

Sophie Hayes (12546)
Western Resource Advocates
307 West 200 South, Suite 2000
Salt Lake City UT 84101
801-212-9419
sophie.hayes@westernresources.org

Attorney for Western Resource Advocates

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power’s 2021 Wildland Fire Cost and Compliance Report	Docket No. 21-035-35 COMMENTS OF WESTERN RESOURCE ADVOCATES
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Western Resource Advocates (“WRA”) submits these comments on Rocky Mountain Power’s 2021 Wildland Fire Cost and Compliance Report in accordance with the June 3 Notice of Filing and Comment Period of the Utah Public Service Commission (“Commission”).

In these comments, WRA focuses on how PacifiCorp (d/b/a Rocky Mountain Power) can continue to improve its wildland fire planning and future demonstrations of cost and risk balancing in advance of the Company developing its next plan in 2023. Specifically, WRA

recommends that PacifiCorp provide more information about the impacts¹ of climate change² and the growing nature of the costs and risks associated with wildland fires as Utah continues to get hotter and drier. The ongoing costs associated with PacifiCorp's wildland fire mitigation efforts are actual costs caused by climate change, directly passed through to ratepayers. PacifiCorp's estimation of the costs associated with wildland fires should acknowledge that wildfire risks will grow as Utah continues to warm, and the costs passed through to ratepayers will also increase.

¹ The Intergovernmental Panel on Climate Change's (IPCC) *Fifth Assessment Report* defines impacts as "effects on natural and human systems." Specifically:

In this report, the term impacts is used primarily to refer to the effects on natural and human systems of extreme weather and climate events and of climate change. Impacts generally refer to the effects on lives, livelihoods, health, ecosystems, economics, societies, cultures, services, and infrastructure due to the interaction of climate changes or hazardous climate events occurring within a specific time period and the vulnerability of an exposed society or system. Impacts are also referred to as consequences and outcomes. The impacts of climate change on geophysical systems, including floods, droughts, and sea level rise, are a subset of impacts called physical impacts. *IPCC, 2014: Summary for policymakers*, in: *Climate Change 2014: Impacts, Adaptation, and Vulnerability, Part A: Global and Sectoral Aspects, Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*, [Field, C.B., V.R. Barros, D.J. Dokken, K.J. Mach, M.D. Mastrandrea, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. MacCracken, P.R. Mastrandrea, and L.L. White (eds.)], Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, page 5 (hereinafter referred to as "Fifth Assessment Report"), available at: https://www.ipcc.ch/site/assets/uploads/2018/02/ar5_wgII_spm_en.pdf.

The *Fifth Assessment Report* both "evaluates how patterns of risks and potential benefits are shifting due to climate change," and "considers how impacts and risks related to climate change can be reduced and managed through adaptation and mitigation." *Id.* at page 3.

² The *Fifth Assessment Report* defines climate change:

Climate change refers to a change in the state of the climate that can be identified (e.g., by using statistical tests) by changes in the mean and/or the variability of its properties, and that persists for an extended period, typically decades or longer. Climate change may be due to natural internal processes or external forcings such as modulations of the solar cycles, volcanic eruptions, and persistent anthropogenic changes in the composition of the atmosphere or in land use. Note that the framework Convention on Climate Change (UNFCCC) in its Article 1, defines climate change as: "a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods." The UNFCCC thus makes a distinction between climate change attributable to human activities altering the atmospheric composition, and climate variability due to natural causes. *Fifth Assessment Report*, page 5.

In these Comments, WRA follows the UNFCCC's Article 1 definition.

I. BACKGROUND

On June 1, PacifiCorp filed its 2021 Wildland Fire Costs and Compliance Report (“2021 Report”). The Report identifies PacifiCorp’s calendar year 2020 capital investments and expenses associated with implementing its 2020 Wildland Fire Protection Plan (“2020 Plan”), which was approved by the Commission in Docket No. 20-035-28.

