

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) **CASE NO. IPC-E-22-27**
COMPANY’S APPLICATION FOR REVIEW)
OF THE COMPANY’S CURRENT) **NOTICE OF APPLICATION**
WILDFIRE MITIGATION PLAN AND)
AUTHORIZATION TO DEFER NEWLY) **NOTICE OF INTERVENTION**
IDENTIFIED INCREMENTAL WILDFIRE) **DEADLINE**
MITIGATION COSTS)
_____) **ORDER NO. 35591**

On October 20, 2022, Idaho Power Company (“Company”) filed an Application for an order authorizing it “to defer through 2025—or until the Company’s next general rate case goes into effect—newly identified costs associated with expanded wildfire mitigation efforts, as detailed in” the Company’s updated Wildfire Mitigation Plan (“WMP”). Application at 1. The Company requests its Application be processed by Modified Procedure.

With this Order, we issue a Notice of Application and a Notice of Intervention Deadline.

BACKGROUND

On January 22, 2021, in Case No. IPC-E-21-02, the Company applied to the Commission for approval of its initial WMP and “a request to defer incremental wildfire-related costs.” *Id.* at 4. In its initial WMP, the Company estimated the operation and maintenance (“O&M”) costs associated with mitigating wildfire mitigation efforts between 2021 – 2026. The Company sorted the estimated incremental wildfire mitigation-related O&M expenditures into the following six categories: (A) Quantifying Wildland Fire Risk; (B) Situational Awareness; (C) Mitigation—Field Personnel Practices; (D) Mitigation—Transmission and Distribution (“T&D”) programs; (E) Enhanced Vegetation Management; and (F) Communications. *Id.* The Company “estimated \$46.6 million in incremental O&M to implement wildfire mitigation measures” in these categories of programs from 2021 to 2026. *Id.* The Company requested authority “to defer the Idaho jurisdictional share of incremental wildfire costs above a base of 2019 actual costs, escalated annually at 1.81% for inflation.” *Id.* at 4-5.

In addition to O&M expenditures, the Company noted, in its previous application in 2021, that it had incurred a significant increase in insurance costs. However, while the Company expected insurance costs to increase, due to the volatility of predicting insurance costs, the

Company “did not provide out-year estimates of insurance but requested the authority to defer the Idaho jurisdictional share of annual insurance costs above 2019 levels.” *Id.* at 5. Although the Company identified capital investments it would make to “harden” its system and infrastructure against wildfire, it did not seek deferral of these expenses in 2021, “but rather requested the authority to defer actual depreciation expenses associated with incremental capital investments made under the WMP.” *Id.* The Commission issued Order No. 35077 approving the Company’s initial WMP and deferral requests as outlined in its application, on June 17, 2021.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company’s Application seeks to provide a “review of its current and planned wildfire mitigation efforts and associated costs[,]” and includes a discussion on the needs for specific new and expanded wildfire mitigation efforts and an update of its actual insurance costs. *Id.* at 7-8. The Company attached an updated WMP, an original forecast of incremental O&M related wildfire mitigation efforts, and a forecast of new incremental O&M related wildfire mitigation efforts to its Application. *See* Attachments 1-3 of the Application. The Company states that a significant addition to its 2022 WMP was the introduction of a Public Safety Power Shutoff (“PSPS”) plan which controls how the Company would deenergize power lines in extreme conditions. *Id.* at 6-7.

YOU ARE FURTHER NOTIFIED that the Company states that it updated or included the following topics in its 2022 WMP: the regulatory background of the WMP relative to Oregon and Idaho, a wildfire risk assessment of its service areas, a discussion of the costs and benefits of wildfire mitigation, and an operational mitigation practices section which discusses the Company’s PSPS plan. *Id.* at 8-9.

YOU ARE FURTHER NOTIFIED that the Company provides a forecast of additional incremental O&M costs for wildfire mitigation in its WMP accruing from the five of the six approved categories of O&M costs first approved by Order No. 35077 and a new O&M category: Information Technology. *Id.* at 10 (emphasis in the original). The Company explains that it estimates that it will incur an additional \$16.2 million above the \$46.6 million initially approved in 2021 “in incremental O&M expenses associated with new or expanded wildfire mitigation efforts.” *Id.* at 10. The Company further explains that, for each category, “it will continue to pay for baseline levels of O&M (based on 2019 levels and escalated annually for inflation at the

Commission-authorized level of 1.81%) out of its existing budgets, as authorized by the Commission in Order No. 35077.” *Id.* at 8.

YOU ARE FURTHER NOTIFIED that the Company seeks an additional \$1.35 million through 2025 for expansions in five areas under its “**Situational Awareness**” program. *Id.* at 11-13. These areas, the Company explains, include investments in a new weather forecasting system, a temporary full-time position in 2023 to implement the weather forecasting system, additional weather stations, a contractor to evaluate the integrity of wood distribution poles, and cameras “to enhance situational awareness in high-risk, remote locations.” *See id.* at 11-13.

YOU ARE FURTHER NOTIFIED that the Company seeks an additional \$180,000 over the next four years under the “**Mitigation—Field Personnel Practices**” category for costs stemming from acquiring wildfire risk mitigating equipment and four years of membership fees in an organization whose mission is to “share lessons learned, best practices, and innovation in the area of wildfire mitigation.” *See id.* at 14.

