HOUSE BILL REPORT
HB 1522

As Reported by House Committee On:
Environment & Energy

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

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

Sponsors: Representatives Dent, Reeves, Springer and Hill.

Brief History:
Committee Activity:
Environment & Energy: 1/30/25, 2/6/25 [DPS].

Brief Summary of Substitute Bill

- Provides that an investor-owned electrical utility may file the company's wildfire mitigation plan with the Utilities and Transportation Commission (UTC) and the UTC must approve or reject the plan or plan update within a specified time.
- Requires the UTC to approve an electrical utility's plan if the UTC finds that the plan meets certain requirements.
- Directs the UTC to collect a reasonable fee from a utility for the purposes of approving plans or plan updates.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 20 members: Representatives Doglio, Chair; Hunt, Vice Chair; Dye, Ranking Minority Member; Klicker, Assistant Ranking Member; Abbarno, Abell, Barnard, Berry, Duerr, Fey, Fitzgibbon, Kloba, Ley, Mena, Mendoza, Ramel, Stearns, Stuebe, Wylie and Ybarra.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Staff: Matt Sterling (786-7289).

Background:

Wildfire Mitigation Plans.
Each investor-owned electrical company must review and adopt a wildfire mitigation plan and provide it to the Utilities and Transportation Commission (UTC) to review and confirm whether the plan contains the recommended elements. Each investor-owned electrical company must review, and revise if necessary, its wildfire mitigation plan every three years. An investor-owned utility may pursue recovery of costs and investments associated with a wildfire mitigation plan through a proceeding to set rates at the UTC.

Each investor-owned utility must also provide a copy of its wildfire mitigation plan to the Department of Natural Resources (DNR), along with a list and description of wildland fires involving utility equipment over the previous two years as reported by the DNR. The wildfire mitigation plan must be submitted to the Utility Wildland Fire Prevention Advisory Committee (Advisory Committee) to be posted on the Advisory Committee's website.

Utilities and Transportation Commission.
The UTC is a three-member commission appointed by the Governor and confirmed by the Senate. The UTC regulates the rates, services, facilities, and practices of investor-owned utilities and transportation companies, including electrical companies, natural gas companies, and telecommunications companies.

Utility Wildland Fire Prevention Advisory Committee.
The Advisory Committee advises the DNR on issues including:

- providing a forum where electric utilities, the DNR, and other state fire suppression organizations can identify issues and develop solutions for wildfire prevention and risk;
- fire 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 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.

The Advisory Committee produces a report every three years that addresses implementing and updating a model agreement for managing vegetation adjacent to utility rights-of-way and implementing and updating recommendations related to communication between the DNR and utilities. The Advisory Committee develops recommendations for strengthening state agency coordination of wildland fire risk reduction, prevention, and suppression and posts electric utility wildfire mitigation plans on its website.

Recommended Elements for Utility Wildfire Mitigation Plans.

The DNR recommends a format and list of elements to be included in an electrical utility company's wildfire mitigation plan. The recommended elements include:

- vegetation management along transmission and distribution lines and near associated equipment;
- infrastructure inspection and maintenance repair activities, schedules, and recordkeeping; and
- identification of appropriate widths for vegetation management and rights-of-way, including the consideration of fire-resistant vegetation alternatives.

Summary of Substitute Bill:

Wildfire Mitigation Plans.
An investor-owned electrical company must file a wildfire mitigation plan with the UTC. In reviewing a wildfire mitigation plan, the UTC:

- must approve or reject the company's wildfire mitigation plan within 120 days of the filing of the plan, or within 90 days of filing for a plan update;
- must hold at least one workshop that involves local fire protection districts, utilities, affected landowners, and groups representing utility customers prior to approving the plan;
- may consult with groups representing federal, tribal, state, or local governmental entities, utilities, industry organizations, and utility customers;
- must issue an order approving the plan if the UTC finds that the plan is based on reasonable and prudent practices and is designed to meet all appropriate standards adopted by the UTC;
- may make modifications to the plan that the UTC finds are a reasonable balancing of mitigation costs with the resulting reduction of wildfire risk;
- must issue an order explaining any modifications and describe the nature of the UTC's consultations with third parties in its order approving a plan; and
- must collect a reasonable fee from the electrical company.

