified in a financing order shall
12 continue to exist until the bonds issued pursuant to a financing
13 order and all associated financing costs are paid in full.

14 (e) Infrastructure resilience property; infrastructure
15 resilience charges; and the interests of an assignee,
16 bondholder, or financing entity, or any pledgee in
17 infrastructure resilience property and infrastructure resilience
18 charges shall not be subject to setoff, counterclaim, surcharge,
19 recoupment, or defense by the public utility or any other person
20 or in connection with the bankruptcy, reorganization, or other
21 insolvency proceeding of the public utility, any affiliate of
22 the public utility, or any other entity.

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1 (f) Notwithstanding any law to the contrary, any
2 requirement under this chapter or a financing order that the
3 commission acts upon shall be binding upon the commission, as it
4 may be constituted from time to time, and any successor agency
5 exercising functions similar to the commission, and the
6 commission shall have no authority to rescind, alter, or amend
7 that requirement in a financing order.

8 **§ -5 Infrastructure resilience charge.** (a) The
9 infrastructure resilience charge created pursuant to a financing
10 order approved pursuant to section -2 shall be a
11 nonbypassable charge of a financing entity that shall be applied
12 to the repayment of bonds and related financing costs as
13 described in this chapter. The infrastructure resilience charge
14 and any associated fixed recovery tax amounts may be a usage-
15 based charge, a flat user charge, or a charge based upon
16 customer revenues as determined by the commission for each
17 consumer class in any financing order.

18 (b) As long as any bonds are outstanding and any financing
19 costs have not been paid in full, any infrastructure resilience
20 charge and any associated fixed recovery tax amounts authorized
21 under a financing order shall be nonbypassable. Subject to any
22 exceptions provided in a financing order, a infrastructure

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1 resilience charge and any associated fixed recovery tax amounts
2 shall be paid by all existing and future consumers within the
3 utility service territory.

4 (c) The infrastructure resilience charge shall be
5 collected by a public utility or its successors, in accordance
6 with section -8(a), in full through a charge that is separate
7 and apart from the public utility's rates. The infrastructure
8 resilience charge shall be collected by the public utilities or
9 their successors as collection agents for the applicable
10 financing entity, and such amounts shall be held in trust until
11 transferred to the applicable financing entity.

12 (d) A public utility may exercise the same rights and
13 remedies under its tariff and applicable law and regulation
14 based on a consumer's nonpayment of the infrastructure
15 resilience charge as it could for a consumer's failure to pay
16 any other charge payable to that public utility.

17 **§ -6 Security interests in infrastructure resilience**
18 **property; financing statements.** (a) A security interest in
19 infrastructure resilience property is valid and enforceable
20 against the pledgor and third parties, subject to the rights of
21 any third parties holding security interests in the
22 infrastructure resilience property perfected in the manner

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1 described in this section, and attaches when all of the
2 following have occurred:

- 3 (1) The commission has issued a financing order
4 authorizing the infrastructure resilience charge to be
5 included in the infrastructure resilience property;
6 (2) Value has been given by the pledgees of the
7 infrastructure resilience property; and
8 (3) The pledgor has signed a security agreement covering
9 the infrastructure resilience property.

10 (b) A valid and enforceable security interest in
11 infrastructure resilience property is perfected when it has
12 attached and when a financing statement has been filed with the
13 bureau of conveyances of the State of Hawaii naming the pledgor
14 of the infrastructure resilience property as "debtor" and
15 identifying the infrastructure resilience property.

16 Any description of the infrastructure resilience property
17 shall be sufficient if it refers to the financing order creating
18 the infrastructure resilience property. A copy of the financing
19 statement shall be filed with the commission by the public
20 utility that is the pledgor or transferor of the infrastructure
21 resilience property. The commission may require the public
22 utility to make other filings with respect to the security

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1 interest in accordance with procedures that the commission may
2 establish; provided that the filings shall not affect the
3 perfection of the security interest.

4 (c) A perfected security interest in infrastructure
5 resilience property shall be a continuously perfected security
6 interest in all infrastructure resilience property revenues and
7 proceeds arising with respect thereto, whether or not the
8 revenues or proceeds have accrued. Conflicting security
9 interests shall rank according to priority in time of
10 perfection. Infrastructure resilience property shall constitute
11 property for all purposes, including for contracts securing
12 bonds, whether or not the infrastructure resilience property
13 revenues and proceeds have accrued.

14 (d) Subject to the terms of the security agreement
15 covering the infrastructure resilience property and the rights
16 of any third parties holding security interests in the
17 infrastructure resilience property, perfected in the manner
18 described in this section, the validity and relative priority of
19 a security interest created under this section shall not be
20 defeated or adversely affected by the commingling of revenues
21 arising with respect to the infrastructure resilience property
22 with other funds of the public utility that is the pledgor or

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1 transferor of the infrastructure resilience property, or by any
2 security interest in a deposit account of that public utility
3 perfected under article 9 of chapter 490, into which the
4 revenues are deposited.

5 Subject to the terms of the security agreement, upon
6 compliance with the requirements of section 490:9-312(b)(1), the
7 pledgees of the infrastructure resilience property shall have a
8 perfected security interest in all cash and deposit accounts of
9 the public utility in which infrastructure resilience property
10 revenues have been commingled with other funds.

11 (e) If default occurs under the security agreement
12 covering the infrastructure resilience property, the pledgees of
13 the infrastructure resilience property, subject to the terms of
14 the security agreement, shall have all rights and remedies of a
15 secured party upon default under article 9 of chapter 490 and
16 shall be entitled to foreclose or otherwise enforce their
17 security interest in the infrastructure resilience property,
18 subject to the rights of any third parties holding prior
19 security interests in the infrastructure resilience property
20 perfected in the manner provided in this section.

21 In addition, the commission may require in the financing
22 order creating the infrastructure resilience property that in

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1 the event of default by the public utility in payment of
2 infrastructure resilience property revenues, the commission and
3 any successor thereto, upon the application by the pledgees or
4 assignees, including assignees under section -4 of the
5 infrastructure resilience property, and without limiting any
6 other remedies available to the pledgees or assignees by reason
7 of the default, shall order the sequestration and payment to the
8 pledgees or assignees of infrastructure resilience property
9 revenues. Any financing order shall remain in full force and
10 effect notwithstanding any bankruptcy, reorganization, or other
11 insolvency proceedings with respect to the debtor, pledgor, or
12 transferor of the infrastructure resilience property. Any
13 surplus in excess of amounts necessary to pay principal;
14 premiums, if any; interest, costs, and arrearages on the bonds;
15 and associated financing costs arising under the security
16 agreement, shall be remitted to the debtor, pledgor, or
17 transferor, for the purpose of remitting such amounts to
18 customers via the public utility.

19 (f) Sections 490:9-204 and 490:9-205 shall apply to a
20 pledge of infrastructure resilience property by the public
21 utility, an affiliate of the public utility, or a financing
22 entity.

1 **§ -7 Transfers of infrastructure resilience**

2 **property.** (a) A transfer or assignment of infrastructure
3 resilience property by the public utility to an assignee or to a
4 financing entity, or by an assignee of the public utility or a
5 financing entity to another financing entity, which the parties
6 in the governing documentation have expressly stated to be a
7 sale or other absolute transfer, in a transaction approved in a
8 financing order, shall be treated as an absolute transfer of all
9 of the transferor's right, title, and interest, as in a true
10 sale, and not as a pledge or other financing, of the
11 infrastructure resilience property, other than for federal and
12 state income and franchise tax purposes.

13 (b) The characterization of the sale, assignment, or
14 transfer as an absolute transfer and true sale and the
15 corresponding characterization of the property interest of the
16 assignee shall not be affected or impaired by, among other
17 things, the occurrence of any of the following:

18 (1) Commingling of infrastructure resilience charge
19 revenues with other amounts;

20 (2) The retention by the seller of either of the
21 following:

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- 1 (A) A partial or residual interest, including an
2 equity interest, in the financing entity or the
3 infrastructure resilience property, whether
4 direct or indirect, subordinate or otherwise; or
- 5 (B) The right to recover costs associated with taxes,
6 franchise fees, or license fees imposed on the
7 collection of infrastructure resilience charge;
- 8 (3) Any recourse that an assignee may have against the
9 seller;
- 10 (4) Any indemnification rights, obligations, or repurchase
11 rights made or provided by the seller;
- 12 (5) The obligation of the seller to collect infrastructure
13 resilience charges on behalf of an assignee;
- 14 (6) The treatment of the sale, assignment, or transfer for
15 tax, financial reporting, or other purpose; or
- 16 (7) Any true-up adjustment of the infrastructure
17 resilience charge as provided in the financing order.
- 18 (c) A transfer of infrastructure resilience property shall
19 be deemed perfected against third parties when:
- 20 (1) The commission issues the financing order authorizing
21 the infrastructure resilience charge included in the
22 infrastructure resilience property; and

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1 (2) An assignment of the infrastructure resilience
2 property in writing has been executed and delivered to
3 the assignee.

