

MEMO



DATE: March 8, 2021

TO: Senate Committee on Natural Resources and Wildfire Recovery

FROM: Commissioner Letha Tawney

SUBJECT: Oregon Public Utility Commission Wildfire Mitigation Update

The Oregon Public Utility Commission (PUC) continues to prioritize wildfire risk mitigation, as we have since the California situation two years ago illustrated how radically the risk associated with electric system ignitions had changed.

The PUC plays a unique role in wildfire prevention and resilience. As an economic regulator of investor-owned utilities, the PUC's primary role is to decide what rates a utility may charge customers. As part of the ratemaking process, the PUC reviews whether the utility has sufficient revenue to pay for reasonable costs to operate and maintain its system in a safe manner. This includes costs for vegetation management, facility maintenance, and investments in wildfire risk reduction. We have also adopted specific rules related to vegetation management and electrical safety.

The utility remains responsible for ensuring they provide safe and reliable service. The PUC does not manage the utility's budget or day-to-day activities. The PUC can review the conduct of a utility and exclude costs from customer rates if those costs are related to unsafe or unreasonable actions, whether or not there were specific safety rules governing the situation. Utility costs that are not included in customer rates must be covered by utility shareholders—i.e., taken out of the utility's profits.

Our focus is on ensuring customers have access to safe, reliable and high quality utility services at just and reasonable rates – even as the risk of wildfire is changing around us. As we strive to do that, I have four areas of forward-looking work to share with you. We have made progress this winter on:

1. Expanded safety rules to address wildfire risk
2. Vegetation Management
3. The Oregon Wildfire & Electric Collaborative
4. Collaboration with Oregon Department of Forestry

This is in addition to the hard work our agency has done to support restoration of services after the Labor Day fires in Western Oregon, including the restoration of telecommunications in McKenzie Bridge and supporting Energy Trust of Oregon's engagement on highly efficient housing replacement as rebuilding begins.

1) **Wildfire Planning and Safety Rules**

- a) Investor-owned utilities are already required to proactively manage emerging safety and reliability risks such as wildfire, earthquake or cybersecurity threats, even if there are no specific safety rules addressing the issue or specific plans required.
- b) The electric utilities have created wildfire mitigation plans and shared them with us annually since 2019 in focused public meetings.
- c) In August 2020, we launched a rulemaking to evaluate how to formalize those plans and the review process. That rulemaking is complex and will likely last into the fall of 2021.
 - i) It is critical to avoid inadvertently transferring wildfire liability from shareholders to ratepayers or the state in these rules, for example through our review process for plans.
 - ii) As the legislature considers bills that require utility wildfire plans, we will carefully observe whether there are potential changes to ratepayer liability.
- d) While the utilities already have wildfire mitigation plans and are required to plan for all risks, we have identified a need, ahead of the 2021 fire season, for temporary rules on how proactive Public Safety Power Shutoffs are conducted and communicated during fire weather. We aim to complete those temporary rules in May, ahead of the fire season, so that communities, emergency partners and dependent critical infrastructure know what to expect from their electric utilities.

2) **Vegetation Management**

- a) The PUC's safety team has a uniquely proactive inspection and audit program to address utility vegetation management.
 - i) The vegetation management audit/inspection program was established to address reliability issues and public safety during the day-to-day operations of the system.
 - ii) Oregon and California are the only states with recognized vegetation clearance standards described in rules. Oregon is the only state, to our knowledge, that currently has Staff proactively audit the vegetation management programs of investor-owned utilities.
 - iii) We are evaluating whether these rules need to be updated in the ongoing wildfire rulemaking.
- b) The PUC structured financial incentives in the 2020 PacifiCorp rate case to hold the utility accountable for improved vegetation management, particularly in high fire consequence areas.
 - i) PacifiCorp must achieve a significant reduction in vegetation rules violations in order to collect roughly \$6.645 million in wildfire risk reduction costs from customers.
 - ii) The rate structure seeks to drive rapid, efficient, and effective risk reduction in their vegetation program.
 - iii) This innovative approach aligns the shareholders incentives with reducing wildfire risk for Oregonians and is a unique approach to accountability in the West.

3)

Oregon Wildfire & Electric Collaborative

- a) Launched in July of 2020, the Collaborative brings investor-owned utilities, the consumer-owned utilities and Bonneville Power Administration together to speed up the sharing of best practices and innovations between utilities and other key wildfire stakeholders.
 - i) It is critical to have smooth information flow throughout all the types of electric utilities to make all Oregonians safer, as wildfire risk reduction is an area of rapid change.
 - ii) The voluntary, opt-in approach enables strong engagement from federal partners.

- b) In January 2021 we convened an OWEC workshop to share lessons on Public Safety Power Shutoffs (PSPS) and de-energization.
 - i) There was excellent participation from both Portland General Electric and Consumers Power on their respective learnings from proactively and aggressively shutting down power in response to the Labor Day windstorm.
 - ii) We also heard from the California Public Utility Commission on the lessons learned from their iterative PSPS development process including key takeaways regarding customer communication efforts.
- c) On March 10, 2021, we will convene an OWEC workshop on vegetation management, with senior level participation by federal and state land managers in addition to utility participation.
 - i) This workshop aims to remove barriers utilities face accessing and managing vegetation in their rights of way.
 - ii) Vegetation outside the right of way remains a significant challenge, as we saw in both the extensive outages Douglas Electric faced after a winter storm in 2019 and the most recent PGE outages last month.
- d) We will host one more workshop before fire season, likely focused on situational awareness and risk evaluation in medium- and near-term forecasts.

4) **Collaboration with Oregon Department of Forestry**

- a) Commissioner Tawney and Michael Grant, Executive Director of the OPUC have met senior staff at the Oregon Department of Forestry to deepen collaboration and communication between our agencies.
- b) We have focused on concrete steps that will make communication more effective between our agencies and with electric utilities during a fire weather event and during a fire.
- c) ODF has actively engaged in the OWEC workshops, bringing their expertise on lands and fire risk management.
- d) We aim to do a table top exercise including both the agencies ahead of the 2021 fire season.