

HOUSE BILL NO. 490

INTRODUCED BY A. REGIER, G. OBLANDER, K. ZOLNIKOV, T. FRANCE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATING TO WILDFIRES AND
5 UTILITIES; ~~ALLOWING~~ REQUIRING CERTAIN ENTITIES TO ~~SUBMIT AN APPROVED~~ PREPARE A
6 WILDFIRE MITIGATION PLAN; PROVIDING DEFINITIONS; PROVIDING REQUIREMENTS FOR THE
7 WILDFIRE MITIGATION PLAN; PROVIDING FOR APPROVAL OF THE WILDFIRE MITIGATION PLAN;
8 REQUIRING UPDATED REPORTS RELATING TO THE WILDFIRE MITIGATION PLAN AND SUBMISSION
9 OF AN UPDATED WILDFIRE MITIGATION PLAN; PROVIDING THAT CERTAIN ENTITIES THAT HAVE
10 ~~FILED A SUBSTANTIALLY FOLLOWED AN APPROVED~~ WILDFIRE MITIGATION PLAN ARE MAY NOT BE
11 ~~CIVILLY LIABLE ARE AFFORDED CERTAIN CIVIL LIABILITY PROTECTIONS~~ FOR INJURY OR DAMAGES
12 CAUSED BY WILDFIRE; REVISING THE STANDARD OF CARE RELATING TO CERTAIN ENTITIES AND
13 WILDFIRE; PROVIDING RULEMAKING AUTHORITY TO THE PUBLIC SERVICE COMMISSION RELATING
14 TO WILDFIRE MITIGATION PLANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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16 WHEREAS, the Legislature finds that electric facilities providers of Montana have an obligation to serve
17 customers and extend services, which is different from typical businesses, and that they provide a necessary
18 and beneficial public service for the supply, transmission, and delivery of electricity to the people of Montana as
19 well as a fundamental basis of economic growth and development of all sectors of Montana's economy; and

20 WHEREAS, there is a growing threat of wildfires in the United States and within the state of Montana;
21 and

22 WHEREAS, in recognition of electric facilities providers' obligation to serve their customers and in order
23 to secure and sustain Montana's reliable provision of electricity and services associated with it at just and
24 reasonable rates, electric facilities providers must be encouraged and have the right to deliver and transmit
25 electricity throughout the state without fear or risk of being held strictly liable for wildfire losses under the
26 common law theory of ultrahazardous activity or being held liable for wildfires caused by factors beyond their
27 control; and

28 THEREFORE, the intent of the Legislature to protect electric facilities providers from strict liability and

1 uncertain common law standards of care in the event of an unintentionally or negligently caused wildfire and to
2 provide a standard of care for electric facilities providers that choose to affirmatively undertake wildfire
3 mitigation efforts.

4

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

6

7 NEW SECTION. Section 1. Definitions. As used in [sections 1 through 3], the following definitions
8 apply:

9 (1) "APPROVAL AUTHORITY" MEANS THE COMMISSION FOR A REGULATED UTILITY, THE BOARD OF
10 TRUSTEES FOR AN ELECTRIC COOPERATIVE, THE CITY COUNCIL OR CITY COMMISSION FOR A MUNICIPAL UTILITY, OR THE
11 APPROPRIATE BODY RESPONSIBLE FOR CORPORATE GOVERNANCE OF ANY OTHER TYPE OF ELECTRIC FACILITIES
12 PROVIDER.

13 (~~4~~)(2) "Commission" has the same meaning as provided in 69-1-101.

14 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, AS PROVIDED
15 IN 2-15-3301.

16 (~~2~~)(4) "Electric cooperative" means a cooperative organized under Title 35, chapter 18, or a similar
17 state law for providing electricity to the public in Montana.

18 (~~3~~)(5) "Electric facilities" means any equipment used for the transmission or distribution of electricity
19 to the public, including but not limited to generation and energy storage resources, substations, switchyards,
20 poles, towers, transformers, conductors, and relaying, sectionalizing, and protective equipment, such as
21 arrestors.

22 (~~4~~)(6) "Electric facilities provider" means a regulated utility or electric cooperative, as well as a
23 municipally owned utility or entity, owning electric facilities in the state without regard to the jurisdiction of the
24 commission, OR ANY ELECTRIC UTILITY UNDER THE JURISDICTION OF THE FEDERAL ENERGY REGULATORY COMMISSION,
25 which engages in electric transmission and distribution activities as defined in this section.

