

July 16, 2021

***VIA ELECTRONIC FILING***

Utah Public Service Commission  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84114

Attention: Gary Widerburg  
Commission Administrator

**RE: Docket No. 21-035-35**  
**Rocky Mountain Power's 2021 Wildland Fire Cost and Compliance Report**  
*Reply Comments*

On June 1, 2021, Rocky Mountain Power (“Company”) filed its Utah Wildland Fire Protection Plan Cost and Compliance Report (the “Report”), consistent with Utah Code § 54-24-201(4) and 54-24-202(2) and Administrative Code R746-315-3. On June 3, 2021, the Public Service Commission of Utah (“Commission”) issued a Notice of Filing and Comment Period (“Notice”). The Division of Public Utilities (“DPU”), the Office of Consumer Services (“OCS”) and Western Resource Advocates (“WRA”) submitted comments. Pursuant to the Notice, the Company submits its reply comments.

Response to the DPU's Comments

In its comments, the DPU concluded that the Report shows the Company made progress in implementing its wildland fire protection plan that was approved by the Commission in Docket No. 20-035-28 (“Plan”) and recommended that the Report be acknowledged by the Commission. For clarity the Company notes one correction to the DPU's comments. On page 2, the DPU states, “Regarding the O&M expenditure, there was a \$609 **million** decline in 2020 from the original plan.” [emphasis added]. The Company believes that the DPU intended this statement to read, “Regarding the O&M expenditure, there was a \$609 **thousand** decline in 2020 from the original plan.” With this correction, the statement correctly reflects what was included on Table 3 of the Report.

Response to the OCS's Comments

The OCS stated it found the Report to be informative and expressed its appreciation for the detail provided. The OCS also requested the Company provide an explanation of two items in reply comments. First, the OCS notes that Utah Code 54-24-202 allows the Company to recover prudently incurred expenses associated with its Wildland Fire Protection Plan and that Commission Rule R746-315-3 states that the Company's annual cost and compliance reports will request the deferral and collection of the incremental revenue requirement the Company incurs to implement the Plan. The OCS requested the Company provide an

update on the status of the deferral account. Second, the OCS requested that the Company explain if the wildfire risk mitigation rebuild costs for the 138 kilovolt (“kV”) lines will be allocated to PacifiCorp’s Open Access Transmission Tariff (“OATT”) rates and to other state jurisdictions according to the multi-state protocol (“MSP”) or be situs assigned to Utah.

### *Wildfire Mitigation Balancing Account*

Utah Code 54-24-202 provides for cost recovery for implementation of the Company’s wildland fire protection plan that is not included in base rates. As noted by the OCS, Commission Rule R746-315-3(1)(iii) allows the Company to request the deferral and collection of the incremental revenue requirement for the capital investments and expenses to implement its approved Plan that is incremental to base rates.

In the Company’s 2020 general rate case, Docket No. 20-035-04 (“2020 GRC”), it included a projection of the costs to implement the Plan that were presented as the Wildland Fire Mitigation Balancing Account (“WBA”) base expenditures in the testimony of Mr. Steven R. McDougal as Exhibit RMP\_\_ (SRM-7R). The Company’s application in the 2020 GRC also included a new Electric Service Schedule No. 97, Wildfire Mitigation Balancing Account (“Schedule 97”).<sup>1</sup> The Commission’s December 30, 2020 order in the 2020 GRC approved a base revenue requirement for the WBA and approved the new implementation of Schedule 97, initially set at 0%, to be applied to the monthly power charges and energy charges of a customer’s applicable schedule.<sup>2</sup>

Concurrent with the implementation of rates from the 2020 GRC on January 1, 2021, the Company began deferring the incremental differences in revenue requirement to the WBA in January 2021 and has continued to defer on a monthly basis. In the 2020 GRC direct testimony of Mr. McDougal on lines 988-992, the Company explained that it plans to monitor and report the balance of the Wildfire Mitigation Balancing Account annually in the December results of operations reports that are filed on April 30 of each year. Thus, the balance for January through December of 2021 will be reported in the results of operations report filed on April 30, 2022. Mr. McDougal also noted in testimony that the Company plans to continue to defer the incremental revenue requirement, with applicable carrying charges, until the next general rate case unless the balance reaches a material level, in which the Company will include as part of its annual Cost and Compliance Report a request for recovery of the WBA balance prior to the next general rate case through the established Schedule 97. The Company notes that the current projections for the expenditures over the full term of the Plan are expected to be at or slightly above the original projections.

