

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION)	CASE NO. GNR-E-25-02
STAFF'S APPLICATION FOR APPROVAL)	
OF A FILING PROCESS FOR WILDFIRE)	ORDER NO. 36882
MITIGATION PLANS)	
)	
)	

On June 18, 2025, Commission Staff (“Staff”) of the Idaho Public Utilities Commission (“Commission”) applied to establish a filing process for Wildfire Mitigation Plans (“WMPs”) submitted under the Wildfire Standard of Care Act (“WSCA”). *See Idaho Code* § 61-1801 *et seq.*

On September 30, 2025, the Commission issued a Final Order that, among other things, established filing procedures and content requirements for WMPs. Order No. 36774.

On October 21, 2025, Kootenai Electric Cooperative, Inc. (“KEC”), Lower Valley Energy, Northern Lights, Inc., Idaho County Light & Power Cooperative, Inc., Clearwater Power Company, Lost River Electric Cooperative, Inc., Raft River Rural Electric Cooperative, Inc., Fall River Rural Electric Cooperative, and United Electric Co-op Inc. (collectively, “Filing Parties”) filed a Petition for Reconsideration of Order No. 36774 (“Petition”). The Filing Parties argued the Commission erred by establishing requirements for WMPs that unnecessarily exceed those contained in the WSCA. Specifically, the Filing Parties argued that the WSCA does not require WMPs to include cost evaluations or cost-benefit analyses for certain projects, and that the Commission’s decision requiring them constitutes an unreasonable and excessive administrative burden. Alternatively, to the extent their Petition is denied, the Filing Parties requested that the Commission clarify how to conduct the required cost evaluations and analyses.

On November 17, 2025, the Commission issued Order No. 36849, denying the Petition but leaving resolution of the clarification request for a subsequent order. With this Order, we provide clarification on how to perform cost evaluations and analyses required by Order No. 36774.

FINAL ORDER NO. 36774

Order No. 36774 established the procedures and content requirements for submitting WMPs for approval under the WSCA. These requirements include, for certain projects, the submission of cost evaluations or cost-benefit analyses. *See id.* at 15–17, 20. In particular, Order

No. 36774 requires that WMPs include cost evaluations of an electric corporation's proposed line designs, and provides, in relevant part, that:

Idaho Code § 61-1803(3)(e) requires WMPs to include line design methods for new, planned, and existing lines that are both financially prudent and reasonably practicable for wildfire risk mitigation. Accordingly, WMPs must explain how an electric corporation's line design methods reduce the potential for wildfire ignition, including a cost evaluation. This cost evaluation need not be least-cost, least risk, but it must show how the mitigation project strikes the necessary "balance of mitigation costs with the resulting reduction in wildfire risk" required by the WSCA. *See Idaho Code* § 61-1803(3)(e).

In addressing the use of cost-benefit analysis to justify expenditures for wildfire mitigation projects included in WMPs, Order No. 36774 stated:

Under *Idaho Code* § 61-1803(3), WMPs must reasonably balance anticipated wildfire risk reductions against the anticipated mitigation costs. Assessing whether the WMP has achieved this balance requires a review of the cost-benefit analysis underlying the expenditures outlined therein. Additionally, *Idaho Code* § 61-1804 requires the Commission to consider the feasibility and cost of implementing each WMP when deciding whether or not to approve a WMP. Review of the cost-benefit analysis supporting WMP expenditures can inform the Commission's consideration of those costs. Finally, the WSCA is intended to guide the prudent use of resources to address wildfire risks with justifiable costs, keeping utility rates affordable and protecting Idaho residents and their property. *Idaho Code* § 61-1802. Including a cost-benefit analysis in WMPs supports this goal by requiring electric corporations to perform a balancing test that assesses whether expenses are prudent.

Accordingly, we find it reasonable to direct all electric corporations to include a cost-benefit analysis in their proposed WMPs that justifies the expenditures for risk mitigation described within. This directive does not amount to rate regulation. Rate regulation occurs when a government body sets the prices a company can charge. The WSCA grants the Commission authority solely to approve or reject a proposed WMP, not to regulate the rates an Unregulated Entity charges. The Commission has no authority other than that given to it by the legislature. It exercises a limited jurisdiction, and nothing is presumed in favor of its jurisdiction. *See United States v Utah Power & Light Co.*, 98 Idaho 665, 667, 570 P.2d 1353, 1355 (1977).

Furthermore, unlike IOUs, Unregulated Entities are not obligated to obtain a Commission-approved WMP and may choose not to pursue one. Seeking Commission approval of a WMP may influence an Unregulated Entity's decisions, including those related to service rates. However, any rate changes made to obtain approval of a WMP for an Unregulated Entity would be entirely voluntary and subject to their own processes only. This is not rate regulation.

COMMISSION FINDINGS AND DECISION

Under Commission Rule of Procedure 325, any person may petition for clarification of an order. The Filing Parties' request for clarification seeks detailed guidance on how to conduct the evaluations and cost-benefit analyses required by Order No. 36774. This request ostensibly assumes that a single, prescriptive analytical framework is preferable, or even necessary, to perform these evaluations and analyses. That is incorrect.

The touchstones of the financial requirements of the WSCA are reasonableness and prudence, not exacting precision. WMPs must reasonably balance the cost of mitigation measures against the level of risk they are expected to reduce. *Idaho Code* § 61-1803. Proposed line designs must likewise be prudent and reasonably practicable. *Idaho Code* § 61-1803(e). Demonstrating that a project strikes a reasonable balance between cost and risk reduction does not require isolating the portion of project costs attributable solely to wildfire mitigation or conducting a highly granular comparison of those costs to quantified risk reductions. Rather, financial reasonableness can often be established by comparing a project's total cost over its useful life to the full range of benefits it provides to the utility and its customers, including wildfire risk mitigation. This approach is especially appropriate where a project is relatively inexpensive, only marginally more costly than alternatives, or provides substantial benefits beyond wildfire risk reduction.

Imposing a single, rigid standard for project cost evaluations is therefore both unnecessary and undesirable. Electric corporations eligible to submit WMPs for Commission approval range from large investor-owned utilities serving hundreds of thousands of customers to small municipalities and cooperatives serving only a few thousand or fewer. Variations in operational scale, resources, analytical capabilities, and wildfire risk necessarily influence the appropriate level of cost evaluation. The WSCA expressly recognizes this diversity. *See Idaho Code* § 61-1803(3) (requiring WMPs to reflect each utility's operational complexity and specific wildfire risks). This statutory framework supports affording electric corporations reasonable flexibility in how they conduct cost evaluations for their WMPs.

Accordingly, cost evaluations included in WMPs should demonstrate that the electric corporation considered a project's total cost over its useful life in relation to all of its benefits, including wildfire risk mitigation. The mitigation benefit need not be expressed as a precise numerical probability; it may be shown, for example, through a qualitative description of the


ignition source or other risk the project reduces or eliminates. Where a project provides benefits beyond wildfire mitigation, those benefits may be evaluated collectively. Ultimately, the analysis must show that a reasonable electric corporation would select the proposed projects after weighing their overall costs and benefits.

ORDER

IT IS HEREBY ORDERED that the Filing Parties' petition for clarification is granted as described above.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22nd day of December 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Laura Calderon Robles
Interim Commission Secretary

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