

SENATE BILL REPORT

SB 5430

As of February 4, 2025

Title: An act relating to approval of electric utility wildfire mitigation plans.

Brief Description: Concerning approval of electric utility wildfire mitigation plans.

Sponsors: Senators Chapman, Short, Boehnke, Liias, Dozier and Nobles.

Brief History:

Committee Activity: Environment, Energy & Technology: 2/04/25.

Brief Summary of Bill

- Requires the Utilities and Transportation Commission (UTC) to approve, or approve with conditions, a investor-owned electric utility wildfire mitigation plan (plan) if the UTC finds that the plan is based on reasonable and prudent practices and is designed to meet all appropriate standards.
- Directs that the UTC is not liable for a utility's implementation of its plan.
- Directs the UTC to collect a reasonable fee from a utility for the purposes of approving plans or plan updates.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Kimberly Cushing (786-7421)

Background: Utility Wildland Fire Prevention Advisory Committee. In 2021, the Legislature directed the Commissioner of Public Lands (commissioner) to convene a Utility Wildland Fire Prevention Advisory Committee (advisory committee). Membership includes the commissioner, or designee, representatives from the Energy Resilience and Emergency Management Office, the Utilities and Transportation Commission (UTC), and people with

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expertise in wildland fire risk reduction and prevention, a representative of both small and industrial forest landowners, and entities providing retail electric service. The duties of the advisory committee are to advise the Department of Natural Resources (DNR) on issues including:

- providing a forum for electric utilities, DNR, and other fire suppression organizations of the state to identify and develop solutions to issues of wildfire prevention and risk;
- mitigation specifically related to electric utilities' transmission and distribution networks, identification of best management practices, electric utility infrastructure protection, and wildland fire suppression and response; and
- establishing and updating joint public communications protocols among members of the advisory committee, and other entities, to inform residents of potential critical fire weather events and the potential for power outages or disruptions.

In 2023, the Legislature additionally required the advisory committee to meet at least twice a year; provide updates on required tasks; develop recommendations for strengthening state agency coordination of wildland fire risk reduction, prevention, and suppression; and host electric utility wildfire mitigation plans (plan) on its website.

Electric Utility Wildfire Mitigation Plans. In 2023, the Legislature directed DNR, in consultation with the Energy Resilience and Emergency Management Office, to contract with a consultant to recommend a plan format and identify a list of elements to be included in the plans by April 1, 2024. Each electric utility was required to review, revise, and adopt its plan by October 31, 2024, and every three years thereafter.

Each investor-owned electric utility must submit its plan to the UTC for review, and the UTC will confirm whether or not the plan contains the recommended elements. The UTC is not liable for a utility's implementation of its plan. A investor-owned electric may pursue recovery of costs and investments associated with a plan through a rate case proceeding.

Utility Regulatory Fees. The UTC is funded almost entirely through fees assessed to regulated companies each May based on their annual intrastate gross revenues. Under current law, every electric, natural gas, telecommunications, wastewater, and water company regulated by the UTC must pay a fee equal to 0.4 percent of its intrastate gross operating revenues in excess of \$50,000. The UTC may, by rule, set minimum fees that do not exceed the cost of collecting the fees. The UTC may also waive any or all minimum fees.

In 2024, the Legislature amended the regulatory fee structure for a large combination utility and in the process of converting text to decimals, a drafting error occurred making the fee equal to 0.001 percent, instead of 0.1 percent, of the first \$50,000 of gross operating revenues, plus 0.005 percent, instead of 0.5 percent, of any gross operating revenues in excess of \$50,000.

Summary of Bill: Wildfire Mitigation Plan. As soon as practicable after this bill goes into

effect, an investor-owned electric utility (utility) may file a plan with the UTC. The utility must try to align filing a plan and plan updates (update) with a multiyear rate plan filing. The utility must update a plan no less than every three years, although nothing prevents the utility from updating the plan more frequently. The utility must provide copies to DNR and the advisory committee.

The UTC must approve, reject, or approve with conditions a utility's plan after a public hearing and within 60 days of the plan's filing date. The UTC must issue an order approving or approving with conditions the plan or update if the UTC finds that the plan or update is based on reasonable and prudent practices and is designed to meet all appropriate standards adopted or established by rule or order.

The UTC may make modifications to the plan or update that it finds represent a reasonable balancing of mitigation costs with the resulting reduction of wildfire risk. The UTC must issue an order explaining the modifications at the time the plan or an update is approved.

When it evaluates a plan or update, the UTC may consult with and consider information from federal, tribal, state, or local governmental entities, utilities, and industry organizations. The UTC must describe the nature of consultations in its order approving, with or without conditions, a plan or an update.

The UTC may adopt rules, which may include procedures and standards regarding vegetation management, public power safety shutoffs and service restoration, pole materials, circuitry, and monitoring systems.

The UTC is not liable for a utility's implementation of its plan. For any action taken by the state, UTC, or UTC commissioners, staff, representatives, agents, or consultants in the performance of their power or duties in approving a plan or an update, there is no liability or cause of action for the death of or injury to people or property damage.

Repealer. The following provisions for utilities are repealed:

- requiring each utility review and revise its plan, using the recommended format and elements provided by DNR;
- providing an opportunity for local fire districts to give input for each plan; and
- providing a list and description of wildland fires involving utility equipment over the previous two years as reported by DNR along with the plan to DNR to be posted on its website.

Utility Regulatory Fees. The UTC must collect a reasonable fee from a utility for the purposes of approving plans or updates. It corrects the technical drafting error from 2024.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Wildfires are a growing concern for communities in the state of Washington and throughout the Western U.S., and the biggest issue facing utilities. Wildfire seasons have grown longer due to the effects of climate change such as higher temperatures and drought. Even as this risk has grown, more families are living in areas with significant wildfire risk. We believe that regulatory oversight of wildfire mitigation plans is an important element to ensuring that our plans are serving their intended goals, including protection of life and property, reliability and resiliency, and safety of our electrical infrastructure. Approval of a wildfire mitigation plan by the UTC does not constitute preapproval of expenditures for recovery and rates. Electric companies have adopted and implemented robust wildfire mitigation plans. These plans are rooted in a goal of continuous improvement and were developed with expert feedback. While we believe that we are taking the right steps to prevent wildfire, the time is right for regulatory oversight of these plans to further ensure the safety of Washington communities. These plans need to be approved by the UTC, but they can have costs associated with them and we need to ensure there is a public process around the development of these plans.

Credit rating agencies help determine the cost of borrowing for both individuals and companies alike. The higher the credit rating score, the cheaper the financing available to help maintain and build out a safe clean and affordable grid, and reduces customer costs in the long run. The wildfire mitigation plan approval process outlined in the bill represents a new regulatory and legislative mechanism that could be viewed by credit rating agencies as a positive step to reducing exposure and risk from wildfire.

OTHER: The best strategy to address wildfire is to prevent them from starting in the first place. The bill creates a process that is going to strengthen wildfire planning and hopefully reduce the instance of wildfire or the spread of wildfire. The planning requirements can be strengthened by making them mandatory, not opt-in. Fair compensation should be provided for trees that are removed.

Persons Testifying: PRO: Jillian Caires, Avista Corporation; Jay Balasbas, PacifiCorp; Matt Miller, Puget Sound Energy; Brandon Houskeeper, Alliance of Western Energy Consumers; Peter Godlewski, Association of Washington Business.

OTHER: Scott Hazlegrove, Weyerhaeuser.

Persons Signed In To Testify But Not Testifying: No one.