



# Wildfire Mitigation Planning and Rate Making Implications

Senate Interim Committee on Energy and  
Environment

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# Wildfire Mitigation Planning and Rate Making

- Overview of the PUC and its Safety Group
- Evolution of Wildfire Mitigation Planning
- Wildfire Mitigation in Rates
- Review of Recent Rate Change Trends and Impact of Wildfire Mitigation
  - Key Drivers of Increased Rates
  - Review of proposed utility wildfire mitigation costs

# PUC Overview

## Economic regulator of investor-owned utilities

- Electric – PGE, PacifiCorp, and Idaho Power
- Natural Gas – NW Natural, Cascade, and Avista
- Select telecom and small water companies

Must consider and approve all changes to tariffed utility rates

Quasi-judicial and policy functions

3 full-time Commissioners – 142 FTE

Our **mission** is to ensure Oregonians have access to **safe, reliable and fairly priced** utility services that advance **state policy** and promote the **public interest**.

We use an **inclusive process** to evaluate differing viewpoints and visions of the public interest and arrive at **balanced, well-reasoned, independent decisions** supported by fact and law.

## Roles of the Safety Division

Safety Division leverages two primary roles to advance wildfire readiness, response and resilience

- 1) Safety authority related to overhead utility assets
- 2) Emergency support function when either state emergency agencies or utilities are activated responding to emergencies

- Wildfire-Related Activities Include:
  - Inspecting electric utility infrastructure and rights of way
  - Reviewing IOU wildfire mitigation plans
  - Coordinating with utilities, communities, and other gov't agencies during wildfire season and weather events
  - Hosting Oregon Wildfire & Electric Collaborative events

# National Electric Safety Code and Vegetation Audits

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- PUC conducts periodic, proactive audits of electric and telecommunications operators throughout the state
- Three-year rotation of NESC compliance for every operators' districts statewide
- Annual vegetation audit is performed during summer growing period
  - Specific focus on high fire risk areas
- Continually advancing the audit technology platform, e.g. GIS tracking
- Rules for electric and telecommunications are contained in OAR 860-024 (Safety), 860-028 (Joint Use) and 860-300 (Wildfire Mitigation)

# Wildfire Mitigation Plan Development Timeline

2019 • Investor-owned utilities began reporting wildfire mitigation activities to PUC

2020 • Governor Brown issues [EO 20-04](#)

- Directs the PUC to evaluate IOU wildfire mitigation plans
- Directs the PUC to convene periodic workshops to assist all Oregon electric utilities in Oregon to share best practices

• PUC initiates [AR 638](#) rulemaking to set rules for IOU WMPs

2021 • [SB 762](#) passes, formalizing PUC responsibility to review and approve IOU WMPs, enable rapid cost recovery of investments, and collect COU WMPs

- PUC adopts initial IOU WMP rulemaking rules (Orders [21-167](#) and [21-440](#))
- First IOU WMPs submit for PUC review

2022 • PUC approves initial IOU WMPs

- PUC adopts further refinements to WMP rules (Order [22-335](#))

# What Goes Into WMPs?

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- Modeling and identification of relative wildfire risk in service territory and neighboring areas
- Methods of mitigating wildfire risk and discussion of balancing risk reduction with cost
  - Vegetation and system inspection, correction, and management
  - System hardening
  - Operational practices, such as sensitive settings (separate from PSPS)
- Public Safety Power Shutoff (PSPS) strategy, including communication and engagement procedures

# Wildfire Mitigation Costs in Rates

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Order [23-173](#) implemented [SB 762](#) and approved the use of automatic adjustment clauses (AACs) for recovery of wildfire mitigation costs for PGE and PacifiCorp

- Permits recovery of prudently incurred expenses addressed in approved WMPs with minimal lag
- AACs design will be re-evaluated in 2026
  - Providing adequate opportunities to review prudence and reasonableness?
  - Utilities sufficiently disciplined in their spending?
- Idaho Power uses its general rate making mechanisms for wildfire cost recovery