4 (d) As between bona fide assignees of the same right for
5 value without notice, the assignee first filing a financing
6 statement with the bureau of conveyances of the State of Hawaii
7 in accordance with part 5 of article 9 of chapter 490, naming
8 the assignor of the infrastructure resilience property as debtor
9 and identifying the infrastructure resilience property, shall
10 have priority. Any description of the infrastructure resilience
11 property shall be sufficient if it refers to the financing order
12 creating the infrastructure resilience property. A copy of the
13 financing statement shall be filed by the assignee with the
14 commission, and the commission may require the assignor or the
15 assignee to make other filings with respect to the transfer in
16 accordance with procedures the commission may establish;
17 provided that these filings shall not affect the perfection of
18 the transfer.

19 **§ -8 Financing entity successor requirements; default of**
20 **financing entity.** (a) Any successor to a public utility
21 subject to a financing order, whether pursuant to any
22 bankruptcy, reorganization, or other insolvency proceeding, or

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1 pursuant to any merger, sale, or transfer, by operation of law,
2 or otherwise, shall be bound by the requirements of this
3 chapter. The successor of the public utility shall perform and
4 satisfy all obligations of the public utility under the
5 financing order in the same manner and to the same extent as the
6 public utility, including the obligation to collect and pay the
7 infrastructure resilience charge to any financing party as
8 required by a financing order or any assignee. Any successor to
9 the public utility shall be entitled to receive any fixed
10 recovery tax amounts otherwise payable to the public utility.

11 (b) The commission may require in a financing order that,
12 if a default by the public utility in remittance of the
13 infrastructure resilience charge collected arising with respect
14 to infrastructure resilience property occurs, the commission,
15 without limiting any other remedies available to any financing
16 party by reason of the default, shall order the sequestration
17 and payment to the beneficiaries of the infrastructure
18 resilience charge collected arising with respect to the
19 infrastructure resilience property. Any order shall remain in
20 full force and effect notwithstanding any bankruptcy,
21 reorganization, or other insolvency proceedings with respect to
22 the public utility.

S.B. NO. 897
S.D. 3
H.D. 1

1 **§ -9 Severability.** If any provision of this chapter is
2 held to be invalid or is superseded, replaced, repealed, or
3 expires for any reason:

- 4 (1) That occurrence shall not affect any action allowed
5 under this chapter that is taken prior to that
6 occurrence by the commission, a financing entity, a
7 bondholder, or any financing party, and any such
8 action shall remain in full force and effect; and
9 (2) The validity and enforceability of the rest of this
10 chapter shall remain unaffected."

11 PART III

12 SECTION 4. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect on July 1, 3000.

____.B. NO.____

Report Title:

DCCA; PUC; Energy; Aggregate Liability Limit; Securitization;
Public Utility Infrastructure Resilience

Description:

Establishes an aggregate limit for liability for economic damages from catastrophic wildfires. Authorizes securitization of certain costs for public utilities. Effective 7/1/3000. (HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

Testimony to the House Committee on Consumer Protection & Commerce
Representative Scot Z. Matayoshi, Chair
Representative Cory M. Chun, Vice Chair

Testimony to the House Committee on Judiciary & Hawaiian Affairs
Representative David A. Tarnas, Chair
Representative Mahina Poepoe, Vice Chair

Tuesday, March 18, 2025, at 2:00PM
Conference Room 329 & Videoconference

RE: SB897 SD3 HD1 Relating to Energy

Aloha e Chairs Matayoshi, Tarnas, and Members of the Committees:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 897 Senate Draft 3 House Draft 1 (SB897 SD3 HD1), which establishes an aggregate limit for liability for economic damages from catastrophic wildfires. Authorizes securitization of certain costs for public utilities.

SB897 SD3 HD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii urgently needs a more comprehensive strategy to mitigate and recover from catastrophic wildfires, which pose substantial risks to both public safety and the State's economy. This legislation addresses that need by allowing electric cooperatives to recoup wildfire-related expenses through an automatic rate mechanism, setting limits on a public utility's total liability in catastrophic wildfire lawsuits, and establishing a new securitization framework that enables utilities to finance infrastructure resilience projects—particularly those designed to reduce wildfire hazards and enhance system reliability.

Together, these provisions stabilize the financial outlook for utilities, encourage long-term infrastructure improvements, and protect ratepayers from excessively high costs resulting from uncontrollable events. The Chamber supports this measure because it balances critical wildfire preparedness with economic security, ensuring that Hawaii's businesses, residents, and essential utility services remain resilient in the face of increasing environmental challenges.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass Senate Bill 897 Senate Draft 3 House Draft 1. Thank you for the opportunity to testify.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 18, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

TESTIMONY ON SB 897, SD3, HD1
RELATING TO ENERGY

Conference Room 329 & Videoconference
2:00 PM

Aloha Chairs Matayoshi and Tarnas, Vice-Chairs Chun and Poepoe, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 897, SD3, HD1, which establishes an aggregate limit for liability for economic damages from catastrophic wildfires. Authorizes securitization of certain costs for public utilities.

This bill proposes an alternative to the originally proposed creation of a wildfire recovery fund by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of hazards or risks. The HD1 version of this bill is in the public interest and protects customers and the State of Hawai'i from cost increases caused by utilities' exposure to unlimited wildfire liability.

The delivery of electricity is an essential public service that is important to the economic viability of the State. Recent weather events and the impact of climate change have made the delivery of such essential services challenging. As a result, cost impacts on customers may likely increase if protections are not put in place to address such risks.

Thank you for the opportunity to support SB 897, SD3, HD1. Please pass this bill.

SB-897-HD-1

Submitted on: 3/17/2025 7:35:06 AM

Testimony for CPC on 3/18/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Henry Curtis	Life of the Land	Support	In Person

Comments:

Aloha

Life of the Land supports the current version of the bill.

The House EEP Committee removed the billion dollar wildfire fund. The funding mechanism was causing headaches for everyone. What remains is a liability cap and the ability of the utility to use securitization as a funding method subject to PUC approval.

Please pass as is.

Mahalo



**TESTIMONY IN SUPPORT OF
SB 897 SD3 HD1**

**BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

SB 897 SD3 HD1- Relating to Energy

Tuesday, March 18, 2025
2:00 PM; Conference Room 329

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

Thank you for the opportunity to testify in support of SB 897 SD3 HD1 Relating to Energy. My name is Eric Wright and I serve as President of Par Hawaii. Par Hawaii is the largest local supplier of fuels, including various grades of utility fuels, as well as diesel, jet fuel, gasoline and propane.

SB 897 SD3 HD1 is a proactive approach to dealing with economic losses from a wildfire. The process that SB 897 SD3 HD1 would put in place would help ensure that Hawaiian Electric can attract investors in the capital markets. It would address the uncertainty associated with wildfire risks, an issue that is well documented by rating agencies such as Fitch¹ and Moody's². Other states have taken similar measures.

One of the underappreciated benefits of this legislation is the positive impact it has on Hawaii's local companies. In the case of Par Hawaii, we are a fuel supplier to Hawaiian Electric. We depend on Hawaiian Electric's ability to access capital and make timely payments on its obligations.

Similarly, there are several independent power producers³ who are critical to our daily lives because they produce and sell power to Hawaiian Electric. Additionally, there are potentially hundreds of local contractors and vendors who do business with Hawaiian Electric. These companies all depend on Hawaiian Electric to pay its bills on time. In turn, these companies are able to cover the cost of their business, including salaries and wages for their employees, as well as payments to local contractors and vendors.

The benefits of SB 897 SD3 HD1 go well beyond Hawaiian Electric by providing assurance to many local companies, and their employees, who do business with Hawaiian Electric.

¹ <https://www.fitchratings.com/research/corporate-finance/fitch-affirms-hawaiian-electric-industries-hawaiian-electric-co-at-b-removes-negative-watch-25-10-2024>

² <https://events.moodys.com/2024-miu22138-investor-breakfast-briefing/liability-reform-will-be-key-to-support-credit-quality-of-utilities-in-wildfire-prone-states>

³ <https://www.hawaiianelectric.com/about-us/power-facts>

**TESTIMONY BEFORE THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
AND
HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS**

SB 897 SD3 HD1 - Relating to Energy

In Support

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Plus Power

Aloha Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

On behalf of Plus Power, I am submitting testimony in support of SB 897 SD3 HD1, Relating to Energy, which establishes an aggregate limit for liability for economic damages from catastrophic wildfires, and authorizes securitization of certain costs for public utilities. Given various factors affecting our environment, including extreme weather events, SB 897 SD3 HD1 is a proactive approach to address the economic threat of a future catastrophic wildfire. This bill protects customers and the state from cost increases caused by utilities' exposure to unlimited wildfire liability.

While we hope nothing like what happened in West Maui ever occurs again, this bill is necessary to put protections in place to address such risks. The economic viability of our state's largest electric utility is in the public interest.

The Plus Power team is accelerating the deployment of transmission-connected battery energy storage throughout the United States. Plus Power develops, owns, and operates standalone battery energy storage systems that provide capacity, energy, and ancillary services, enabling the rapid integration of renewable generation resources. We now have 7 operating projects, with 1 in Hawaii, 4 in Texas, 2 in Arizona, and 2 more coming online this year in Maine and Massachusetts, totaling over 4000 MWh. Behind those, we have 10 GW of projects in 28 U.S. states, including Hawaii, and Canada in development. Plus Power wants to continue to help Hawaii meet its energy and reliability needs, and this legislation helps unlock the financing required.