### *Transmission Assets*

The OCS noted that the Plan includes rebuilding of certain portions of 138 kV transmission line and requested the Company explain if and how these assets will be accounted for in the

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<sup>1</sup> Direct Testimony of Robert M. Meredith, Exhibit RMP\_\_ (RMM-14), p. 200

<sup>2</sup> Schedule 97 was inadvertently omitted from the Company’s tariff compliance filing in Docket No. 21-035-T01. The Company has a pending request in Docket No. 21-035-T08 to implement Schedule 97 with rates set at 0%.

Company's OATT and allocated to its other state jurisdictions. The wildfire-related capital projects that are classified as transmission assets per applicable accounting standards will be included in the Company's OATT rate once placed into service. Revenue received by PacifiCorp from its OATT tariff is booked as wheeling revenue and is reflected as a credit to retail customers in the revenue requirement. In Utah, a base level of wheeling revenue is set in the Company's general rate proceedings, which is then trued-up in the annual energy balancing account filings. Therefore, any additional OATT revenues associated with wildfire expenditures will be given back to Utah customers as part of the annual energy balancing account filings.

With respect to the allocation to other states, transmission capital projects are allocated using the appropriate allocation factor per the 2020 Protocol, which is currently the system generation ("SG") factor. The Company notes that the base revenue requirement for the WBA as set by the Commission in the 2020 GRC contained elements that were transmission related and allocated to Utah as shown in Exhibit RMP\_\_(SRM-7R) that accompanied the rebuttal testimony of Mr. McDougal. The WBA will only include Utah's allocated share of transmission assets.

#### Response to WRA's Comments

In its comments, WRA recommends PacifiCorp be required to reference climate science and provide the impacts of climate change in its wildland fire mitigation planning. Further, WRA criticizes the Company for not using "climate science to inform its resource planning or system operations."<sup>3</sup>

PacifiCorp's reiterates that its wildland fire protection plan was approved by the Commission in Docket No. 20-035-28 on October 13, 2020 after input and support from Utah Department of Natural Resources, Division of Forestry, Fire, and State Lands ("FFSL"), the DPU and the OCS. The Commission found that the Plan complies with the Wildland Fire Planning and Cost Recovery Act ("Act"), because it appropriately balances the costs and risks associated with potential wildland fires and because it is reasonable and in the public interest. The Report provides an update on compliance with the approved Plan. WRA's comments seem to be aimed more at the Act itself, stating "the Act essentially authorizes ongoing single-issue ratemaking for the costs associated with planning for and mitigating wildland fires."<sup>4</sup> Moreover, PacifiCorp's wildfire mitigation planning is already informed by climate science. As set forth in Section 1.1.1 of the Wildland Fire Protection Plan, weather conditions are a central focus in assessing wildfire risk. Specifically, trends in climate conditions are embedded in many of the data and processes used in PacifiCorp's wildfire risk assessment. (See Plan at 10 and footnotes 5 and 6.) Thus, changes in the climate impact the Company's assessment of wildfire risk and, consequently, influence its wildfire mitigation planning.

Lastly, the Company also reiterates that its resource planning follows the guidance and objectives, required by the state jurisdictions in which it serves, and is driven by the fundamental objective of least-cost, least-risk portfolio planning. As such, WRA's

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<sup>3</sup> Comments of Western Resource Advocates, p. 7

<sup>4</sup> *ibid.*

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comments on the Company's portfolio planning in relation to our wildland fire mitigation planning required by the Act are misplaced.

Conclusion

Rocky Mountain Power appreciates the review and input of the parties regarding its first annual Cost and Compliance Report and respectfully requests that the Commission acknowledge the Report as meeting the requirements of consistent with Utah Code § 54-24-201(4) and 54-24-202(2) and Administrative Code R746-315-3.

Sincerely,

A handwritten signature in blue ink that reads "Joelle Steward". The signature is written in a cursive, flowing style.

Joelle Steward  
Vice President, Regulation

CC: Service List - Docket No. 21-035-35

**CERTIFICATE OF SERVICE**

Docket No. 21-035-35

I hereby certify that on July 16, 2021, a true and correct copy of the foregoing was served by electronic mail to the following:

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