# Several Drivers of Recent Rate Increases

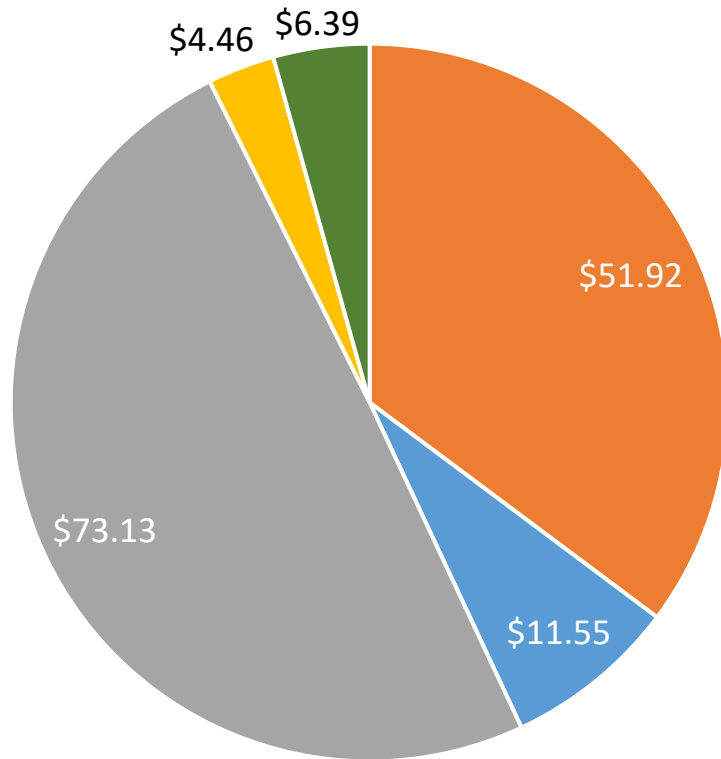
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- General Inflation and costs associated with increased demand for equipment, including of specific utility equipment
- Increased cost of purchasing wholesale electricity and natural gas
- Investments in grid infrastructure to maintain safety and improve reliability
- Extreme weather events and clean up
- Increased spending on wildfire mitigation
  - Increased vegetation management and infrastructure inspections
  - Increased staffing for system monitoring, community outreach, and program operation
  - Investments in grid modernization (hardening and responsiveness)

# PacifiCorp & PGE Bill Comparison

Note: Wildfire bill impact does NOT include cost of settlements or damages

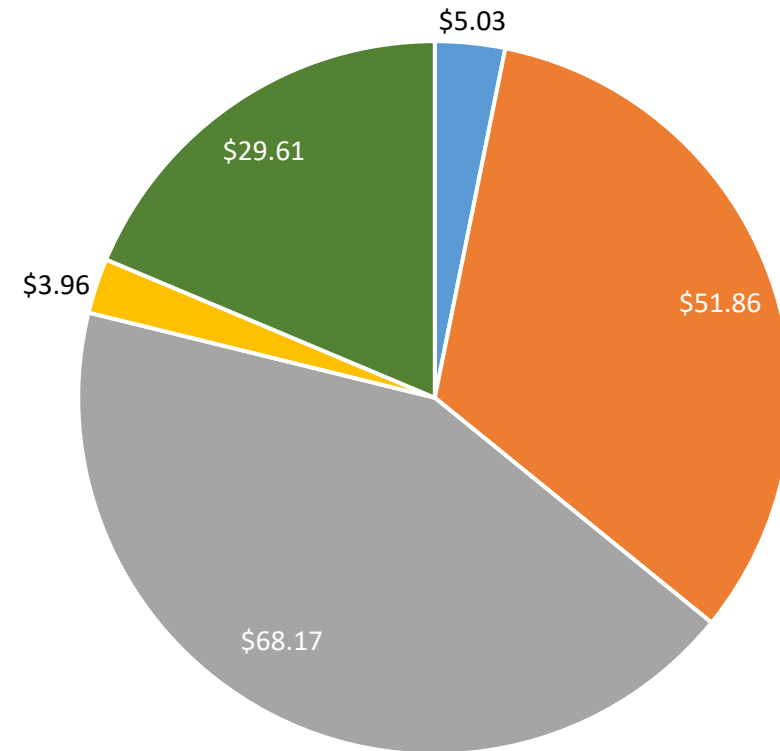
PacifiCorp January 2024 Average Customer Bill Breakdown



