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SENATE COMMITTEE ON UTILITIES

Written-only Proponent Testimony HB 2107 – Wildfire Liability

March 6, 2025

**Presented by:
Reagan McCloud, Director of Government Relations
Kansas Electric Cooperatives, Inc.**

Chairman Fagg, Vice Chair Petersen, Ranking Member Francisco, and members of the Senate Committee on Utilities, thank you for the opportunity to submit proponent testimony on behalf of Kansas Electric Cooperatives, Inc. (KEC) and our members concerning HB 2107. I am Reagan McCloud, and I serve as Director of Government Relations for KEC, the statewide service association for 29 member, not-for-profit cooperatives providing electric service in 103 of 105 Kansas counties.

In its current form, HB 2107 sets a two-year statute of limitations for plaintiffs to file fire claims from the date of ignition, requires plaintiffs to prove by a preponderance of the evidence that their loss was due to a utility-caused fire event, and allows plaintiffs to recover economic losses for property damage. Property damage compensation amounts would be limited to either the cost of restoring the affected property to its pre-fire condition or the difference between the property's fair market value before and after the fire event, whichever is less. Punitive damages are also capped at \$5 million under the legislation. The above provisions strike a healthy balance between the interests of property owners and their locally owned, member-governed electric cooperatives. The liability limitations provide cooperatives with additional certainty regarding potential future legal exposure and allow KEC members to better manage long-term financial risks, while also maintaining a reasonable damage calculation scheme assuring property owners either restoration costs or the difference in property value pre- and post-fire. The structure prevents potentially excessive compensation while still providing fair recovery for property owners.

Cooperatives have a uniquely close relationship with Kansas landowners. KEC members serve the most rural, sparsely populated, and highest cost-to-serve geographic areas in the state, and as such, much of the membership of KEC-member electric cooperatives are made up of landowners. As owners of their local not-for-profit cooperative, members at the end of the line have a vested interest in the long-term success of their co-op. The \$5 million cap on punitive damages is particularly important to smaller cooperatives as it offers financial predictability and provides insulation from potentially devastating legal judgments.

HB 2107 also contains provisions requiring the KCC to provide training on wildfire risk management and mitigation, specifically in the areas of identifying general wildfire risks, improving utility preparedness, developing effective risk mitigation strategies, and understanding cost recovery for



mitigation investments. KEC and the KCC partnered on a DOE grid resiliency grant project that could enhance wildfire mitigation plans for electric cooperatives in Kansas. Wildfire risk management and mitigation training available through the KCC would provide another avenue for KEC members to continue their efforts to mitigate the effects of wildfires or prevent them in the first place.

In short, the provisions in HB 2107 appropriately balance the interests of electric cooperatives and property owners while promoting responsible risk management in Kansas.

Thank you for the opportunity to provide comments on HB 2107 and express our members' support. I am happy to stand for questions at the appropriate time.

Reagan McCloud

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