PacifiCorp developed the 2020 Plan pursuant to Utah Code Ann. Title 54 Chapter 24, enacted by the legislature in 2019 (through the Wildland Fire Planning and Cost Recovery Act or “Act”). Pursuant to the requirements of the Act, PacifiCorp must file a wildland fire mitigation plan every three years, beginning in 2020. The Commission must approve a plan if it is “reasonable and in the public interest” and if it “appropriately balances the costs of implementing the plan with the risk of a potential wildland fire.”³

In its comments on the 2020 Plan, the Office of Consumer Services (“OCS”) argued that the 2020 Plan failed to adequately demonstrate that the costs of PacifiCorp’s proposed wildland fire suppression elements were appropriately balanced with the wildfire risks.⁴ The Commission concluded, however, that “[t]he Act does not require the Plan itself to expressly discuss and demonstrate that costs and risks are appropriately balanced. Rather, the Act requires the PSC to make such a finding, based on its review, in order to approve a plan.”⁵ Further, the Commission found:

Given this is the first wildland fire protection plan RMP has created pursuant to the statute, we expect RMP will learn much from its implementation and will utilize its experience in designing plans for subsequent plan years, including any reasonable opportunities to make the plans more cost effective. Here...we find

³ Utah Code Ann. § 54-24-201.

⁴ *Order Approving Wildfire Protection Plan* (issued October 13, 2020), page 3, referencing OCS comments at page 2 (hereinafter referred to as “2020 Plan Order”).

⁵ *2020 Plan Order*, page 4-5.

this Plan appropriately balances the costs of implementing it with the risk of potential wildland fires. We further find and conclude the Plan to be reasonable and in the public interest.⁶

In its order, the Commission specifically noted that PacifiCorp stated in its 2020 Plan:

“As new analyses, technologies, practices, network changes, environmental influences or risks are identified, modifications may be incorporated into future iterations of the plan, as contemplated in [the Act].”⁷

The Act also provides cost recovery for PacifiCorp’s costs associated with implementing its plan. Specifically, PacifiCorp “shall recover in rates all prudently incurred investments and expenditures, including the cost of capital,” made to implement the plan.⁸ The annual report is to identify actual costs (capital and expenses) from the prior year and provide a forecast of costs for the present year, and the Commission is required to authorize the deferral and collection of incremental costs to implement the plan that are not included in base rates.⁹

II. COMMENTS

Consider climate change in wildland fire mitigation planning. Climate change is a relevant consideration in PacifiCorp’s wildland fire planning efforts because climate change increases the frequency and magnitude of extreme events, including droughts and wildfires. One of the “key messages” of the portion of the third *National Climate Assessment* focused on the Southwest United States is that climate change has caused and will continue to cause increased wildfires. “Increasing warming, drought, insect outbreaks, all caused by or linked to climate

⁶ *Id.*, page 5.

⁷ *Id.*, page 2, citing PacifiCorp’s 2020 Plan at page 6.

⁸ Utah Code Ann. § 54-24-202.

⁹ *Id.*

change, have increased wildfires and impacts to people and ecosystems in the Southwest. Fire models project more wildfire and increased risks to communities across extensive areas.”¹⁰ Climate has outweighed other factors in determining burned areas in the West for the last century, and climate models project significant increases in future burned area, including a doubling of burned area in the southern Rockies.¹¹ Additionally, risks of extreme events increase with additional global warming.¹² Greater warming significantly increases the impacts of wildfires.¹³ These impacts can be reduced by limiting the rate and magnitude of climate change.¹⁴

PacifiCorp’s wildland fire planning is an effort consistent with the concept of climate change “adaptation.” As defined by the *Fifth Assessment Report*, adaptation is “the process of adjustment to actual or expected climate and its effects. In human systems, adaptation seeks to moderate or avoid harm or exploit beneficial opportunities.”¹⁵ In support of moderating or avoiding harm associated with increased wildfires, PacifiCorp should rely on climate science to inform wildland fire mitigation planning. PacifiCorp should reference recent studies regarding current and projected levels of warming and increased wildfire risk, and whether wildfire risks

¹⁰ Garfin, G., G. Franco, H. Blanco, A. Comrie, P. Gonzalez, T. Piechota, R. Smyth, and R. Waskom, 2014: Ch. 20: *Southwest. Climate Change Impacts in the United States: The Third National Climate Assessment*, J. M. Melillo, Terese (T.C.) Richmond, and G. W. Yohe, Eds., U.S. Global Change Research Program, 468, available at: <http://nca2014.globalchange.gov/report/regions/southwest>.

¹¹ *Id.* at page 468 (citations omitted).

¹² See *Fifth Assessment Report*, page 12.

¹³ See IPCC, 2018: *Summary for Policymakers*, in: *Global Warming of 1.5°C: An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty*, Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.), page 8, available at: <https://www.ipcc.ch/sr15/chapter/spm/>.

¹⁴ *Fifth Assessment Report*, page 14.

