

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ROCKY MOUNTAIN ) CASE NO. PAC-E-26-02**  
**POWER’S APPLICATION FOR AN )**  
**ACCOUNTING ORDER FOR EXCESS ) ORDER NO. 37005**  
**LIABILITY INSURANCE COSTS RELATED )**  
**TO WILDFIRE LIABILITY )**  
**)**

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On January 27, 2026, PacifiCorp, d/b/a Rocky Mountain Power (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) requesting an accounting order authorizing it to establish a balancing account for tracking (1) annualized revenues associated with excess liability insurance costs related to wildfires and (2) 80 percent of any Idaho wildfire liability costs arising from wildfires that ignite on or after February 15, 2026, from February 15, 2026 until the earlier of a future wildfire reserve fund mechanism’s effective date or February 15, 2027 (“Application”).

On March 2, 2026, the Commission issued a Notice of Application and a Notice of Modified Procedure setting written comment deadlines. Order No. 36945. Commission Staff (“Staff”) filed comments. The Commission received no public comments or Company reply comments.

With this Order, the Commission approves the Company’s Application.

**THE APPLICATION**

As part of a Commission-approved settlement in the Company’s most recent general rate case, \$8.63 million of excess liability insurance attributable to wildfire risk was included in the Company’s base revenue requirement. Application at 3. The settlement also allowed the PacifiCorp Idaho Industrial Customers and the Idaho Irrigation Pumpers Association to take part in the Wildfire Insurance Working Group, which also included the Company, P4 Productions, L.L.C., an affiliate of Bayer Corporation, and Commission Staff (collectively, “Working Group”).  
*Id.*

The Working Group is currently working on a joint application to create a reserve fund from which the Company would recover Idaho wildfire liability costs. *Id.* The reserve fund would allow the Company to avoid maintaining commercial excess liability insurance for Idaho wildfire claims. *Id.* The Company’s excess liability insurance policy covering Idaho wildfires expired at

midnight on February 14, 2026. *Id.* at 4. The parties to the Working Group agree that the proposed reserve fund is likely to be more cost effective for customers than renewal of the Company’s excess liability insurance policy. *Id.*

The Company requested Commission approval of a balancing account for tracking (1) annualized revenues that the Commission approved as part of the Company’s revenue requirement in its last rate case associated with excess liability insurance costs related to wildfires in the amount of approximately \$8.63 million and (2) 80 percent of any Idaho wildfire liability costs arising from wildfires that ignite on or after February 15, 2026,<sup>1</sup> from February 15, 2026 until the earlier of a future wildfire reserve fund mechanism’s effective date or February 15, 2027—at which point the Company would re-obtain commercial coverage if the Commission denies the reserve fund mechanism. *Id.* at 4–5, 7.

The Company sought authority to record the deferral in Account 254 (Other Regulatory Liabilities). *Id.* at 7. The Company anticipated deferring approximately \$0.72 million of revenue monthly. *Id.* The Company represented that it “is unable to estimate any Idaho wildfire liability claims and/or associated outside defense counsel expenses that may be deferred during this period.” *Id.* at 7–8.

Staff supported the Company’s request to defer the portion of its revenue requirement approved for payment of excess liability insurance costs and any wildfire liability arising from Idaho wildfires that ignite on or after February 15, 2026. *Id.* at 4. According to the Company, no party to the Working Group expressed opposition to the deferral request. *Id.*

#### STAFF COMMENTS

After reviewing the Application and relevant Commission orders, Staff continued to support the Company’s requested deferral as serving the best interests of the Company and its customers. Staff Comments at 2–3. According to Staff, the balancing account would allow the Company to “reconcile the difference between amounts included in base rates and actual expenses.” *Id.* at 3. Staff stated that approval of the balancing account would not guarantee approval of all recorded expenses for ratemaking purposes and that the Commission would retain authority to determine prudence. *Id.* Staff believed the proposal was consistent with Order No.

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<sup>1</sup> As part of the proposed reserve fund mechanism, the Company has agreed to pay 20 percent of wildfire liabilities without seeking recovery from customers. Application at 7.

36452 in the Company's most recent general rate case and fairly incentivizes the Company to minimize wildfire liabilities by requiring it to cover 20 percent of such costs. *Id.* at 4.

### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including, Idaho Code §§ 61-501, 502, and -503. Based on our review of the record, we find it reasonable to grant the Company's Application.

Based on the parties' representation that the proposed reserve fund is likely to be more cost effective for customers than renewal of the Company's excess liability insurance policy, we find that the requested balancing account is in the interest of the Company and its customers. The account will ensure that the previously approved \$8.63 million recovered from customers is used for its intended purpose—covering Company expenses related to wildfire liability.

However, the Commission is concerned about the open-ended potential liability resulting from the lapse of the Company's excess liability coverage. We are also concerned about wildfire claims litigated in other states. We reiterate that approval of the balancing account does not confer approval of all recorded expenses, which will remain subject to a prudence determination for ratemaking purposes. Additionally, we emphasize that the Company is to record 80 percent of liability and related outside counsel defense costs incurred only from claims resulting from wildfires occurring in the state of Idaho in the balancing account.

The Commission directs the Company to submit a reconciliation compliance filing regarding the balancing account at the end of the fire season but no later than December 31, 2026.

### **ORDER**


IT IS HEREBY ORDERED that the Company's request to establish a balancing account to track \$8.63 million in annualized revenue related to wildfire liability costs, which the Commission approved for excess liability expenses as part of the Company's revenue requirement in its last rate case, is approved.

IT IS FURTHER ORDERED that the Company's request to record 80 percent of liability and related outside counsel defense costs incurred from claims resulting from wildfires occurring in the state of Idaho on or after February 15, 2026, is approved, until the earlier of the implementation of a wildfire reserve fund mechanism, or February 15, 2027.

IT IS FURTHER ORDERED that the Company shall submit a reconciliation compliance filing regarding the balancing account at the end of the fire season but no later than December 31, 2026.

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


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 16<sup>th</sup> day of April 2026.

  
EDWARD LODGE, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
DAYN HARDIE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Commission Secretary

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