■ Distribution 
 ■ Transmission 
 ■ Energy 
 ■ Wildfire 
 ■ Other

Assumes residential average usage of 950 kWh per month

PGE January 2024 Average Customer Bill Breakdown



■ Transmission 
 ■ Distribution 
 ■ Energy 
 ■ Wildfire 
 ■ Other

Assumes residential average usage of 795 kWh per month

# Proposed Utility Costs from 2024 WMPs

All Costs in millions of \$

Plan Year	PacifiCorp		PGE		Idaho Power	
	O&M	Capital	O&M	Capital	O&M	Capital
2024	41.9	166.1	45.3	43-49.2	1.9	3.7
2025	38.0	154.8	48-50	56.6-78.3	2.1	
2026	38.2	154.8	47-49	62.1-78.4	2.5	
2027	38.3	151.9	49-51	65.5-84.6	1.9	
2028	38.5	154.1			2.0	
<b>TOTAL</b>	<b>195.0</b>	<b>780.8</b>	<b>189-195</b>	<b>227.2-290.5</b>	<b>10.4</b>	

# Questions?

For follow-up questions, please contact  
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# Appendix

# Wildfire Mitigation Plans

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- Wildfire Mitigation Plans submission each December
  - PacifiCorp – [UM 2207](#)
  - PGE – [UM 2208](#)
  - Idaho Power – [UM 2209](#)
- PUC has 180-day review period to make an approval determination
- Most recent WMPs approved in July 2024
  - PUC approval included decision to revise WMP process further
- Phase 1 of Guideline Revisions Ongoing – [UM 2340](#)
  - Shift to a 3-year planning process with annual updates
  - Standardize the data reporting and key planning elements of WMPs
- PUC retains copies of each COU's currently approved WMPs – [RO 14](#)

# Wildfire Mitigation Plans

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- Complete WMPs include:
  - Identification of high-risk areas within utility service territory or adjacent to utility-owned infrastructure (i.e. transmission lines)
  - Comprehensive wildfire risk analysis and plans for mitigating wildfire risk posed by utility infrastructure
  - Plans for community outreach before, during, and after wildfire season and engagement strategies for collaborating with gov't agencies and local communities
  - Protocols for the preemptive de-energization of power lines and adjustment of power system operations to mitigate wildfires
  - Detailed communication plans for Public Safety Power Shutoffs (PSPS)
  - Descriptions of infrastructure inspection and vegetation management practices

# WMP Priorities Going Forward

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- Optimizing wildfire mitigation planning and spending
  - Identifying and quantifying metrics to track in WMPs and Updates
  - Ensuring utility spending is effective, efficient, and reduces utility wildfire risk
  - Harmonizing risk quantification among utilities
  - Establishing methods for reducing wildfire risk
- Improving the efficacy of community outreach for WMP development and the implementation of operational procedures, including de-energization protocols
- Increasing collaboration between state and local agencies, utilities, and communities to improve overall responsiveness to threats