We support SB 897 SD3 HD1 and request its passage. Thank you for the opportunity to share support.

Brian Duncan

Senior Vice President, Origination & Commercial

Plus Power

Clearway Energy Group
100 California St, Suite 650
San Francisco, CA 94111



March 18, 2025

Via Electronic Submittal

Committee on Consumer Protection & Commerce
Representative Scot Z. Matayoshi, Chair
Representative Cory M. Chun, Vice Chair

Committee on Judiciary & Hawaiian Affairs
Representative David A. Tarnas, Chair
Representative Mahina Poepoe, Vice Chair

Tuesday, March 18, 2025, 2:00 p.m.
Conference Room 329 & Videoconference

RE: SB 897 SD3 HD1 – Relating to Energy – Support the Intent

Aloha Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe and members of the Committees,

Clearway Energy Group (“Clearway”) supports the intent of SB 897 SD3 HD1, which addresses economic liability and securitization for wildfire-related costs for public utilities. Clearway is one of the largest suppliers of renewable energy to Hawaiian Electric and its customers. Our projects provide clean, reliable power to Hawaiian Electric’s customers at a fixed price and at a lower cost than electricity from fossil fuel sources.

In supporting the intent of SB 897 SD3 HD1, Clearway wishes to underscore the importance of a financially stable utility in enabling continued construction of affordable, clean energy resources to meet Hawaii’s electricity needs. A recent S&P Global Ratings report on Hawaiian Electric Industries Inc. and its subsidiaries confirmed a credit rating of B- (six notches below investment grade), with a negative outlook driven by litigation risk.¹ When Clearway and other independent power producers seek financing for our

¹ S&P Global Ratings, RatingsDirect: “Hawaiian Electric Industries Inc. And Subsidiaries Ratings Affirmed, Off Credit Watch; Outlook Negative,” November 22, 2024.

clean energy investments in Hawaii, lenders rely on these credit ratings and reports to determine whether, and at what cost, they will invest in a project contracted with Hawaiian Electric. In the current environment, Clearway has determined that it is currently not possible to secure financing at a reasonable cost for projects relying on revenue from Hawaiian Electric.

In addition to SB 897 SD3 HD1, Clearway also supports SB 1501/HB 974, which allows independent power producers to enter into a step-in agreement with the State, giving lenders near-term assurance that payments for delivered energy will continue even if the utility were to become subject to a bankruptcy proceeding. Both proposals are needed to support continued financing of clean energy projects. The step-in agreement is a temporary mechanism to allow project financing to continue in the near term while Hawaiian Electric works back toward an investment-grade credit rating, whereas SB 897 SD3 HD1 is important as a mechanism to support Hawaiian Electric's long-term credit recovery.

Hawai'i has an urgent need for new electric generation and storage resources to stabilize the grid and keep the State on track toward its clean energy goals. We encourage the Legislature to adopt measures that create a constructive path forward for Hawaiian Electric.

Thank you for the opportunity to testify on this matter.

Nicola Park
Director, Hawaii
Clearway Energy Group



Email: communications@ulupono.com

HOUSE COMMITTEES ON CONSUMER PROTECTION AND COMMERCE & JUDICIARY AND
HAWAIIAN AFFAIRS

Tuesday, March 18, 2025 — 2:00 p.m.

Ulupono Initiative supports SB 897 SD3 HD1, Relating to Energy.

Dear Chair Matayoshi, Chair Tarnas, and Members of the Committees:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports SB 897 SD3 HD1, which establishes an aggregate limit for liability for economic damages from catastrophic wildfires, and authorizes securitization of certain costs for public utilities. This bill provides necessary mechanisms to ensure electric utilities can proactively mitigate wildfire risks, repair infrastructure, and efficiently recover from catastrophic wildfire events. This measure also establishes sensible provisions for electric cooperatives to recover commission-approved wildfire mitigation and restoration costs, enabling proactive risk management and strengthening community resilience. The proposed securitization approach is a forward-thinking financing mechanism that supports significant investments in infrastructure resilience without imposing excessive immediate rate increases on consumers.

Additionally, setting an aggregate liability limit is a reasonable approach to balancing the need for accountability with the fiscal sustainability of utilities, ensuring continued reliable service while providing a measure of foresight to address the sizeable financial risk of catastrophic wildfires. This measure is a crucial step in enhancing Hawai'i's preparedness and resilience against devastating wildfires, aligning with the state's broader goals for sustainability and energy security.

Looking forward, the establishment of the Hawai'i Wildfire Liability Trust Fund has the potential to help provide much-needed support and relief to those affected by wildfires in our state. By offering a reliable source of compensation, the Fund will enhance the resilience of our communities, enabling quicker recovery and rebuilding efforts while minimizing the long-term socio-economic impacts of wildfires.

Investing in a Sustainable Hawai'i



Ulupono applauds the Legislature's efforts to utilize unique methods to finance much-needed investments that will mitigate customer impacts to the extent possible.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs



Testimony Before the House Committees on Consumer Protection & Commerce
and Judiciary & Hawaiian Affairs

By David Bissell

President and Chief Executive Officer

Kaua'i Island Utility Cooperative

4463 Pahe'e Street, Suite 1, Līhu'e, Hawai'i, 96766-2000

Tuesday, March 18, 2025; 2:00 pm

Conference Room #329 & Videoconference

Senate Bill No. 897 SD3 HD1 - RELATING TO ENERGY

To the Honorable Chairs Scot Z. Matayoshi and David A. Tarnas, Vice Chairs Cory M. Chun and Mahine Poepoe, and Members of the Committees:

Kaua'i Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 34,000 commercial and residential members.

KIUC supports this measure and requests amendment.

KIUC recognizes that it is in the best interest of the state to minimize negative impacts to electric utility ratepayers for wildfire risk mitigation, disaster relief, and litigation costs. Public utilities are very capital intensive, and maintaining access to low-cost financing is of utmost importance to utilities. KIUC believes it is in the best interest of all to provide a limitation of aggregate liability for a public utility for qualifying damages arising from a covered catastrophic wildfire; while providing mechanisms such as securitization to recover, finance, or refinance financing costs of infrastructure resilience costs.

Securitization

As a not-for-profit cooperative, KIUC could have access to funding assistance from the Federal Emergency Management Agency (FEMA) following a declared disaster. It is reasonable to expect FEMA would cover 75% of KIUC's eligible rebuilding costs following a wildfire. However, FEMA would not reimburse all losses, and there could be additional third-party liability claims not covered by insurance resulting from a wildfire event. Additionally, FEMA has been mentioned by the Trump administration as an agency targeted for potential changes which could impact future availability of funding.

Securitization of wildfire related claim costs is potentially the most cost-effective method of financing if it is available, as debt can be issued in the capital market at investment grade levels often at the highest investment grade. The PUC's recently issued *2024 Inclinations on the Future of Energy in Hawaii* states "... creative new mechanisms, such as securitization, are likely necessary to secure the timely availability of funds and reduce ratepayer impact." KIUC notes that issuance and ongoing costs associated with securitization can be substantial. This likely limits the applicability of securitization to KIUC, since claim costs that may be material to a relatively small utility like KIUC may not reach a threshold that makes financial sense for incurring the carrying costs of securitization.

KIUC is nevertheless supportive of having the ability to participate in securitization in the event electric cooperative wildfire claim costs are large enough to justify a securitized offering. We also request an amendment to the definition of "catastrophic wildfire" in the bill to make it more relevant to a potential wildfire on Kaua'i, which has a fraction of the number of homes on either Maui, Hawai'i island or O'ahu:

"Catastrophic wildfire" means a wildfire occurring in the State on or after the effective date of this Act that destroys more than five hundred commercial structures or residential structures designed for habitation, or, for an electric cooperative with less than 50,000 residential members, a wildfire that destroys more than one hundred commercial structures or residential structures designed for habitation.

Thank you for your consideration.



Mālama Learning Center is a non-profit organization based in West O'ahu. Our mission is to inspire communities to care for Hawai'i by perpetuating conservation, culture, and sustainability through education.

The Honorable Representative Matayoshi, Chair
The Honorable Representative Tarnas, Chair
The Honorable Representative Chun, Vice Chair
The Honorable Representative Poepoe, Vice Chair
The Honorable Members of the Committee on Consumer Protection
& Commerce and Judiciary & Hawaiian Affairs

TESTIMONY IN SUPPORT OF SB 897, SD3, HD1

Relating to Energy

Hearing Date: Tuesday, March 18, 2025 at 2:00 p.m.
Conference Room 329

Chair, Vice Chair, and members of the committees:

Aloha Kākou. My name is Pauline Sato and I serve as the Executive Director of the Mālama Learning Center, a private, non-profit environmental education organization serving schools and communities in West O'ahu. I am testifying in support of SB 897, SD3, HD1, Relating to Energy, which proposes an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of hazards or risk. The HD1 version of this bill is in the public interest and protects customers and the State of Hawaii from cost increases caused by utilities' exposure to unlimited wildfire liability.

