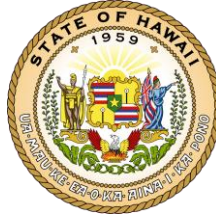


State of Hawai'i – Public Utilities Commission

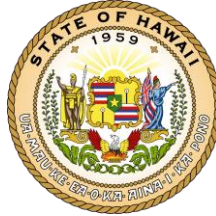
Liability Cap Rulemaking (Act 258) – Glossary

This glossary provides plain-language definitions of key terms used in the liability cap rulemaking to support a shared understanding among all stakeholders. It is intended to help inform clear, consistent, and well-supported input throughout the engagement process.

KEY TERM	DEFINITION
Core Terms	
Liability Cap	A limit on the maximum amount an electric utility may be required to pay in economic damages resulting from a catastrophic wildfire, provided the utility is operating in compliance with an approved wildfire mitigation plan. The liability cap framework established under Act 258 is intended to help balance affordability, accountability, utility stability, and long-term resilience.
Aggregate Cap	The total maximum liability a utility may face over a defined period of time or across one or more wildfire events, depending on how the framework is structured.
Economic Damages	Financial losses that can be measured in monetary terms, such as property damage, business interruption, lost income, and other quantifiable financial impacts. Economic damages generally do not include non-economic damages such as pain and suffering or emotional distress.
Catastrophic Wildfire	A large-scale wildfire event that causes significant damage to property, infrastructure, or communities and triggers the liability framework under consideration.
Liability & Accountability	
Wildfire Mitigation Plan	A utility's approved plan outlining how it will reduce wildfire risk, including actions such as 1) vegetation management; 2) grid hardening; and 3) system monitoring and shutoff protocols. Wildfire mitigation plans may also include inspections, maintenance practices, operational procedures, and emergency response planning.



Prudence/Compliance (Wildfire Mitigation Plan Compliance)	Refers to whether a utility is acting reasonably and responsibly by following its approved wildfire mitigation plan. If a utility is in compliance, the liability cap framework may apply. If a utility is not in compliance, different liability outcomes may apply.
Fault/Liability Standard	The legal framework used to determine whether a utility is responsible for damages and to what extent, particularly in situations where multiple parties may have contributed to a wildfire.
Public Interest	A legal and policy standard used by the Commission to evaluate whether a proposed framework or decision benefits and protects the broader interests of Hawai'i residents, including affordability, safety, reliability, accountability, and long-term resilience.
Administrative Record	The collection of materials, submissions, analyses, comments, and evidence used by the Commission to support decision-making throughout the rulemaking process.
Recovery & Funding	
Wildfire Recovery Fund	A potential funding mechanism that could provide financial support to impacted residents and communities, especially in cases where damages exceed what utilities can pay. A Wildfire Recovery Fund is not established through this rulemaking and would require separate policy decisions or future action.
Interconnection (Liability & Recovery Funding)	The concept that liability frameworks and recovery funding mechanisms are closely linked and must be designed together to ensure an effective disaster response.
Impacts & Tradeoffs	
Ratepayer Impact	Refers to how liability frameworks, wildfire recovery costs, infrastructure investments, or utility financial impacts may affect electricity customers, including impacts on rates, bills, and long-term affordability.
Utility Financial Stability	The ability of a utility to remain financially viable so it can 1) continue providing reliable service; 2) access capital for infrastructure and mitigation; and 3) support recovery efforts after a disaster.



<p>Insurance Market Impact</p>	<p>How the liability framework may influence 1) insurance availability; 2) premium costs; and 3) risk exposure for insurers operating in Hawai'i.</p>
<p>Process & Participation</p>	
<p>Stakeholder Engagement</p>	<p>The process of gathering input, perspectives, and feedback from community members, organizations, industry representatives, experts, and other interested parties to help inform policymaking and rulemaking decisions.</p>
<p>Stakeholder Input</p>	<p>Written feedback submitted by individuals or organizations to inform the rulemaking process, helping the Commission understand real-world impacts, risks, and tradeoffs.</p>
<p>Rulemaking</p>	<p>A formal process where the Commission develops administrative rules, informed by 1) stakeholder input; 2) data and analysis; and 3) policy considerations.</p>

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