SENATE BILL REPORT
ESHB 1522

As of April 5, 2025

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

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

Sponsors: House Committee on Environment & Energy (originally sponsored by Representatives Dent, Reeves, Springer and Hill).

Brief History: Passed House: 3/7/25, 97-0.
Committee Activity: Environment, Energy & Technology: 3/21/25, 4/01/25 [DP-WM]. Ways & Means: 4/05/25.

Brief Summary of Bill

- Requires each investor-owned electric utility to file a wildfire mitigation plan (plan) with the Utilities and Transportation Commission (UTC), and provide updates no less than every three years.
- Requires the UTC to hold a public workshop and a hearing and then, by order, approve, reject, or approve with conditions each plan or plan update within a specified period of time.
- 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

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Shewmake, Chair; Slatter, Vice Chair; Boehnke, Ranking Member; Dhingra, Harris, Liias, Lovelett, MacEwen, Ramos, Short and Wellman.

Staff: Kimberly Cushing (786-7421)

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.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Jed Herman (786-7346)

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 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. An investor-owned electric utility 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) must file a plan with the UTC, unless the utility previously filed a plan with the UTC. A utility that has previously filed a plan with the UTC must file a plan update as soon as practicable after the effective date of this section. 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 in the format required under current law to be posted on the advisory committee's website.

After holding at least one public workshop and a hearing, the UTC must approve, reject, or approve with conditions a utility's plan within 120 days of the plan's filing date, or 90 days of the update's filing date. In its order, the UTC may recommend or require additional elements or practices to be included in the utility's plan. The UTC may make modifications to the plan or update that it finds represents 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, industry organizations, and groups representing utility customers. The UTC must describe the nature of consultations in its order approving, with or without conditions, a plan or an update.

The UTC must adopt rules, which must:

- provide that the public workshop will involve local fire protection districts, utilities, affected landowners, and groups representing utility customers; and
- include procedures and standards regarding vegetation management, including guidelines for determining fair market landowner compensation when appropriate; public safety power shutoffs and service restoration, and 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 statute currently requiring utilities to file plans with the UTC is repealed, but most provisions are incorporated into this legislation with the exception of requiring utilities to provide a list and description of wildland fires involving utility equipment over the previous two years as reported by DNR along with the plan.

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. New fiscal note requested on March 15, 2025.

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 (Environment, Energy & Technology): PRO: This is a continuation of the wildfire mitigation planning process. We are requiring approval of the plans and will have more continuity and success with the plans. Wildfire is real, and is devastating. We want to avoid this kind of catastrophe. Utilities have adopted and implemented robust wildfire mitigation plans, developed with local and tribal governments and those who fight fires. The time is right for regulatory oversight of the plans to further ensure communities are kept safe. The bill creates a robust public process for the evaluation and approval of our plans. It requires utilities to update the plans every three years to be responsive to changing conditions and evaluate existing tools and best practices, as we prepare for the next wildfire season. Credit rating agencies help determine the cost of borrowing. The higher the credit rating, the cheaper the financing available to pay for the build out of a safe, clean, affordable electrical grid. The plan approval process represents a regulatory and legislative mechanism that could be viewed as credit positive step and could ultimately reduce customer costs in the long run. Utilities already submit a wildfire plan to the UTC and they hold a hearing on it. The process outlined in this bill would have the UTC hire an expert and evaluate the plan, and then approve or deny it. We think this would make the plan better.

Persons Testifying (Environment, Energy & Technology): PRO: Representative Tom Dent, Prime Sponsor; Matt Miller, Puget Sound Energy; Jay Balasbas, PacifiCorp; John Rothlin, Avista Corporation.

Persons Signed In To Testify But Not Testifying (Environment, Energy & Technology): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill sets forth a process where wildfire mitigation plans would be approved by the UTC. That's an important

step for us because it sends a signal to rating agencies, giving them confidence that we are appropriately mitigating for wildfire risk and reduces our cost to capital. It's also important to mention that the UTC and the Office of Attorney General costs are funded out of the public service revolving account, not the general fund.

We currently already submit a wildfire plan to the UTC. This just makes it so they can approve, deny or approve with conditions and hire a consultant paid for by the utility to review it. Wildfire is the biggest risk facing utilities in the west and will be for a long time, so this is a prudent step moving forward.

The wildfire mitigation plan approval process represents regulatory and legislative mechanism that is a positive step to reducing exposure and risk from wildfire, which ultimately helps reduce utility customer costs in the long run.

Persons Testifying (Ways & Means): PRO: John Rothlin, Avista Corporation; Jay Balasbas, PacifiCorp; Matt Miller, Puget Sound Energy.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.