Throughout my 30+ year career in conservation focusing primarily in the Wai'anae and West O'ahu regions, wildfires have always been a serious threat and concern. I have witnessed and worked with the Honolulu Fire Department and military resources to stop fires that burned in conservation areas and reached residential areas. We are actively working to create "green" firebreaks with native and cultural heritage species to replace more flammable invasive grasses in key areas. But that is not enough. We, collectively, need to do much more in prevention and preparation. And there must be sufficient resources to respond if and when a catastrophic wildfire emerges to support the affected communities.

The delivery of electricity is an essential public service that is important to the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risks.

This legislation is critical to guaranteeing the availability of vital resources for our families in the event of future emergencies, creating a future wildfire recovery fund for potential victims. I support SB 897, SD3, HD1 and request its passage. Thank you for the opportunity to testify.

Aloha,

A handwritten signature in black ink that reads "Pauline M. Sato".

Pauline M. Sato

Mālama Learning Center
P.O. Box 1662, Honolulu, Hawai'i 967806
www.malamalearningcenter.org



Sustainable Energy Hawai'i

sustainableenergyhawaii.org
noel@sustainableenergyhawaii.org

March 17, 2025

Testimony for SB897 SD3 HD1 - RELATING TO ENERGY

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Committee members.

I'm testifying on behalf of **Sustainable Energy Hawai'i**, a 501(c)(3) non-profit dedicated to improving the quality of life for Hawaii Island residents. Our mission is to enable an economic, social, and environmental revival in Hawaii through a just transition to sustainable, 100% locally sourced renewable energy and the creation of a thriving clean hydrogen economy.

Sustainable Energy Hawai'i supports SB897 SD3 HD1. This measure *'Establishes an aggregate limit for liability for economic damages from catastrophic wildfires. Authorizes securitization of certain costs for public utilities.'*

As described, SB897 SD3 HD1 now proposes something different from the original, which called for the creation of a "wildfire recovery fund." HD1 now calls for limiting the risk faced by public utilities. Given the role that utilities play in delivering critical public services, this bill will help residents and our State as it will contain the cost increases related to wildfire liabilities. Utility obligations ultimately impact the costs that everyone pays for its services. By addressing unlimited wildfire liability risk, we're able to ensure that services are not interrupted, and costs are managed.

We encourage passage of **SB897 SD3 HD1**.

Thank you for this opportunity to testify.
Respectfully,

Noel Morin, Chairman, Board of Directors and on behalf of the Sustainable Energy Hawai'i Board of Directors: Peter Sternlicht – Treasurer | Kanani Aton – Secretary | David De Luz – Director | Desmon Haumea – Director | Jerry Chang - Director | Stanley Osserman - Director



HAWAII REGIONAL COUNCIL OF CARPENTERS

March 18, 2025

TO: The Honorable Scot Z. Matayoshi, Chair
The Honorable Cory M. Chun, Vice Chair
and Members of the House Committee on Consumer Protection & Commerce

The Honorable David A. Tarnas, Chair
The Honorable Mahina Poepoe, Vice Chair
And Members of the House Committee on Judiciary & Hawaiian Affairs

RE: **STRONG OPPOSITION TO SB897 – A COSTLY BURDEN ON
HAWAII’S WORKING FAMILIES**

Aloha Chairs, Vice Chairs, and Members of the Committees:

On behalf of the Hawai‘i Regional Council of Carpenters (HRCC), I submit this testimony in **strong opposition of SB897**, which seeks to establish the Wildlife Recovery Fund and allows securitization for electric utilities. This bill is a direct attack on affordability on Hawai‘i.

This Bill Negatively Affects Affordable Housing Development

HRCC supports affordable housing in Hawai‘i, and this bill severely impacts the production of affordable housing projects statewide. Not only would taxpayers have to bear the burden of yet another increase on cost of living, but for every dollar in the form of qualified tax-exempt private activity bonds (PABs) that goes into helping HECO for nonhousing purposes, the State loses potential subsidy of 65% - 70% of that dollar in the form of lost federal Low-Income Housing Tax Credit (LIHTC)—this is an incredibly valuable financial resource that finances most rental housing projects in the State.

Hawai‘i’s Most Vulnerable Will Suffer the Most

Energy costs already hit low-income residents the hardest. According to DBEDT, households below the poverty line in Hawai‘i spend up to 24% of their income just to keep the lights on. This bill would pile on even higher costs, wiping out the relief provided by historic housing investments and the 2024 tax relief package—progress that was meant to help struggling families. Who is looking out for our kupuna on fixed income?

STATE HEADQUARTERS & BUSINESS OFFICES

OAHU: 1311 Houghtailing Street, Honolulu Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 440-9188
HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576
KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376
MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961
KAUAI OFFICE: Kuhio Medical Ctr Bldg., 3-3295 Kuhio Hwy, Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

According to the most recent ALICE (asset limited, income constrained, employed) Report, ALICE households barely scrape by, unable to afford even the most basic necessities—housing, childcare, food, transportation, healthcare, a smartphone plan, and taxes—leaving them in a constant state of financial insecurity, one crisis away from devastation. Households below the ALICE Threshold are struggling more than ever, with many losing hope of achieving their long-term goals and remaining in the islands.

Nowhere is this crisis more severe than in Maui County, where residents are still reeling from the devastation of the August 2023 wildfires. The path to recovery is fraught with overwhelming obstacles, as they face an uphill battle to rebuild their economy and secure affordable housing. Adding to these hardships, HECO's attempt to shift accountability and costs onto ratepayers presents yet another crushing burden, further exacerbating the already high cost of living.

What is the Plan for To Transition Hawai'i Reliable, Affordable, Renewable Energy?

The fact that there is no clear pathway to a future where residents of Hawai'i can enjoy reliable, affordable, and renewable energy brings into question what ratepayers and taxpayers get in return for paying for HECO's slush fund, especially in light of the paralysis of the U.S. wind power industry by President Trump.

Under the Aggressive Electrification scenario, O'ahu's electricity demand is projected to reach 14,500 GWh per year by 2045—roughly double today's usage and 45% higher than the projected 2045 demand in the IGP Reference case. Initial modeling indicates that solar and wind energy will serve as the primary zero-carbon generation sources, supplying over 90% of the island's electricity needs. **This includes a combination of distributed solar, utility-scale solar, land-based wind, and offshore wind.** To balance supply and demand, battery storage will be essential for shifting energy to high-load periods.

Early analyses suggest that transitioning from fossil fuel-based generation to renewables could reduce electricity generation costs by decreasing reliance on imported fuels. **However, achieving this shift will require a massive expansion of generation and transmission infrastructure.** While distributed solar will play an important role, it alone will not be sufficient to meet customer demand. Research from the National Renewable Energy Laboratory estimates that even if solar panels were installed on every rooftop in O'ahu, they would generate only 6,400 GWh per year—less than half of the island's projected electricity needs.

As a result, large-scale renewable resources—including utility-scale solar, land-based wind, and offshore wind—will be necessary, along with extensive transmission infrastructure to integrate these resources into the grid. There are currently no alternative energy sources that are zero-carbon, cost-effective, and capable of meeting the required scale. The momentum for wind energy gained during the Biden era has been abruptly halted under President Trump, as federal permitting and leasing for wind projects have come to a standstill, threatening the future of renewable energy expansion.

Enough Is Enough—Reject SB897

For years, HECO has failed to make the necessary investments to ensure affordable, reliable energy for the people of Hawai'i. Instead, they have funneled millions into executive compensation, stock buybacks, and shareholder dividends—all while leaving our communities vulnerable.

Hawai'i's working families should not be forced to bail out a utility company that has repeatedly failed them. We strongly urge the committee to **reject SB897** and **protect the people of Hawai'i from skyrocketing energy costs.**

Mahalo for your time and consideration.

Mitchell Tynanes
Hawai'i Regional Council of Carpenters

ters



Charter Communications
Testimony of Felipe Monroig, Associate Vice President of Government Affairs

**JOINT HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE AND COMMITTEE ON
JUDICIARY AND HAWAIIAN AFFAIRS**

Hawaii State Capitol
Tuesday, March 18, 2025

COMMENTS ON S.B. 897, S.D. 3, – RELATING TO ENERGY

Chairs Matayoshi/Tarnas, and Members of the Committee.

Thank you for the opportunity to provide comments on S.B. 897, S.D. 3, a bill that would create a wildfire fund and administrative claims process that would allow claimants to be compensated for damage caused by a catastrophic wildfire relating to a public utility.

While Charter understands the intent of the bill and the desire to quickly and efficiently resolve claims stemming from catastrophic wildfires, without several important amendments, this bill does not strike the right balance in protecting the interests of Charter and its customers and, as a result, we cannot support the bill.

The changes we propose are necessary to create an efficient and comprehensive process to resolve claims in several important ways and are therefore fundamental to creating good public policy and a fair outcome for all involved.

Indemnity and Contribution Rights

As the bill is currently drafted, Section 269-I(b) shields Wildfire Fund participants from the contractual right of third-parties to seek indemnity under their agreements with such contributors. This limitation on indemnity claims could override existing obligations and negate existing contract rights that parties hold against contributors. For example, Hawaiian Electric Company (“HECO”) has a multitude of existing indemnity obligations in its contracts with Spectrum Oceanic and other parties. Without our proposed amendment, this provision could violate the Contracts Clause of the U.S. Constitution, which restricts the power of states to disrupt existing contractual arrangements¹.