26 (~~5~~)(7) "Electric transmission and distribution activities" means a condition, activity, or facility directly
27 related to the conveyance and distribution of electrical energy to a person, facility, transmission, or distribution
28 system in the state.

1 (6)(8) "Regulated utility" means a public electric utility regulated by the commission under Title 69,
2 chapter 3.

3 (7)(9) "Wildfire" has the same meaning as "forest or range fire" as defined in 50-63-104 and, for the
4 purposes of [sections 1 through 3], a fire ignited by electric facilities or activities associated with electric
5 transmission and distribution activities, regardless of whether the fire's ignition occurs within an incorporated
6 municipality.

7 (8)(10) "Wildfire mitigation plan" means an electric facilities provider's written plan, including any
8 related components, that identifies risks associated with wildfire and strategies to mitigate or reduce those risks.

9
10 NEW SECTION. **Section 2. Electric facilities provider -- wildfire -- wildfire mitigation plan**

11 **approval.** (1) An electric facilities provider ~~may~~ SHALL prepare a wildfire mitigation plan in accordance with this
12 section AND SUBMIT THE PLAN TO ITS APPROVAL AUTHORITY AND COMMENCE IMPLEMENTATION OF ITS WILDFIRE
13 MITIGATION PLAN NO LATER THAN DECEMBER 31, 2025. AN ELECTRIC FACILITIES PROVIDER SHALL RESUBMIT AN
14 UPDATED OR SUBSEQUENT WILDFIRE MITIGATION PLAN TO ITS APPROVAL AUTHORITY AT LEAST EVERY 3 YEARS.

15 (2) A wildfire mitigation plan must include a description of:

16 (a) areas in which the electric facilities provider has electric facilities or electric transmission and
17 distribution activities that may be subject to a heightened risk of wildfire;

18 (b) the strategies and programs that the electric facilities provider will use to inspect and operate
19 its electric facilities;

20 (c) the strategies and programs that the electric facilities provider will use to perform vegetation
21 management;

22 (d) the strategies for modifications or upgrades to electric facilities and preventative programs that
23 the electric facilities provider may employ to reduce the risk of its electric facilities igniting a wildfire;

24 (e) the strategies and methods for de-energizing power lines and modifying electric facility
25 operations to mitigate potential wildfires taking into consideration the ability of the electric facilities provider to
26 reasonably access the proposed electric facility to be de-energized, the balance of the risk of wildfire with the
27 need for continued supply of electricity to a community, and any potential impact to public safety, first
28 responders, and health and communications infrastructure;

1 (f) the methods the electric facilities provider intends to use to restore its electrical system in the
2 event systems are de-energized for the prevention of a wildfire;

3 (g) the estimated incremental costs associated with implementing the plan, including system
4 improvements and upgrades for a regulated utility;

5 (h) community outreach and public awareness efforts before and during a wildfire season; and

6 (i) potential participation, if applicable, with state or local wildland fire protection plans or wildfire
7 mitigation plans.

8 (3) An electric cooperative must present incremental costs associated with implementing a wildfire
9 mitigation plan to its ~~board of trustees~~ APPROVAL AUTHORITY for consideration when reviewing the plan; ~~;~~
10 ~~however, HOWEVER,~~ those costs may not be a part of the wildfire mitigation plan itself.

11 (4) For the purposes of [sections 1 through 3], the ~~commission for a regulated utility, the board of~~
12 ~~trustees for an electric cooperative, or the governing body of any other type of~~ APPROVAL AUTHORITY FOR AN
13 ~~electric facilities provider must~~ PROVIDER'S WILDFIRE MITIGATION PLAN SHALL:

14 (a) initially review an electric facilities provider's wildfire mitigation plan; ~~and~~

15 (b) consider any input from a federal, tribal, state, or local entity, or other interested persons during
16 a public comment period not to exceed 45 days; AND

17 (c) AFTER A PUBLIC MEETING AND NO MORE THAN 60 DAYS AFTER THE CLOSE OF PUBLIC COMMENT:

18 (i) APPROVE THE WILDFIRE MITIGATION PLAN OR IDENTIFY ANY DEFICIENCIES IN THE PLAN; AND

19 (ii) PROVIDE REQUIRED MODIFICATIONS IN WRITING WITH THE OPPORTUNITY FOR THE ELECTRIC FACILITIES
20 PROVIDER TO CORRECT THE DEFICIENCIES AND RESUBMIT THE PLAN FOR APPROVAL.