The UTC must adopt rules that include guidelines for determining fair market landowner compensation when it is appropriate, and how an electrical company will conduct a cost-benefit analysis for specific elements of its proposed wildfire mitigation plan.

An electrical company must update its wildfire mitigation plan at least every three years and provide a copy of its wildfire mitigation plan and updates to the DNR and the Advisory Committee.

The requirement that each investor-owned electrical company provide the DNR with a list and description of wildland fires involving utility equipment for the previous two years is repealed.

Utility Regulatory Fees.

The UTC must collect a reasonable fee from a utility for the purposes of approving plans or updates.

Substitute Bill Compared to Original Bill:

The substitute bill makes the following changes:

- requires that an electrical company must, rather than may, file a wildfire mitigation plan with the UTC;
- requires the UTC to hold at least one workshop that involves local fire protection districts, utilities, affected landowners, and groups representing utility customers prior to approving a wildfire mitigation plan;
- requires the UTC to approve a wildfire mitigation plan within 120 days of filing, or a plan update within 90 days of filing, rather than within 60 days of filing;
- provides that in evaluating a plan or plan update, the UTC may consult with groups representing utility customers in addition to federal, tribal, state or local governmental entities, utilities, and industry organizations;
- requires the UTC to adopt rules that include guidelines for:
    - determining fair market landowner compensation when it is appropriate; and
    - how an electrical company will conduct a cost-benefit analysis, for specific elements of its proposed wildfire mitigation plan; and
- modifies the legislative intent statement.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Previous legislation allowed utilities to provide the Utilities and Transportation Commission (UTC) with their wildfire mitigation plans. The feedback that the utilities have received on the wildfire plans has been helpful, but making that feedback more helpful will enhance the response in planning. Trying to figure out how to handle these growing risks and this bill is a good way to allocate risk. We don't want the major catastrophic fires like those in California and we need to learn from this. Wildfires are a growing concern in the western United States, most evidenced in California. Fire seasons have gotten longer with drought and climate change. Many of the highest risk areas are rural areas. There is no federal oversight of fire risk plans. Regulatory oversight is necessary to increase the safety of the electric infrastructure and to allocate resources equitably. The utility companies would like to expand these practices and get UTC approval. This legislation is designed to establish prudent mitigation practices to help avoid catastrophic fires like those in

California. This bill gives companies a higher degree of confidence of cost recovery. The plan outlines the actions the utility will take, but it is not preapproval of the expenditures and cost recovery would still need to go through ratemaking process. Credit rating agencies help determine the cost of borrowing. If we have more processes in place, that makes financing cheaper with better access to credit. Wildfire mitigation issues are complex and investor-owned utilities have worked on provisions around customer engagement during the process. There is a small concern regarding the impact of the bill on forestry interactions that could benefit from some clarifying language.

(Opposed) None.

(Other) The bill provides an important tool to prevent wildfires, but the provisions for the planning process should be strengthened. Many of these transmission facilities travel through forested areas and there is a need to remove forest material, but that material has value. The bill would be improved if the process recognized this material's value and compensated for that value. There is concern about the 60-day review period, and a 180 day review period to match that of Oregon would be preferrable. Wildfire mitigation plans are complex and deserve a longer time for review and for feedback. The goal of the bill is to strengthen the UTC's ability to review the plans and provide utilities with mitigation tools and certainty and that can still be improved.

Persons Testifying: (In support) Representative Tom Dent, prime sponsor; Jillian Caires, Avista Corporation; Jay Balasbas, PacifiCorp; Matt Miller, Puget Sound Energy; Peter Godlewski, Association of Washington Business; and Brandon Houskeeper, Alliance of Western Energy Consumers.

(Other) Alessandra De la Torre, NW Energy Coalition; and Scott Hazlegrove, Weyerhaeuser.

Persons Signed In To Testify But Not Testifying: None.