¹ U.S. Const., Art. I, § 10, cl. 1; *Galima v. Ass'n of Apartment Owners of Palm Ct. by & Through Bd. of Directors*, 453 F. Supp. 3d 1334, 1355 (D. Haw. 2020).

Section 269-I(b) would also affect future contractual indemnity agreements between utilities and third-party service providers, which could frustrate Charter's obligation to provide important cable television services under the terms of franchises maintained with the State and efficiently offer important broadband, voice and mobile services provided over communication networks. Specifically, we suggest amending Section 269-I(b), Page 15, Lines 6-12:

(b) No suit, claim, arbitration, or other civil legal action for indemnity or contribution for amounts paid, or that may be paid, as a result of a covered catastrophic wildfire, may be instituted or maintained by any persons or entities against contributors or their affiliates, employees, agents, or insurers for damages arising out of the loss of or damage to real or personal property from a covered catastrophic wildfire; provided that this subsection shall not affect the indemnity or contribution rights of any person or entity (or their affiliates) in any way involving their communications facilities or the shared use of electrical facilities or infrastructure, pole attachments, or related agreements.

Joint and Several Liability

We further propose edits to clarify that Hawaii's exceptions to the abolition of joint and several liability do not apply to this section, and that the abolition of joint and several liability applies to any suit related to a covered catastrophic wildfire. This amendment would streamline all wildfire claims for various types of damages and against various defendants into one comprehensive process and reduce the likelihood of claims splitting. Specifically, we suggest amending Section 269-J, Page 15, Lines 13-19:

§269-J Several liability. Notwithstanding any law to the contrary, joint and several liability shall not apply to any qualifying damages; provided that, in any action to recover ~~[qualifying damages]~~ from a person or entity in connection with a covered catastrophic wildfire, the person or entity may claim, in defense, apportionment of fault to any other person or entity

regardless of whether that person or entity is a party to the action. The exceptions to the abolition of joint and several liability set forth in section 663-10.9 do not apply to any suit, claim, arbitration, or other civil action arising out of a covered catastrophic wildfire.

Administrative Exhaustion

In an effort to prevent a piecemeal process that would channel contributor claims into an administrative process and claims against third-parties into broad reaching indemnity or non-contributor litigation, we propose that the administrative exhaustion provision be applied to any action that relates to a covered catastrophic wildfire, whether it relates to a contributor or other party. Specifically, we suggest amending Section 269-F(b), Page 11, Lines 3-13:

(b) A qualified claimant shall file a claim for payment for economic damages arising out of the loss of or damage to real or personal property from a covered catastrophic wildfire pursuant to this section. The claim of a qualified claimant that is not a property insurer shall be limited to uninsured economic damages. A qualified claimant shall not file or maintain a civil action ~~[against a contributor]~~ unless and until it rejects an offer of settlement from the wildfire recovery fund. A qualified claimant who fails to file a claim for payment from the wildfire recovery fund shall be barred from instituting or maintaining any qualifying action ~~[by the deadline established by the executive director pursuant to rule shall be ineligible to receive payment from the fund]~~

Mahalo for the opportunity to provide suggested amendments to S.B. 897, S.D. 3.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025

House Committee on Consumer Protection & Commerce and Judiciary & Hawaiian Affairs

HEARING DATE: Tuesday, March 18, 2025

TIME: 2:00 p.m.

PLACE: Committee Room 329

RE: Senate Bill 897 SD3 HD1- **SUPPORT with Amendments**

Aloha Honorable Chair(s) Matayoshi and Tarnas, Vice-Chair(s) Chun and Poepoe, and Joint Committee Members;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) offers the following comments in support of Senate Bill 897 SD3 HD1 with amendments.

Although we recognize this measure as a vehicle for continued discussions and support the proposed cap on liability this bill provides, we respectfully prefer and request that other sections of this bill be amended, and that the provisions in HB982 HD3 which allow for the establishment and securitization of a Wildfire Recovery Fund be inserted.

IBEW Local 1260, is comprised of approximately 3,000 members throughout Hawaii and Guam and consists of a diverse and highly-skilled workforce that supports the electric utility infrastructure across our state as well as government service contracts and broadcasting. We are committed to protecting the well-being of the members we serve and the community at large.

SB897 SD3 HD1 in its current draft establishes an aggregate limit for liability for economic damages from catastrophic wildfires and authorizes securitization of certain costs for public utilities.

SB897 SD3 HD1 is significantly different from the previous SD3 version. We support the Wildfire Recovery Fund concept and accompanying securitization language found in HB982 HD3 as a positive step towards mitigating risk, providing access to capital at lower costs, and addressing victims' needs. Recent local and national events have magnified the tremendous impact catastrophic wildfires can have on a community. Without proactive policies, regulated electric utilities can face insurmountable financial hardship.¹

If amended, this bill will provide participating electric utilities with the tools to mitigate risk due to future catastrophic wildfires, secure capital at a lower cost to make improvements to its infrastructure and minimize additional costs to the ratepayers.

We believe measures that aim to produce a net benefit to ratepayers and provide relief to those who suffer property damage or loss in the event of a future catastrophic wildfire, are extremely vital to the health of our electric utilities and the communities they serve.

Mahalo for the opportunity to testify on this measure.

¹ [What the Eaton fire could mean for Edison's bottom line - Los Angeles Times, Caroline Petrow-Cohen, Feb. 11, 2025](#)



**TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
with Amendments
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Aloha Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe and
Members of the Committees,

Hawaiian Electric is testifying **in support of SB 897, SD3, HD1 and requesting amendments**. The HD1 version of SB 897 eliminates a wildfire recovery fund to be paid for by ratepayers and shareholders, while retaining a critical element of the original legislation: an aggregate limitation of liability for public utilities for property damages from a catastrophic wildfire. We agree that a limitation on liability is a crucial mechanism to protect customers and the State of Hawaii from cost increases caused by the utilities' exposure to unlimited wildfire liability. Numerous states have passed, or are currently considering, bills containing limitations on liability for exactly this reason.

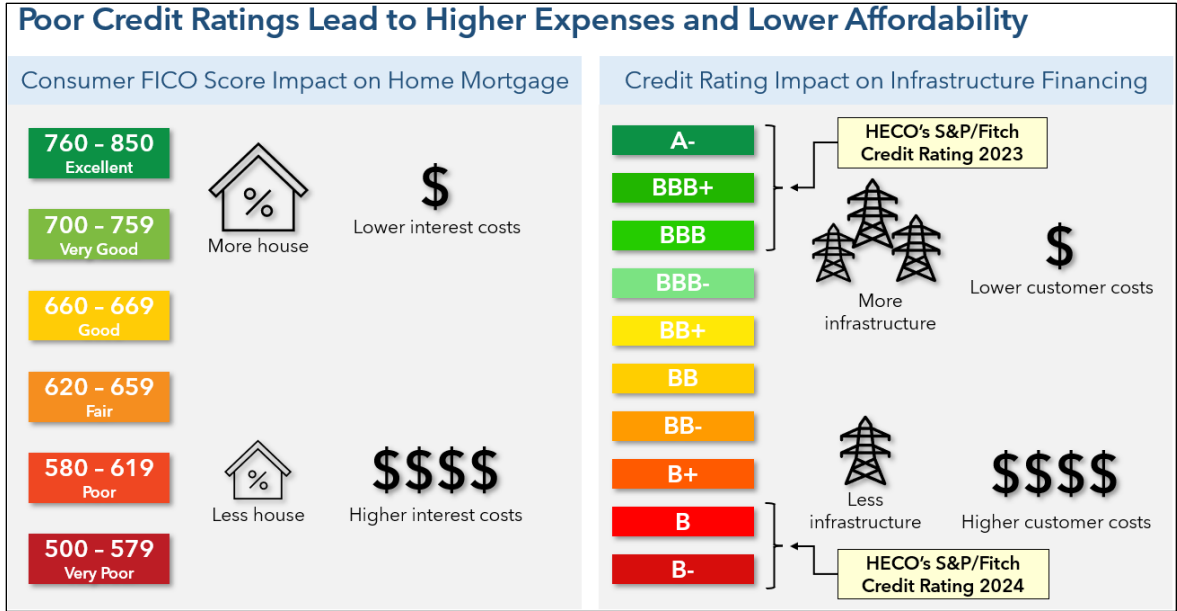
We continue to believe that the existence of a wildfire recovery fund, coupled with a liability cap, provides significant benefits and represents the best balance of interests. We therefore request the committees consider passing the current version of this bill but add a provision requiring a study on how to best implement a wildfire recovery fund in the future. Please see attached for proposed fund study language. We also request the deletion of the current provision that could limit executive

compensation for all public utilities who use the securitization provisions, as we believe that is not necessary and could have unintended consequences.

The HD1 version of this bill is in the public interest and protects customers and the State of Hawaii from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers.

