

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 23, 2022**

REGULAR **CONSENT** **EFFECTIVE DATE** August 23, 2022

DATE: August 23, 2022

TO: Public Utility Commission

FROM: Yassir Rashid

THROUGH: Bryan Conway and Heide Caswell **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Docket No. UM 2209)
Idaho Power's Supplemental 2022 Wildfire Mitigation Plan.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Power Company's (Idaho Power or the Company) Supplemental 2022 Wildfire Mitigation Plan.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's Supplemental 2022 Wildfire Mitigation Plan.

Applicable Rule or Law

On April 28, 2022, the Public Utility Commission of Oregon (Commission) entered Order No. 22-133 (Docket No. UM 2209) approving, with conditions, Idaho Power's 2022 Wildfire Mitigation Plan (WMP). The Commission required Idaho Power to supplement its plan with the following:

1. A narrative discussion of their cost and risk mitigation balancing assumptions that went into the 2022 WMP.
2. A strategy for maturing their analytical approach to cost and risk mitigation balancing in the 2023 WMP.

3. Data delineating Oregon risk areas and Oregon projects with associated costs.

On June 28, 2022, Idaho Power filed its revised 2022 WMP with the additional information requested by the Commission. Staff has reviewed the supplemental plan and concluded that, although Staff does not support some of the narrative that the company included in its revised plan, Idaho Power has met the conditions set out in Order No. 22-133.

Analysis

Staff addresses each of the Commission's conditions set forth in Order No. 22-133 separately.

Cost and Risk Mitigation Assumptions

The Commission's Order calls on Idaho Power to include in its revised WMP, "[A] narrative discussion of their cost and risk mitigation balancing assumptions that went into the 2022 plan..." To address this requirement, Idaho Power added Section 4.4 to its plan and titled it "Mitigation Activities." In this section, Idaho Power provided narrative descriptions of various programs that it proposes to implement to address the risk of wildfire, as well as justification for those programs. Idaho Power also provided the assumptions underlying how the costs of these programs are split between Idaho and Oregon.

Staff finds that Idaho Power's supplemental information in Section 4.4 meets the Commission's first condition, as the Company has provided assumption for cost allocation. For purposes of future plans, however, Staff notes that Idaho Power did not provide reasonable justification for all those cost allocation assumptions, nor did the cost allocation assumptions align logically against the areas for which elevated risk occur. For example, in allocating cost for quantifying wildland fire risk, Idaho Power used the number of line miles as a driver to allocate 12.5 percent of the cost to Oregon, while it used the percentage of "traditional jurisdictional separation" as a driver to allocate five percent of the cost to Oregon in the cases of Fire Potential Index development; field personnel equipment; annual transmission and distribution patrol, maintenance, and repair; enhance vegetation management; and communication and customer notification.

In the case of the covered conductor pilot program, Idaho Power used the traditional jurisdictional separation as a driver for cost allocation without specifying the location of the pilot program. Should this pilot not be located in Oregon, such cost allocation would seem inappropriate. Additionally, although none of the Red Risk Zones is located in Oregon, Idaho Power allocated five percent of the annual transmission and distribution

patrol, maintenance, and repair program, which will be conducted in Red Risk Zones to Oregon. Since overhead pole miles located in wildfire risk zones in Oregon comprise approximately two percent of the total overhead pole miles in wildfire risk zones, suggesting the traditional jurisdictional separation as basis for cost allocation in this case exceeds what might be an alternate and still reasonable approach for this program's cost allocation.

Staff believes that Idaho Power should provide more details and better reasoning and justification for its assumptions when it presents future WMPs. Staff further believes that clear distinction between transmission and distribution patrol, maintenance, and repair program costs needs to be outlined distinctly.

Analytical Strategy

In discussing the Commission's requirement for providing a strategy for maturing their analytical approach to cost and risk mitigation balancing in the 2023 WMP, Idaho Power amended Section 4.2 to indicate that it "plans to continue advancing its analytical approach to balancing cost and risk mitigation in its 2023 Wildfire Mitigation Plan. The Company will evolve its risk analysis framework by building on the risk modeling detailed in its 2022 Wildfire Mitigation Plan and expanding its evaluation of risk reduction associated with present and future mitigation activities."

Idaho Power added that it would seek to accomplish three deliverables to fulfill its risk analysis framework:

- Determining the most cost-effective wildfire mitigation solution by conducting cost-benefit analyses of different strategies.
- Analyzing the current wildfire mitigation activities to determine their effectiveness and decide whether to continue, refine, or replace them.
- Further identify and refine ignition reduction mechanisms by expanding the use of outage and fault analytics.