# Public Safety Power Shutoff

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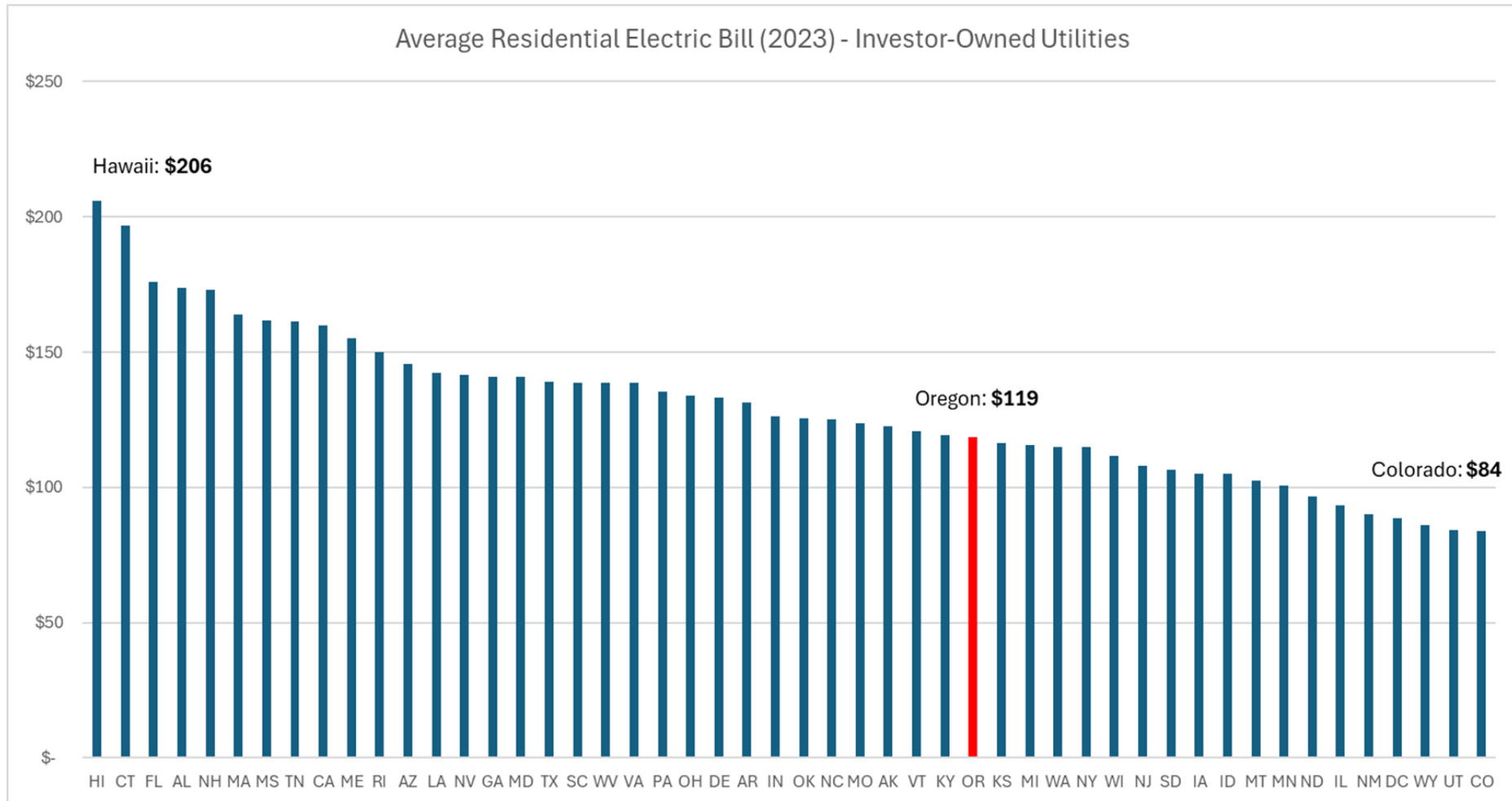
- OPUC has worked with utilities through its Emergency Support Function (ESF)-12 to support PSPS preparation and activation
- Sept. 2022, seven of the state's electric operators performed a large scale PSPS event (two IOUs and five COUs)
- After action reviews were conducted, including one facilitated by the PUC, which was recorded and available [here](#)
  - Operators provided info on their actions, slides [here](#)
  - More than one hundred attendees
  - Post event [survey](#) conducted, which concluded improvements in message clarity and consistency would be beneficial
  - Coordination ongoing between ODEM, SWIC, PUC, IOUs and COUs
  - Model messaging was presented at industry meetings and is available for use
- During 2024 additional PSPS actions were taken to a small number of customers in eastern Oregon