21 (5) THE DEPARTMENT AND MONTANA DISASTER AND EMERGENCY SERVICES SHALL REVIEW A WILDFIRE
22 MITIGATION PLAN SUBMITTED TO THE COMMISSION AND WITHIN THE PUBLIC COMMENT PERIOD PROVIDE COMMENTS AND
23 RECOMMENDATIONS REGARDING ASPECTS OF THE PLAN WITHIN EACH OF THEIR JURISDICTIONS.

24 (6) THE APPROVAL AUTHORITY SHALL APPROVE THE WILDFIRE MITIGATION PLAN IF THE APPROVAL
25 AUTHORITY DETERMINES THE WILDFIRE MITIGATION PLAN CONTAINS THE REQUIRED COMPONENTS IN SUBSECTION (2), IS
26 IN THE PUBLIC INTEREST, AND REASONABLY BALANCES THE INCREMENTAL COSTS OF IMPLEMENTING THE PLAN WITH THE
27 RISK OF A POTENTIAL WILDFIRE.

28 (5) ~~After a public meeting and no more than 60 days after the close of public comment, the~~

1 ~~commission for a regulated utility shall identify any deficiencies in a wildfire mitigation plan and provide written~~
2 ~~comments addressing whether the wildfire mitigation plan is reasonable, is in the public interest, and~~
3 ~~reasonably balances the incremental costs of implementing the plan with the risk of a potential wildfire.~~

4 ~~(6)(7) If an electric facilities provider prepares a wildfire mitigation plan in accordance with this~~
5 ~~section, NO LATER THAN JUNE 1 OF EACH YEAR, the electric facilities provider shall submit to its governing body~~
6 ~~APPROVAL AUTHORITY a biennial report summarizing the electric facilities provider's wildfire mitigation efforts and~~
7 ~~compliance with the ITS CURRENTLY AUTHORIZED wildfire mitigation plan.~~

8 ~~(7)(8) In accordance with the Montana Administrative Procedure Act, the commission may make any~~
9 ~~necessary rules establishing procedures for the review and comment on a regulated utility's wildfire mitigation~~
10 ~~plan, including for the appointment of a technical master to determine whether the wildfire mitigation plan~~
11 ~~contains the required components in subsection (2).~~

12 ~~(9) NOTHING IN THIS SECTION MAY BE CONSTRUED TO CREATE A NEW LIABILITY, BASIS FOR CLAIM, OR~~
13 ~~SEPARATE LEGAL CAUSE OF ACTION ARISING FROM THE REVIEW OR APPROVAL OF A WILDFIRE MITIGATION PLAN WHEN~~
14 ~~NONE WOULD EXIST OTHERWISE.~~

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16 NEW SECTION. Section 3. Electric facilities provider -- wildfire -- cause of action -- standard of
17 care -- damages. (1) The purpose of this section is to set statutory criteria governing the civil liability of an
18 electric facilities provider for wildfire-related claims. An electric facilities provider has an obligation to serve the
19 public, and a standard of strict liability may not be applied to an electric facilities provider as follows:

20 (a) in a cause of action alleging the electric facilities provider's electric facilities or electric
21 transmission and distribution activities caused wildfire-related damages; or

22 (b) in a cause of action alleging an electric facilities provider's wildfire mitigation activities
23 conducted in accordance with a wildfire mitigation plan caused damages.

24 (2) An electric facilities provider may be found civilly liable only under the provisions of this section,
25 and may not be found civilly liable under any other statute, theory of recovery, or common law claim, for
26 wildfire-related injury or damages arising from the electric facilities provider's electric facilities or electric
27 transmission and distribution activities or for injury or damages arising from any act or omission of the electric
28 facilities provider associated with implementing a wildfire mitigation plan.

1 (3) An electric facilities provider may be found civilly liable for:

2 (A) _____ wildfire-related injury or damages arising from the electric facilities provider's electric facilities
3 or electric transmission and distribution activities; or for

4
5 (B) _____ injury or damages arising from an act or omission of the electric facilities provider associated
6 with implementing a wildfire mitigation plan only if the party seeking recovery establishes:

7 (a) (i) the electric facilities provider failed to exercise the degree of care, skill, and learning expected
8 of a reasonable, similarly situated electric facilities provider at the time in the state, acting under the same or
9 similar circumstances; and

10 (b) (ii) the failure was an actual and ~~THE~~ proximate cause of the injury to person or property for which
11 recovery is sought.