Staff's assessment is that Idaho Power provided a broad framework for what it envisions implementing to accomplish this Commission's requirement. Staff would like Idaho Power to include more details about this strategy in its 2023 WMP.

Delineating Oregon Risks

Order No. 22-133 further required Idaho Power to provide "data delineating Oregon risk areas and Oregon projects with associated costs." To address this requirement, Idaho Power, starting on Section 1.3, Asset Overview, replaced Table 1 that listed its overall transmission assets with another table that broke down transmission assets by state. Consistent with its classification of wildfire risk areas as Tier 2, or Yellow Risk

Zones (YRZ), and Tier 3, or Red Risk Zone (RRZ), Idaho Power also introduced Table 2 in Subsection 3.2.2, which provided a breakdown of transmission and distribution pole miles in risk zones in Idaho and Oregon. That table shows that there is a total of 21 transmission pole miles and 29 distribution pole miles in YRZ in Oregon. No transmission or distribution pole miles in RRZ lie in Oregon. In addition, Idaho Power introduced Figures 3 through 6, which are maps delineating and providing more details about wildfire risk zones in Oregon and Idaho. None of the maps shows RRZs in Oregon.

In Section 4.4, Idaho Power provided the cost of each program that it would implement to mitigate wildfires. Idaho Power provided breakdown of the cost of most of the programs but did not provide sufficient information to verify the validity of some of the assumptions. In Subsection 4.4.8, Idaho Power presented the overall cost of the incremental capital investment to be \$5.1 million, but did not provide a sufficient cost break down. Idaho Power estimated that the cost of the fuse replacements and spark prevention programs was \$1.9 million and \$1.7 million, respectively, but did not provide the cost for other capital programs. Idaho Power did not provide details on how it would use the remaining \$1.5 million.

Staff finds these changes meet the Commission's condition. Staff notes two items, however. First, Table 2 contains a discrepancy that Idaho Power should explain. Table 2 indicates that the total transmission pole miles in wildfire risk zones in both Idaho and Oregon is 511 miles. However, when the number of transmission pole miles in Idaho's RRZ (110) is added to the number of transmission pole miles in Idaho's YRZ (371), and to the number of transmission pole miles in Oregon's RRZ (zero), and to the number of transmission pole miles in Oregon's YRZ (21), the sum results in 502 (not 511) pole miles. Second, Idaho Power has not clarified whether and to what extent the company will seek rate recovery in Oregon for costs associated with the capital investment programs. Idaho Power should clarify that in its future WMPs.

Staff notes that these issues do not need to be resolved to approve the plan, nor does the approval of the plan imply agreement to the Company's proposed allocation. The Commission will reserve judgment on the reasonableness for ratemaking purposes of the Company's capital costs, capital structure, and the commissions and expenses incurred for security issuance and related activities, and may address the same at any subsequent rate case or other Commission proceeding.

Conclusion

Staff concludes that Idaho Power's supplemental WMP complies with applicable laws and the requirements in Order No 22-133. Staff commends Idaho Power for the additional analysis performed, and revisions incorporated into its 2022 WMP.

Staff looks forward to its engagement with Idaho Power in the further development of its 2023 WMP. Staff emphasizes that the Commission, in Order No. 22-133, directed Idaho Power *"to engage with Staff and stakeholders through a workshop process prior to filing its 2023 Plan to allow for consideration, with ample time, of each of Staffs recommendations outlined in the memo."*¹

PROPOSED COMMISSION MOTION:

Approve Idaho Power's Supplemental 2022 WMP and direct Idaho Power to address, in addition to Staff's recommendations set forth in Order No. 22-133, the following in its 2023 WMP:

1. Provide detailed cost allocation assumptions of the transmission and distribution patrol, maintenance, and repair program, separated by transmission and distribution, as well as any associated maintenance and repair program including justification and reasoning for the cost allocation between Idaho and Oregon.
2. Provide detailed explanation of the strategy pertaining to its risk analysis framework.
3. Provide details explaining the proposed cost allocation between Idaho and Oregon associated with wildfire mitigation program capital investments.

IDAHO POWER UM 2209

¹ Staff's twenty-five recommendations for Idaho Power's 2023 WMP are outlined in Appendix A of Commission Order No. 22-133: <https://apps.puc.state.or.us/orders/2022ords/22-133.pdf>.