YOU ARE FURTHER NOTIFIED that the Company seeks an additional \$804,000 to operate its “**Mitigation—T&D programs**” category through 2025. This sum, the Company represents, is needed for hiring additional personnel and testing a new T&D risk mitigation measure—using covered wires—via a pilot project *See id.* at 15-18.

YOU ARE FURTHER NOTIFIED that the Company seeks an additional \$12.9 million through 2025 under the “**Enhanced Vegetation Management**” category on top of the \$42.7 million for incremental vegetation management expenses presented to the Commission in 2021. *Id.* at 21. The Company states it “detailed an enhanced vegetation management plan to work toward a three-year vegetation management cycle across its entire service area, with one-third of the service area managed each year[,]” in its application in 2021. The Company notes that its actual expenses for vegetation management to achieve a consistent three-year cycle across its service area have been increasing faster than authorized amounts in recent years. The Company notes that a major factor pushing vegetation management costs upward is the lack of availability of qualified labor due to high demand driving up the costs to hire a limited number of specialized workers.

YOU ARE FURTHER NOTIFIED that, in addition to increased costs for maintaining its three-year vegetation management cycle, the Company requests additional funding for costs for

participating in a fuel reduction program with the relevant government agencies and deploying satellite and aerial patrols to identify areas of high risk.

YOU ARE FURTHER NOTIFIED that the Company “reaffirms its intention to update the Commission no later than 2025 on vegetation management efforts and whether movement to a three-year cycle is producing expected benefits relative to costs.” *Id.* at 22.

YOU ARE FURTHER NOTIFIED that the Company requests an additional \$71,000 annually under its “**Communications**” category for spending associated with new customer communication, education, and awareness all focusing on the addition of PSPS as a potential tool for the Company to utilize in mitigating wildfire risk. *Id.* at 22.

YOU ARE FURTHER NOTIFIED that the Company requests an additional \$691,000 in expenses through 2025 for “**Information Technology**.” The Company states this a new category that is needed to effectively notify customers leading up to and during PSPS events. *Id.* at 23-24.

YOU ARE FURTHER NOTIFIED that the Company seeks Commission approval to continue to defer the Idaho jurisdictional share of insurance costs. *Id.* at 24-25. The Company states it “would present actual deferred incremental insurance premiums for the Commission’s review in a future ratemaking proceeding.” *Id.* at 26.

YOU ARE FURTHER NOTIFIED that the Company notes the Commission’s previous authorization for the Company to defer capital costs associated with “system hardening.” The Company states it will need to make additional capital investments of “\$1.1 million on hardware and software to enhance its forecasting capabilities.” *Id.* at 27. The Company maintains its request to the Commission for authority to defer for later recovery “the depreciation expense of newly identified incremental capital investments related to wildfire mitigation[,]” and states that it will seek recovery of these capital investments in a “future ratemaking proceeding.” *Id.* at 27.

YOU ARE FURTHER NOTIFIED that the Company seeks further Commission authorization “to defer, for future amortization, the Idaho jurisdictional share of actual incremental O&M expenses associated with newly identified costs that are vital to the Company’s wildfire mitigation efforts.” *Id.* The Company states it will address the costs and recovery of its wildfire mitigation efforts in a “future regulatory proceeding.” *Id.* at 28.

YOU ARE FURTHER NOTIFIED that the Application and attachments are available for public inspection during regular business hours at the Commission's office. These documents are also available on the Commission's homepage at www.puc.idaho.gov. Click on the "ELECTRIC" icon, select "Open Cases," and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter to obtain parties' rights of participation must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days after the date of service of this Order.** Persons desiring to present their views without parties' rights of participation are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that once the Notice of Parties is issued, Commission Staff will informally confer with the parties to discuss a schedule to process this case and other issues as may be raised by the parties.

YOU ARE FURTHER NOTIFIED that the following people have been designated as the Company's representatives in this matter:

Lisa D. Nordstrom
Megan Goicoechea Allen
Idaho Power Company
P.O. Box 70
Boise, ID 83707-0070
lnordstrom@idahopower.com
mgoicoecheaallen@idahopower.com
dockets@idahopower.com

Alison Williams
Regulatory Policy & Strategy Leader
Idaho Power Company
P.O. Box 70
Boise, ID 83707-0070
awilliams@idahopower.com

ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in this matter must file a Petition to Intervene no later than 21 days from the service date of this Order. Once the deadline has passed, the Commission Secretary shall prepare and issue a Notice of Parties.

IT IS FURTHER ORDERED that, after the Notice of Parties has issued, Commission Staff shall confer with the parties regarding a procedural schedule for processing this case.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th day of November 2022.



ERIC ANDERSON, PRESIDENT

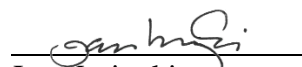


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:


Jan Noriyuki
Commission Secretary

I:\Legal\ELECTRIC\IPC-E-22-27 Wildfire\orders\IPCE2227_Ntc App_Int_rm.docx

NOTICE OF APPLICATION
NOTICE OF INTERVENTION DEADLINE
ORDER NO. 35591