Creating forward-looking financial protection for potential future catastrophic wildfires is a key part of restoring Hawaiian Electric's credit rating and protecting public utilities across the State. As noted in previous testimony, lawmakers across the Western United States are recognizing the need for bills that (a) create funds for utilities to pay wildfire claims (with the vast majority funded by ratepayers); and/or (b) create significant liability reforms to protect regulated utilities and their ratepayers from the risk of unlimited damages from a wildfire. Those include Utah, California, Nevada, Wyoming, Montana, Idaho, Arizona, North Dakota, Kansas, New Mexico, and Texas. Utilities, regulators, and legislators in these states have come to understand the need to address the problem of unlimited wildfire liability for regulated utilities. Many of these states have passed or are considering reforms that solely limit liability, without the creation of a fund. In that respect, SB 897, SD3, HD1 is not unique—and continues to provide significant benefits to the State.

As these other states recognize, utility credit rating and cost of capital are directly correlated to wildfire risk. Cost of capital is accounted for in the rate making process and directly impacts customer rates. As illustrated below, just as credit score affects consumers in buying a home, a utility's credit rating and cost of capital directly results in higher costs to customers, all else being equal.



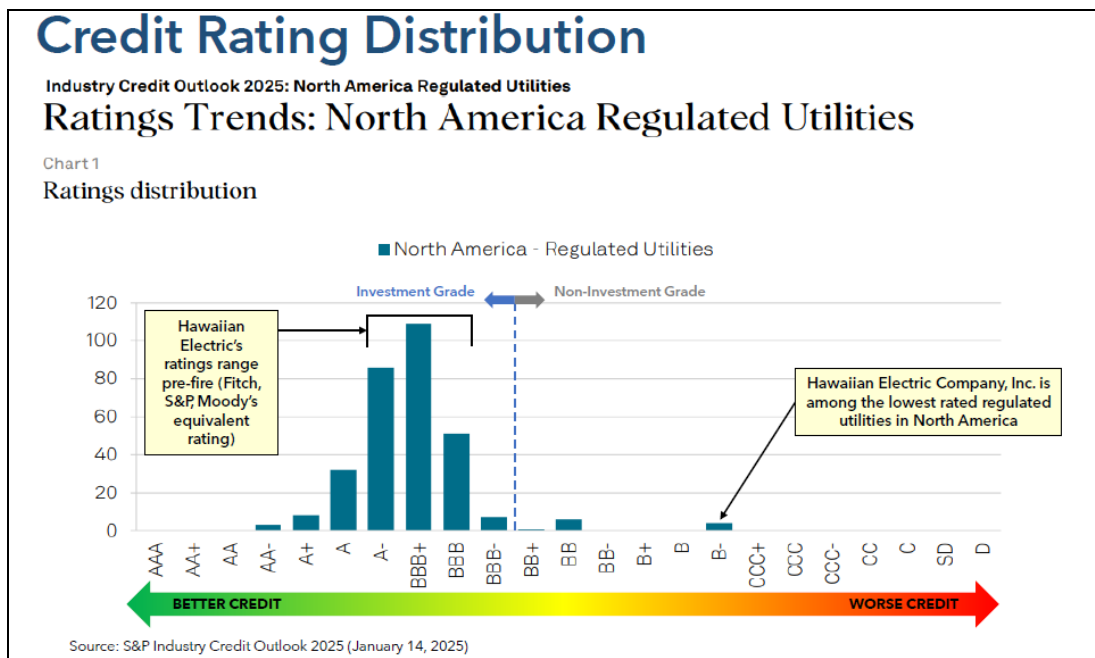
Addressing the problem of unlimited wildfire liability thus protects customers.

Wildfire risk exists, not due to any one entity, but as a result of a number of factors, including climate change and land management practices. Hawaiian Electric is taking vital steps to reduce wildfire risk. However, we can't completely eliminate that risk. And unlike an unregulated, private company, Hawaiian Electric has a duty to serve; it cannot decide to stop serving customers when the risk becomes too high in the environment in which it serves.

Without some financial protection in place to eliminate unlimited liability from future wildfires, regulated utilities like Hawaiian Electric risk losing access to capital on reasonable terms or at all, even as they need such capital to provide essential services and to make critical infrastructure investments in wildfire safety, resiliency, reliability, and the advancement of state energy policy.

To protect customers from these negative effects, the bill would reasonably mitigate the risk of unlimited financial liability from wildfires. It would do so by means of an aggregate cap on payments by any given public utility for property damages from a

catastrophic wildfire. An aggregate cap reflects a reasonable balance between the interests of those who suffer losses from a wildfire and the interests of everyone in obtaining reliable, safe, and affordable electricity. And it reflects the modern reality that even when a utility's facilities ignite a fire, whether it is immediately extinguished, or spreads depends on many factors that are outside the utility's control. This bill is necessary for the utility to begin the stepwise process of restoring its credit rating to pre-fire levels.



Additionally, we emphasize that this bill does not apply to claims arising from the August 2023 event—it is a forward-looking bill. Hawaiian Electric has entered a global settlement to resolve those claims, including a commitment to make almost \$2 billion in payments funded by shareholders, not customers. The aggregate liability cap will have no effect on this settlement, or resolution of litigation from the August 2023 event.

We are requesting two amendments to SB 897, SD3, HD1:

First, the creation of a wildfire recovery fund remains an important goal for the State, and we can help to reach that goal by adding a study requirement. We agree

that a limitation on liability is a crucial step towards improving the credit-rating of Hawaiian Electric, and we appreciate the committees' consideration of the bill as it is currently written. But we believe there are still important benefits to a wildfire fund. A fund provides a source of money to quickly settle and resolve wildfire claims both through an administrative claims process, as the previous versions of SB 897, SD3, HD1 would have created and by providing available insurance to utilities, such as the \$1 billion ratepayer-funded self-insurance programs the California Public Utilities Commission authorized for California's two largest electric utilities, or the ~\$1.5 billion ratepayer-funded fund Utah authorized in legislation last year. In this respect, a fund helps to improve the credit-worthiness of public utilities, in particular when coupled with a limitation on liability. A fund also allows a limitation on liability to be higher: when there is a substantial source of funding for wildfire claims, a limitation on liability can be greater. Without a fund, a limitation on liability must be lower to provide the financial protection to improve the creditworthiness of a utility.

A fund can also provide a source of funding to claimants after a fire, and an administrative fund, in particular, can create a streamlined process to offer settlement payments for property damages quickly after a catastrophic fire, without the need for a lengthy and uncertain litigation process. Such a fund can thus help the people of Hawaii, and is worth strongly considering.

We would thus ask the committees to consider inserting language that would require a study to determine whether to create a wildfire fund in the near future, including its appropriate amount and sources of funding. Creating such a study would emphasize Hawaii's commitment both to protecting the financial health of utilities and the people of Hawaii from wildfires.

Second, SB 897, SD3, HD1 includes a provision regarding executive compensation, which states that any public utility approved for a financing order cannot increase executive compensation until its wildfire risk mitigation compliance reports have been approved for five years running—provided that the PUC may consider an alternative symmetric performance incentive mechanism instead. We propose to delete this provision.

This provision is problematic and unnecessary because (1) such proposed controls could have unintended consequences; (2) the majority of executive compensation is in the form of incentive compensation which, for Hawaiian Electric, is paid by shareholders and not included in rates; and (3) the PUC is currently in the process of evaluating changes to the performance-based regulation Framework and in a position to develop a wildfire related performance incentive mechanism in a public proceeding, in which the Consumer Advocate and other intervenors can participate.

Conclusion

We believe this bill is in the public interest and protects the people of Hawaii, while reasonably balancing stakeholder interests. Solving the impacts of climate change on our State must be addressed collectively and collaboratively. Please pass SB 897, SD3, HD1 with our suggested amendments that would implement a study of the fund and delete the executive compensation provision. Thank you for your consideration.

Proposed Language to create a working group to Study the Creation of Wildfire Recovery Fund.

SECTION ___. (a) There shall be established a working group within the department of commerce and consumer affairs to prepare and submit a report to the legislature ninety days before the 2026 session, concerning establishment and implementation of a wildfire recovery fund to provide efficient compensation for damage resulting from a future wildfire allegedly caused or exacerbated by a public utility, while also helping to protect the financial integrity of Hawaii's regulated utilities. The legislature further finds that litigation regarding wildfire damages can impose massive costs, and those costs can overwhelm electric utilities, undermining their ability to make investments that the State needs. The Legislature finds that a fund, combined with limitations on liability, can help to address these challenges.

Therefore, the purpose of this working group is to review, examine and analyze the provisions related to a wildfire recovery fund in the 2025 drafts of House Bill 982 and Senate Bill 897, in particular:

- (1) Determining the size of the wildfire recovery fund, which may include commissioning of an actuarial study;
- (2) Studying the proper governance of the public corporation that would oversee the wildfire recovery fund; and
- (3) Considering the benefits of an administrative process to provide efficient and low-cost recovery for claimants,

considering the proper mechanism for the fund to provide such an administrative process; and

(4) Comparing how similar funds in other states have affected the credit ratings of other electric utilities.

The working group shall consist of:

(1) The director of commerce and consumer affairs, or the director's designee, who shall serve as chairperson of the working group;

(2) A representative of the department of the attorney general;

(3) A representative of the public utilities commission;

(4) A representative of the division of consumer advocacy of the department of commerce and consumer affairs;

(5) A representative of the insurance division of the department of commerce and consumer affairs;

(6) A representative of Hawaiian Electric, who shall be invited by the chairperson of the working group;

(7) A representative of Kauai Island Utility Cooperative, who shall be invited by the chairperson of the working group;

(8) A representative of property insurers that conduct business in the State, who shall be invited by the chairperson of the working group; and

(9) Any other individuals deemed necessary by the chairperson of the working group.