¹⁵ *Fifth Assessment Report*, page 5.

have changed due to additional or more rapid warming. Additionally, PacifiCorp should indicate whether previous or planned investments have been or are likely to be resilient in the face of growing wildfire risk. PacifiCorp should also note any efforts it is making to mitigate (i.e. prevent) climate change impacts and reduce the costs of adaptation.

PacifiCorp should acknowledge and be transparent about the changing and growing nature of Utah's wildland fire risk, and should utilize best practices in climate adaptation strategies. For example, as described in the Fifth Assessment Report:

Responding to climate-related risks involves decision making in a changing world, with continuing uncertainty about the severity and timing of climate-change impacts and with limits to the effectiveness of adaptation (*high confidence*). Iterative risk management is a useful framework for decision making in complex situations characterized by large potential consequences, persistent uncertainties, long timeframes, potential for learning, and multiple climatic and non-climatic influences changing over time. ...Assessment of the widest possible range of potential impacts, including low-probability outcomes with large consequences, is central to understanding the benefits and trade-offs of alternative risk management actions. The complexity of adaptation actions across scales and contexts means that monitoring and learning are important components of effective adaptation.¹⁶

Additionally:

A first step towards adaption to future climate change is reducing vulnerability and exposure to present climate variability (*high confidence*). **Strategies include actions with co-benefits for other objectives.** Available strategies and actions can increase resilience across a range of possible future climates while helping to improve human health, livelihoods, social and economic well-being, and environmental quality. ...Integration of adaptation into planning and decision-making can promote synergies with development and disaster risk reduction.¹⁷

PacifiCorp and the Commission appear to contemplate wildland fire mitigation plans improving over time, and WRA recommends that PacifiCorp utilize climate science, as reported

¹⁶ *Fifth Assessment Report*, page 9 (emphasis in original) (citations omitted).

¹⁷ *Fifth Assessment Report*, page 25-26 (emphasis in original) (citations omitted).

by the IPCC or in National Climate Assessments, or as published in scientific journals, to inform and improve its wildfire mitigation strategies and risk assessment.

Consider the risk customers bear with regard to growing wildfire risk. Another relevant consideration for the Commission in evaluating PacifiCorp's wildfire mitigation and planning is the effect the Act had on shifting risk away from the Company to ratepayers. The Act essentially authorizes ongoing single-issue ratemaking for the costs associated with planning for and mitigating wildland fires. At the time of the Act (2019), the climate change-induced risk of wildfires was already significant; however, as described above, this risk is not static, and grows as the planet warms. The Act authorizes the deferral and collection of costs associated with wildfire events whose impact upon utility costs may be unforeseeable and extraordinary, but which are rapidly becoming more foreseeable, frequent, and intense because of climate change. The risk shifted to customers in 2019 is lower than the risk customers bear today, and the wildland fire risk to customers continues to grow. The Commission should be mindful of this growing risk shift to customers, particularly if PacifiCorp's actions continue to exacerbate the atmospheric conditions causing climate change (i.e. continuing to emit greenhouse gases).

PacifiCorp has no announced commitments to decarbonize its resource mix in response to climate change; nevertheless, PacifiCorp's own resource portfolio is a significant emitter of planet-warming carbon dioxide emissions. In its resource planning, PacifiCorp models risk parameters associated with potential climate policies; however, PacifiCorp has thus far not used climate *science* to inform its resource planning or system operations. If PacifiCorp continues to disregard climate science in its resource planning and system operations, its inaction will increase the direct costs passed through to customers for adapting to increased wildfire risk.

PacifiCorp has not prioritized decarbonizing its generation portfolio consistent with climate science and should bear some responsibility for costs of adapting to climate change. The Act, however, does not reflect shared cost responsibility for addressing wildfire costs and creates an imbalance in the risk customers and the Company bear with respect to the actual costs of adapting to climate change. Going forward, PacifiCorp's actions should be consistent with the Company doing all it can to prevent further climate change and associated costs. Otherwise, Utahns will continue to pay adaptation costs that PacifiCorp has little financial incentive to avoid. The Commission should consider this in its ongoing obligation to protect the public interest, and may want to take it into account in determining an appropriate return on equity.

III. CONCLUSION

WRA recommends that as PacifiCorp learns from its implementation of the 2020 Plan and as staff prepares to develop the plan due in 2023, PacifiCorp reference climate science to provide additional credibility to their assessment of the costs and risks, and ratepayer impacts, associated with wildland fires.

Dated this 30th day of June, 2021. Respectfully submitted,



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