12 (4) AFTER AN ELECTRIC FACILITIES PROVIDER HAS COMMENCED IMPLEMENTATION OF ITS WILDFIRE
13 MITIGATION PLAN, IN ~~IN~~ an action against an electric facilities provider seeking wildfire-related damages arising
14 from the electric facilities provider's electric facilities or electric transmission and distribution activities, there is a
15 rebuttable presumption that the electric facilities provider acted reasonably if, WITH RESPECT TO THE PLACE OF THE
16 WILDFIRE'S IGNITION, the electric facilities provider ~~has adopted and, with respect to the place of the wildfire's~~
17 ~~ignition,~~ substantially followed a wildfire mitigation plan that contains at a minimum the elements in ~~[section~~
18 ~~2(2)]~~ WAS APPROVED IN ACCORDANCE WITH [SECTION 2], provided that evidence related to the electric facilities
19 provider's actual incremental costs associated with implementing a wildfire mitigation plan may not be
20 considered in determining whether the electric facilities provider substantially followed its wildfire mitigation
21 plan. The presumption in this subsection (4) may be controverted by other evidence.

22 ~~(5) — In an action against an electric facilities provider seeking wildfire-related damages arising from~~
23 ~~the electric facilities provider's electric facilities or electric transmission and distribution activities, the absence of~~
24 ~~a wildfire mitigation plan may not be construed as evidence of or an inference that the electric facilities provider~~
25 ~~did not meet the standard in subsection (3)(a), and the fact finder may consider only acts that may have caused~~
26 ~~the wildfire's ignition and evaluate the electric facilities provider's acts and electric transmission and distribution~~
27 ~~activities in the context of the electric facilities provider's overall systems, processes, and programs.~~

28 ~~(6)(5)~~ In an action against an electric facilities provider under this section, if a plaintiff has proved

1 liability, as required:

2 (a) a plaintiff may recover for real and personal property damage pursuant to 50-63-104;

3 (B) IN THE EVENT OF A BODILY INJURY OR DEATH, A PLAINTIFF MAY RECOVER:

4 (I) ECONOMIC DAMAGES, INCLUDING MEDICAL EXPENSES AND LOST WAGES; AND

5 (II) NONECONOMIC DAMAGES;

6 ~~(b)(C)~~ a plaintiff may not recover noneconomic losses unless the plaintiff suffered bodily injury or
7 death ~~proximately caused by the wildfire~~; and

8 ~~(e)(D)~~ an electric facilities provider may not be assessed punitive damages unless there is a showing,
9 by clear and convincing evidence, that the electric facilities provider's actions were grossly negligent or
10 intentional. An electric facilities provider's acts or omissions may not be considered grossly negligent if the
11 electric facilities provider substantially followed its wildfire mitigation plan with respect to the place of ignition.
12 The availability of punitive damages is otherwise subject to the provisions of 27-1-220 and 27-1-221.

13 (E) A PERSON WHO OBTAINS PAYMENT PURSUANT TO A POLICY OF INSURANCE FOR DAMAGES RESULTING
14 FROM A WILDFIRE LOSS IS DEEMED TO HAVE BEEN MADE WHOLE EXCLUSIVELY FOR PURPOSES OF AN INSURER'S RIGHT
15 TO SUBROGATION UNDER THIS SECTION.

16 ~~(7) — An electric facilities provider may not be liable in an action brought under this section to the~~
17 ~~extent that the electric facilities provider establishes that contact between electric facilities and trees or tree~~
18 ~~limbs originating outside an area the electric facilities provider has a legal right to access or maintain caused~~
19 ~~the wildfire 's ignition, provided, however, this subsection does not alter the rights or obligations under 69-4-~~
20 ~~403.~~

21 ~~(8)(6)~~ A civil action against an electric facilities provider under this section must be commenced within
22 3 years from the date the plaintiff first incurred injury or damages, without regard to when the injury or damages
23 are discovered. If a plaintiff commences a civil action under this section, the plaintiff shall make service of
24 process no later than 6 months after filing the complaint. If service of process is not made within the 6-month
25 period, the court, on motion or on its own initiative, shall dismiss the action without prejudice as to a defendant
26 unless that defendant has made an appearance in the civil action. If service of process is not made within the 6-
27 month period, the remaining 3-year period of limitations for a civil action under this section resumes, regardless
28 of whether the civil action is dismissed.