Hawai'i Island Chamber of Commerce

1321 Kino'ole Street - Hilo, Hawai'i 96720

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2024-2025

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TESTIMONY BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION
& COMMERCE AND JUDICIARY & HAWAIIAN AFFAIRS
SB 897 SD3, HD1 - Relating to Energy – IN SUPPORT

Tuesday, March 18, 2025 2:00 PM

LATE

Aloha Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

On behalf of the Hawai'i Island Chamber of Commerce, which represents over 300 businesses and individual members primarily on the East side of Hawai'i Island, I submit this written testimony in strong support of SB 897, SD3, HD1, Relating to Energy.

This bill offers an alternative to the initially proposed wildfire recovery fund by addressing the unlimited liability risk faced by public utilities. Public utilities are essential to delivering equitable services to all residents, regardless of hazards or risks. The HD1 version of this bill serves the public interest by safeguarding customers and the State of Hawai'i from rising costs due to utilities' exposure to unlimited wildfire liability.

Reliable electricity is critical to the state's economic viability, yet recent extreme weather events and the growing impacts of climate change have made service delivery increasingly challenging. Without proper protections, customers may face higher costs as utilities contend with these risks.

Thank you for the opportunity to support SB 897, SD3, HD1. I urge you to pass this bill.

Sincerely,

Carla Kuo

Executive Officer

Hawai'i Island Chamber of Commerce

March 18, 2025

House Committee on Consumer Protection & Commerce
Representative Scot Z. Matayoshi , Chair
Representative Cory M. Chun , Vice Chair

House Committee on Judiciary & Hawaiian Affairs
Representative David A. Tarnas, Chair
Rep. Mahina Poepoe, Vice Chair



Working together for Kapolei

LATE

Tuesday, March 18, 2025
2:00 p.m. Conference Room #329 and via videoconference

RE: SB897 SD3 HD1– Relating to Energy

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, members of the Committees,

My name is Kiran Polk, and I am the Executive Director & CEO of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, 'Ewa Beach, Nānakūli, Wai'anae and Mākaha. The Chamber works on behalf of its members and the business community to improve the regional and State economic climate and help West O'ahu businesses thrive. We are a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

The Kapolei Chamber of Commerce **supports SB 897 SD3 HD1**, which provides an alternative to the originally proposed creation of a wildfire recovery fund by addressing the unlimited risk of public utilities.

Public utilities are required to deliver essential public services equitably to all state citizens, regardless of hazards or risk. The HD1 version of this bill is in the public interest, as it provides a safeguard against the increasing financial exposure to unlimited wildfire liability. Without these protections, there could be a significant impact on our state, consumers, and businesses, placing an undue burden on our economy.

Reliable and affordable electricity is vital to the economic growth and sustainability of our state. With the increasing challenges posed by climate change and extreme weather events, proactive measures must be taken to maintain the stability of our energy infrastructure.

There are portions of West O'ahu that are specifically vulnerable to devastating wildfires in a very similar manner to how West Maui was impacted, and we continue to prepare our West O'ahu community, including preparation, mitigation, and the consideration of funding mechanisms like this measure provides.

Thank you for this opportunity to provide testimony.
Respectfully,

Kiran Polk
Executive Director & CEO

**TESTIMONY OF EVAN OUE ON BEHALF OF THE HAWAII
ASSOCIATION FOR JUSTICE (HAJ) IN OPPOSITION OF
SB 897 SD3**

LATE

Date: Thursday, March 20, 2025

Time: 2:00 p.m.

My name is Evan Oue and I am presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) in **OPPOSITION** of **SB 897 Relating to Energy**. The measure has been amended to reward negligence at the expense of consumers by revictimizing citizens that suffer a loss of their property and making it impossible for them to rebuild. The amendments seek to

1. Remove the establishment the Hawaii Wildfire Liability Trust Fund (the “Fund”) to provide compensation for property damage resulting from catastrophic wildfires in the State;
2. Establish a limit on aggregate liability for economic damages from catastrophic wildfires **at the lesser of:**
 - **\$1,000,000,000; or**
 - **The average assessed value of commercial structures and residential structures designed for habitation in the county in which the covered catastrophic wildfire occurred, multiplied by the number of commercial structures or residential structures designed for habitation that were destroyed, plus the value of personal property lost; or**
 - **The aggregate assessed replacement value of commercial structures and residential structures designed for habitation in the county in which the**

covered catastrophic wildfire occurred, plus the value of personal property lost.

3. Amend the authorization of securitization, limiting it to the costs of implementation of wildfire mitigation plans and other investments in infrastructure improvements, modernization, and replacements needed to reduce risk and increase reliability and resiliency; and
4. Delete language related to the Hawaii Electricity Reliability Administrator and renewable portfolio standards.

SB 897 limits liability of contributing public utilities and caps the total amount of property damage that can be paid through litigation by participating public utilities. HAJ is concerned that this measure penalizes victims who seek full recovery for property damages should another catastrophic wildfire occur.

I. SB 897 Limits Recovery for Future Wildfire Victims:

Liability limits on damages is bad public policy and Hawaii would be the first state to set this dangerous precedent by implementing an aggressive limitation on liability for economic damages. HAJ is concerned that the proposed measure will limit not only economic damages for property and business losses, but as currently drafted, the measure undercuts the rights of victims to seek compensation for other types of damages resulting from future disasters.

HAJ strongly opposes this measure which imposes a cap on the aggregate liability to be the lesser of : 1) \$1,000,000,000; or 2) the average assessed value of commercial structures and residential structures designed for habitation in the county in which the covered catastrophic

wildfire occurred, multiplied by the number of commercial structures or residential structures designed for habitation that were destroyed, plus the value of personal property lost; or 3) the aggregate assessed replacement value of commercial structures and residential structures designed for habitation in the county in which the covered catastrophic wildfire occurred, plus the value of personal property lost.

As proposed, the measure contemplates “the average assessed value of commercial structures and residential structures designed for habitation in the county in which the covered catastrophic wildfire ignited, multiplied by the number of commercial structures or residential structures designed for habitation that were destroyed” as a liability limit. This language only includes the assessed value of structures and does not include valuation of the land. This is extremely concerning because in Hawaii the value of a majority of property is attributed to the land and not the assessed valuation of the structure. This is especially true for many of our older homes in the state.

This proposed liability limitation fails to account for future victim’s costs to repair their structures, remediate the land and replace personal property lost in a fire. After a wildfire, the cost of repairing or replacing a home in Hawai`i will almost always exceed the pre-fire fair market value of the home, let alone the tax assessed value of the structure. Homeowners will be left to cover the difference themselves or sell if they cannot recover the cost to repair and/or rebuild their homes because it exceeds the proposed liability limitation. Victims would be left in a position where they cannot re-build their homes and are forced to sell and likely leave the state.

II. Removing a Fund Negates the Intent of the Measure

The original motivation behind this measure was to promote quick compensation for fire victims so they may be able to rebuild their homes and businesses. This requires not only realistic valuation caps that truly accommodate the cost to repair or rebuild structures, it also requires an adequate source of immediately available funds. Without an available fund, victims have no expeditious path for recovery.

III. SB 897 Rewards Negligence

This measure, as drafted, encourages negligent utilities to continue their malfeasance and does nothing to encourage safe practices to prevent future catastrophic events. By removing a fund and employing a cap on liability, the burden of any future negligence is shouldered entirely by fire victims and acts as a legislative rubber stamp of the kind of negligence that led to the Maui Fires.

The current amendments remove all incentives for participating utilities to take proactive steps to prevent future wildfires by limiting their exposure without any skin in the game. The amendments provide a windfall and fail to foster accountability.

IV. Limitations on Recovery must be realistic

If Hawaii decides to limit the recovery of victims, the limitations must accommodate the realistic cost to repair and/or rebuild a burned structure.

To rectify these concerns, HAJ recommends amending the measure to remove Section 2 to eliminate any cap on liability for victims of future wildfires. Alternatively, HAJ recommends amending Section 663- __ (a) to state:

(a) The aggregate liability of a public utility for qualifying damages arising from a covered catastrophic wildfire shall not exceed the greater of:

“(1) Two times the average county tax assessed value of the land and residential and commercial buildings, multiplied by the number of commercial structures or residential structures that were damaged; or

(2) The cost of repair and/or replacement value of commercial or residential real property lost in the catastrophic wildfire plus the value of personal property lost.”

Property owners should be able to recover damages sufficient to put them in the same position as they were before—including the ability remediate and rebuild their homes—even if that requires recovery in excess of the loss of pre-fire fair market value. Most states allow a property owner to recover either the loss in value or the cost of repair, and where the cost of repair exceeds the loss in value, a property owner must have a good reason for wanting to repair the home—like using it as a residence.

This amendment ensures that victims are appropriately compensated for their property damage and that Hawaii does not set a dangerous precedent which will harm our residents.