# Oregon Wildfire and Electric Collaborative

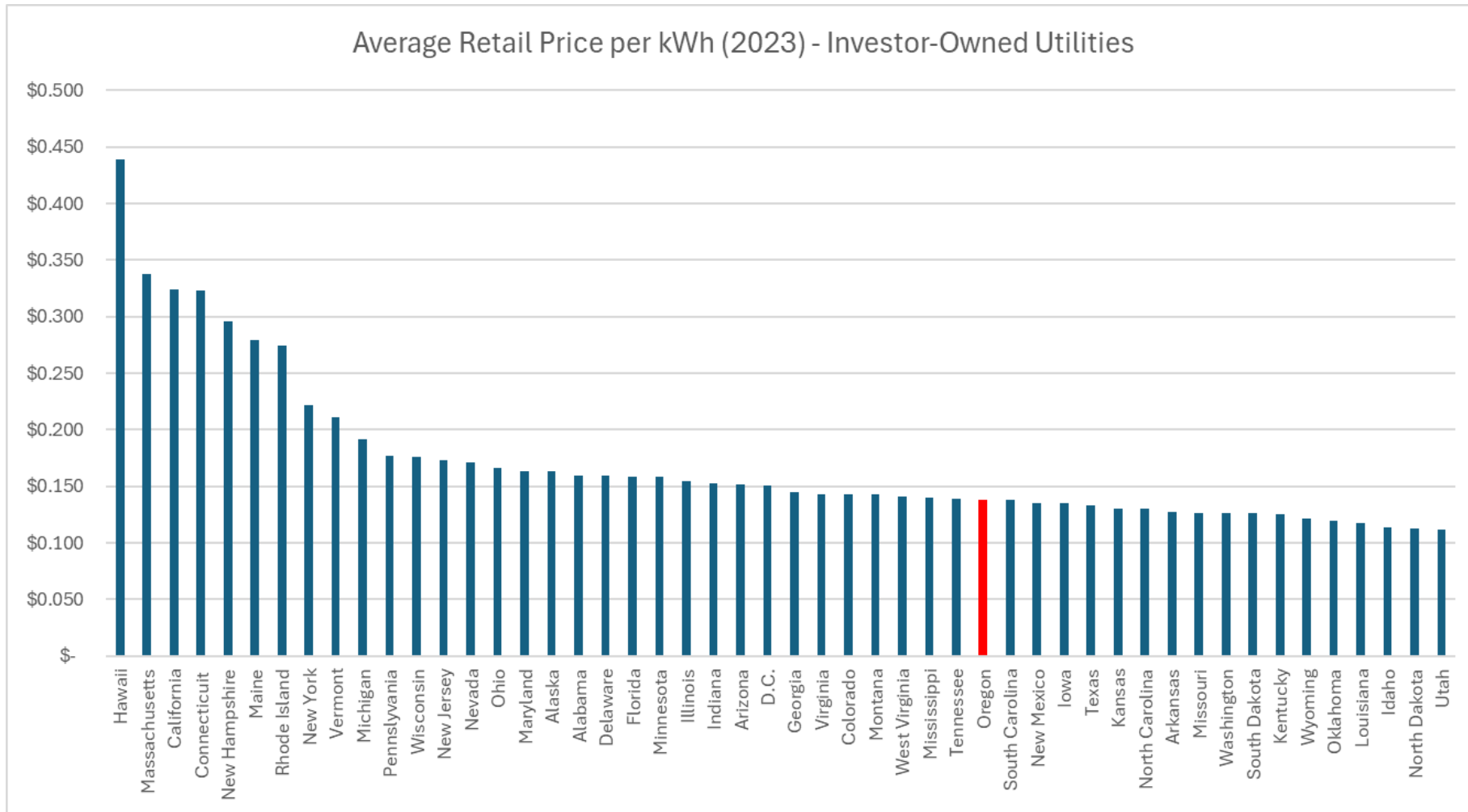
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- Collaborative intended to provide a technical forum for utility staff to share experiences, findings, and best practices with each other
- Began in 2020 and meets several times a year
- 7 meetings held to-date addressing diverse topics related to utility wildfire risk identification, PSPS protocols, system hardening, adaptive vegetation management, and collaborating with gov't land managers
- Next meeting planned for fall/winter 2024
- Future topics to include:
  - PSPS messaging and situational awareness best practices
  - Technology and pilot project experiences
  - Vegetation management and coordination with land managers

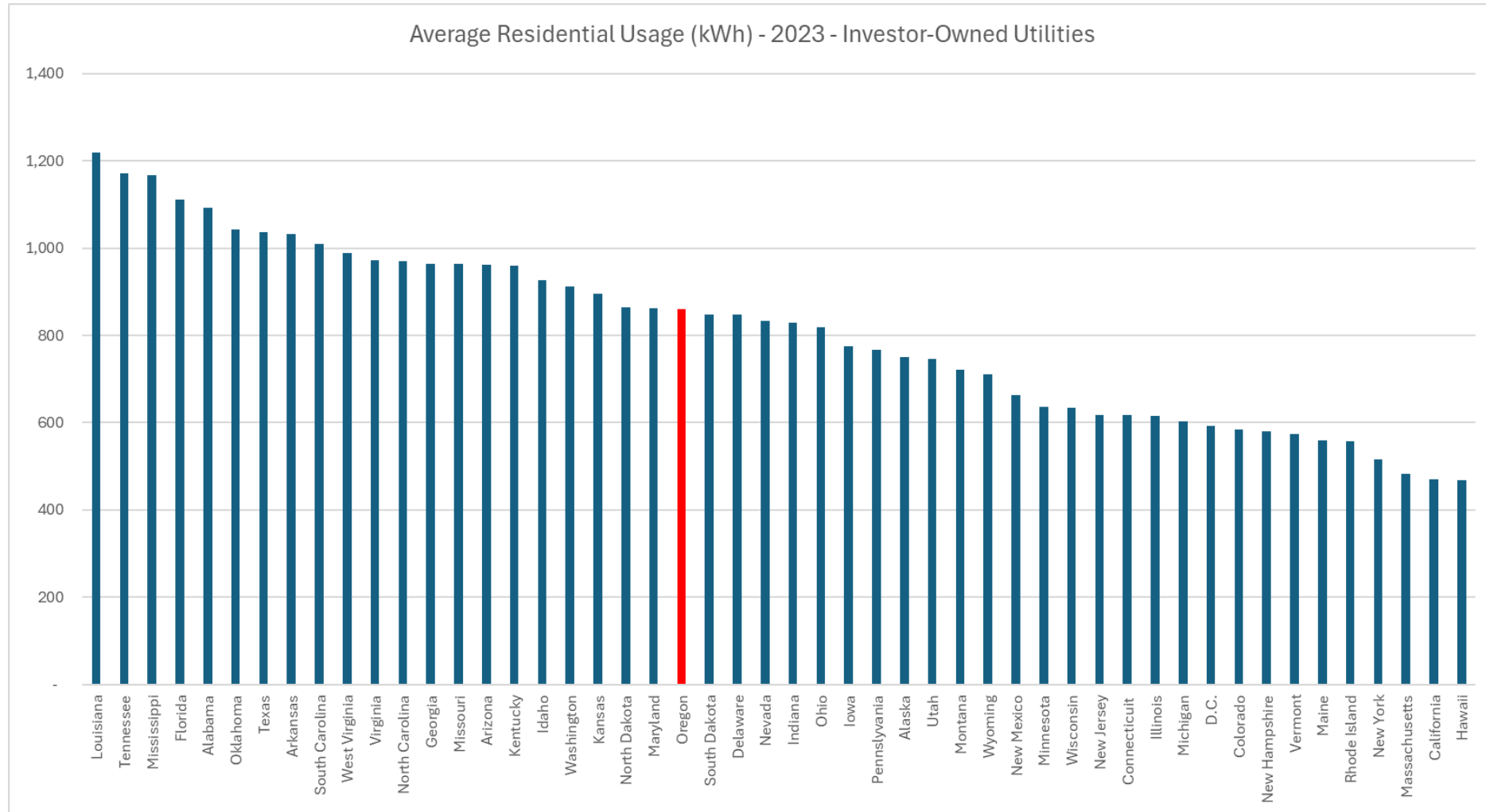
# How Does Oregon Stack Up on Utility Bills?



# How Does Oregon Stack Up on Utility Rates?



# How does Oregon Compare on Electricity Usage?



# National and State Rate Trends