In sum, SB 897: 1) impairs the rights of victims to be made whole; 2) subsidizes public utility liability through securitization by raising customer rates; and 3) promotes future negligence of utilities by removing incentives to take pro-active safety measures.

Thank you very much for allowing me to testify in **OPPOSITION** of the current draft of SB 897. Please feel free to contact me should you have any questions or desire additional information.

SB-897-HD-1

Submitted on: 3/15/2025 11:53:46 AM

Testimony for CPC on 3/18/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kurt Tsue	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Kurt Tsue and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Aaron Pughes

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Aaron Pughes and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

-Aaron Pughes

SB-897-HD-1

Submitted on: 3/15/2025 1:29:25 PM

Testimony for CPC on 3/18/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lori Tsue	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Lori Tsue and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**DONNAWRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Donna P. Van Osdol

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Donna P. Van Osdol and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for 30.5 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Tayne Sekimura

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Tayne Sekimura and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 32 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Lorie Nagata

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Lorie Nagata and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 36 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

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**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Joanne Williamson

Honorable Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Joanne Williamson and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Ken Aramaki

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Ken Aramaki and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Patsy Nanbu

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Patsy Nanbu and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 35 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

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AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Karen Hirota

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Karen Hirota and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for 20 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

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**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Jamie Lee

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Jamie Lee and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 29 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

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AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Sharon Suzuki

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Sharon Suzuki and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 28 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change have made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
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AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Lorrie Iwanaga

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Lorrie Iwanaga and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 32 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Joyce Chang

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Joyce Chang and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 15 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM

State Capitol, Conference Room 329

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Lynne Unemori and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, having worked there for over 31 years. Throughout those years, I witnessed the dedicated commitment to safe and reliable service demonstrated by company employees, both in emergencies and in everyday operations. I am proud to have been a part of one of the very few remaining local companies in the state, led by local management and leadership from Hawai'i.

This bill proposes an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is critical to the health and safety of individuals and the economic viability of our state. Recent weather events and the impact of climate change have made the delivery of such essential services more challenging. As a result, cost impacts to customers would likely increase if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Unbounded wildfire liability risk results in bad credit and high financing costs for the utility – financing needed to continue to strengthen the utility grid. A high cost to obtain capital leads to higher costs to customers. The bill provides protection against unlimited risk – risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897 SD3 HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Darren Ishimura

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

I am submitting written testimony **in support** of SB 897 SD3 HD1. This bill proposes an alternative to the originally proposed creation of a wildfire recovery fund by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services increasingly challenging. As a result, cost impacts to customers may likely increase if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn, leads to higher costs to customers. This bill provides protection against unlimited risk that will hurt customers in the long run.

Please pass SB 897 SD3 HD1. Thank you for the opportunity to share my comments.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Russ Larson

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Russ Larson and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

Sincerely,

Russ Larson

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Leslie Kwock

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Leslie Kwock and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all Hawai'i families, regardless of all hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of Hawai'i families and the economic viability of Hawai'i. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to Hawai'i families may almost likely increase, adding to the existing high cost of living in Hawai'i, if protections are not put in place to address such risk to public utilities.

It is important to protect Hawai'i families from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to local families already dealing with ever increasing life expenses. The bill provides protection against unlimited risk that will hurt customers in the long run.

I wholeheartedly support SB 897, SD3, HD1 and humbly request you to allow the bill to pass. Thank you for your time and the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Everett Lacro

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Everett Lacro and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 26 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Lyanne Hiromoto

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Lyanne Hiromoto, and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
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**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Mathew McNeff

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Mathew McNeff and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
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JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Kristin Nakamura

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Kristin Nakamura and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
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**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Richard R.Solmerin

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Richard R. Solmerin and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE
COMMITTEES ON CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by David Kurohara

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

I am writing in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of hazards or risk. The HD1 version of this bill is in the public interest and protects customers and the State of Hawaii from cost increases caused by utilities' exposure to unlimited wildfire liability.

The delivery of electricity is an essential public service that is important to the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risks.

Thank you for the opportunity to support SB 897, SD3, HD1. Please pass this bill.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Joanna Markle

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Joanna Markle and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Michelle Chang

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Michelle Chang and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Kandice Kubojiri

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Kandice Kubojiri and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Dawn Wong

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Dawn Wong and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Thurston Wong

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Thurston Wong and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Shawn Tamashiro

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Shawn Tamashiro and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

SB-897-HD-1

Submitted on: 3/17/2025 8:49:37 AM

Testimony for CPC on 3/18/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Chris Reynolds	Individual	Support	Written Testimony Only

Comments:

My name is Christopher Reynolds and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 24 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE**

AND

JUDICIARY & HAWAIIAN AFFAIRS

SUPPORT OF SB 897, SD3, HD1

Relating to Energy

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by James Hill

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is James Hill and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM

State Capitol, Conference Room 329

Submitted by Lyle Matsunaga

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Lyle Matsunaga and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Maui Electric and Hawaiian Electric, and worked at the two companies for over 19 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Mark Middleton

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Mark Middleton and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk which is great but comes with inherent risks.

The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Unbounded wildfire liability risk often results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers which we just CAN NOT afford in Hawaii. The bill provides protection against unlimited risk that will hurt us customers and citizens in the long run.

I **SUPPORT** SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to testify via mail.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Michelle Orian-Lau

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Michelle Orian-Lau and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Michael Chang

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Michael Chang and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Sharri Thornton

Dear Chairs, Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Sharri Thornton, and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Kenneth Chan

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Kenneth Chan and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Kristen Okinaka

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Kristen Okinaka and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
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JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Robert Young

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Robert Young and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 40 years. I am proud to have been a part of the very few remaining local companies in the State.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Faith Duenas

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Faith Duenas and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Howard Kelly

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Howard Kelly and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
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**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Nancy Kelly

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Nancy Kelly and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
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**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025
2:00 PM
State Capitol, Conference Room 329

Submitted by Leslie Malasa

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Leslie Malasa and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Teri Theuriet

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Teri Theuriet and I was born and raised in Kāneʻohe, and am currently living in Kuliʻouʻou. I'm submitting testimony today in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Kelsey Ito

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Kelsey Ito and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
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**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Shelley Takasato

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Shelley Takasato and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

SB-897-HD-1

Submitted on: 3/17/2025 11:30:01 AM

Testimony for CPC on 3/18/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Richard Wang	Individual	Support	Written Testimony Only

Comments:

I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Tammy Takitani

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Tammy Takitani and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by MELVA BETHAM

Dear Chairs, Matayoshi and Tarans, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is MELVA BETHAM, and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Donna Mun

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Donna Mun and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

It is important to protect customers and the state of Hawai'i from cost increases caused by utilities' exposure to unlimited wildfire liability. Simply put, unbounded wildfire liability risk results in bad credit and high cost of capital for the utility, which in turn leads to higher costs to customers. The bill provides protection against unlimited risk that will hurt customers in the long run and is a step forward in protecting the people of Hawai'i.

I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Grant Imamura

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Grant Imamura and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

SB-897-HD-1

Submitted on: 3/17/2025 1:17:45 PM

Testimony for CPC on 3/18/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lyle HIromoto	Individual	Support	Written Testimony Only

Comments:

I support.

SB-897-HD-1

Submitted on: 3/17/2025 1:20:58 PM

Testimony for CPC on 3/18/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Eric Enos	Individual	Support	Written Testimony Only

Comments:

Aloha Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

On behalf of Ka‘ala Farm, I am writing in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of hazards or risk. The HD1 version of this bill is in the public interest and protects customers and the State of Hawaii from cost increases caused by utilities’ exposure to unlimited wildfire liability.

The delivery of electricity is an essential public service that is important to the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risks.

Thank you for the opportunity to support SB 897, SD3, HD1. Please pass this bill.

Aloha,

Eric Enos

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY & HAWAIIAN AFFAIRS**

**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Lori Yafuso

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Lori Yafuso and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. I am a retired employee of Hawaiian Electric, and worked there for over 22 years. I am proud to have been a part of the very few remaining local companies in the State, led by local management, run by leadership from Hawai'i.

This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEES ON
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**SUPPORT OF SB 897, SD3, HD1
Relating to Energy**

Tuesday, March 18, 2025

2:00 PM

State Capitol, Conference Room 329

Submitted by Candice Lucas

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Candice Lucas and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities. Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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I support SB 897, SD3, HD1 and request that the committees pass this bill. Thank you for the opportunity to share my support.

SB-897-HD-1

Submitted on: 3/17/2025 1:59:21 PM

Testimony for CPC on 3/18/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Danielle Canfield-Jones	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Matayoshi and Tarnas, Vice Chairs Chun and Poepoe, and Members of the Committees,

My name is Danielle Canfield-Jones and I am submitting testimony in support of SB 897, SD3, HD1, Relating to Energy. This bill is proposing an alternative to the originally proposed creation of a wildfire recovery fund, by addressing the unlimited risk of public utilities.

Public utilities are required to deliver essential public services equitably to all state citizens, regardless of any hazards or risk. The delivery of electricity is an essential public service that is important to the health and safety of individuals and the economic viability of the State. Recent weather events and the impact of climate change has made the delivery of such essential services challenging. As a result, cost impacts to customers may likely increase, if protections are not put in place to address such risk to public utilities.

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