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DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services

Michele Beck, Director
Béla Vastag, Utility Analyst

Date: September 1, 2023

Subject: Docket 23-035-27

Rocky Mountain Power's 2023 Wildland Fire Cost and Compliance Report – Phase 2 Supplemental Comments (Section 5 of Report)

INTRODUCTION

The Utah Public Service Commission's ("PSC") July 12, 2023, Scheduling Order in this docket set a Phase II deadline of August 28, 2023, for parties to file initial comments and September 22, 2023 for reply comments on Rocky Mountain Power's ("RMP") 2023 Cost and Compliance Report. Pursuant to the PSC's Scheduling Order, the Utah Office of Consumer Services ("OCS") filed its Phase II initial comments in this docket on August 28, 2023. Also on August 28, 2023, RMP provided its responses to OCS discovery set number two. These data request ("DR") responses provided more detailed information on specific costs that are included in RMP's Wildfire Mitigation Balancing Account ("WMBA") than the DR responses provided prior to the initial comments deadline and have raised some additional concerns, outlined below, for which the OCS desires to provide RMP sufficient time to respond to in its reply comments.

The OCS regrets filing these additional comments past the deadline; however, due to misunderstandings and the need for additional follow up questions, the OCS was unable to conduct adequate discovery prior to the deadline for initial comments. Accordingly, the OCS has filed a Motion for Leave to File Supplemental Initial Comments requesting the PSC to accept these supplemental comments.

OFFICE OF CONSUMER SERVICES PHASE 2 SUPPLEMENTAL COMMENTS

The OCS has identified the following additional costs included in the WMBA that have not been sufficiently justified as being incremental to costs included in base rates and properly suitable for recovery in the WMBA. (Responses to OCS DRs 2.1 through 2.14

and OCS 1.2-1 1st Supplemental are attached for reference.) Instead of requesting to extend the process in this docket, the OCS asserts that RMP can address the questions the OCS raises below and make any necessary adjustments to its requested costs for recovery in the WMBA in its reply comments.

Charges for Internal Labor and Materials

RMP's responses to OCS DR set 2 provide some detail on Patrolling Costs, Conditions Corrections, and FHCA Inspections (OCS DRs 2.4, 2.7 and 2.8). These responses indicate that RMP is charging the WMBA for internal labor and in some cases parts, materials and employee travel expenses. The OCS questions whether these costs are already in customer rates and whether RMP is double charging Utah ratepayers by also including them in the WMBA. For example, RMP has not demonstrated that it hired new employees for these activities which has caused a net increase in overall personnel levels from levels approved in RMP's last rate case. If these expenses are not due to net increases, then it would appear that they are included in current base rates and would not be appropriate to also recover the costs through the WMBA.

For reference, in 2022, RMP is claiming WMBA expenditures for Patrolling costs of \$1,213,743, Conditions Corrections costs of \$3,382,461 and FHCA Inspections costs of \$857,764 (for both distribution and transmission).

Inspections of Transmission Lines and Weather Stations

RMP's responses to OCS DR set 2 provide information on PacifiCorp's inspection activities of transmission lines using helicopters and infrared imaging (OCS 2.11) and maintenance service for its weather stations (OCS 2.09). RMP's responses to OCS 2.09 and 2.11 specifically refer to PacifiCorp policy 358 (Overhead Transmission Line IR (Infrared) Inspections) and PacifiCorp policy 001 (RMP – Maintenance Intervals for Apparatus, Relays, Line Patrol Inspections, and Communications Equipment) as justification for these expenditures. It appears to the OCS that these policies have been in place for years, well before the establishment of the WMBA, and that these inspection costs could already be included in RMP's ongoing base rates. Again, the OCS requests additional information to demonstrate whether these costs are already included in base rates.

Donations to Hawk Watch International and Pheasants Forever

The OCS raised concerns regarding these donations in its comments filed on August 28, 2023 but received additional information in the most recent data request responses. RMP response to OCS 2.1 states that the donations to these organizations support "habitat enhancement efforts" and support projects that conduct "habitat improvements to mitigate fire risk." Some of the projects mentioned involve thinning juniper stands, mahogany thinning, aspen restoration and tree planting. The OCS does not dispute that these are worthwhile efforts but we do question how they are directly related to RMP's efforts to reduce wildfire risk from its equipment in its transmission and distribution line right-of-ways. These projects address much larger land areas than the footprint of RMP's right-of-ways bringing into question whether a utility's ratepayers should fund some of these organization's operational costs.

In its response to OCS 2.1, RMP claims the donations and activities related to Hawk Watch International and Pheasants Forever are part of RMP's approved 2020 Utah

Wildland Fire Protection Plan, specifically pages 49 – 50. The OCS has reviewed the referenced pages from the 2020 plan and it is not clear how the activities described in RMP’s response to OCS 2.1 fit into the plan.

The OCS continues to recommend that these donations (\$295,000 for 2022) be removed from the WMBA, including the \$45,000 that was charged twice (see OCS 2.1(c)).

Meteorology Department Expenses

RMP has charged the WMBA \$81,567 in 2022 for “Meteorology Dept costs”. OCS 2.12 asked RMP if the meteorology department was newly created for its Wildland Fire Protection Plan. RMP responded that the department already existed, that it “was not set up specifically for the wildland fire protection.” Again, the OCS questions whether RMP’s meteorology department costs could already be part of RMP’s ongoing base rates and if RMP would be double charging Utah ratepayers by also including them in the WMBA.

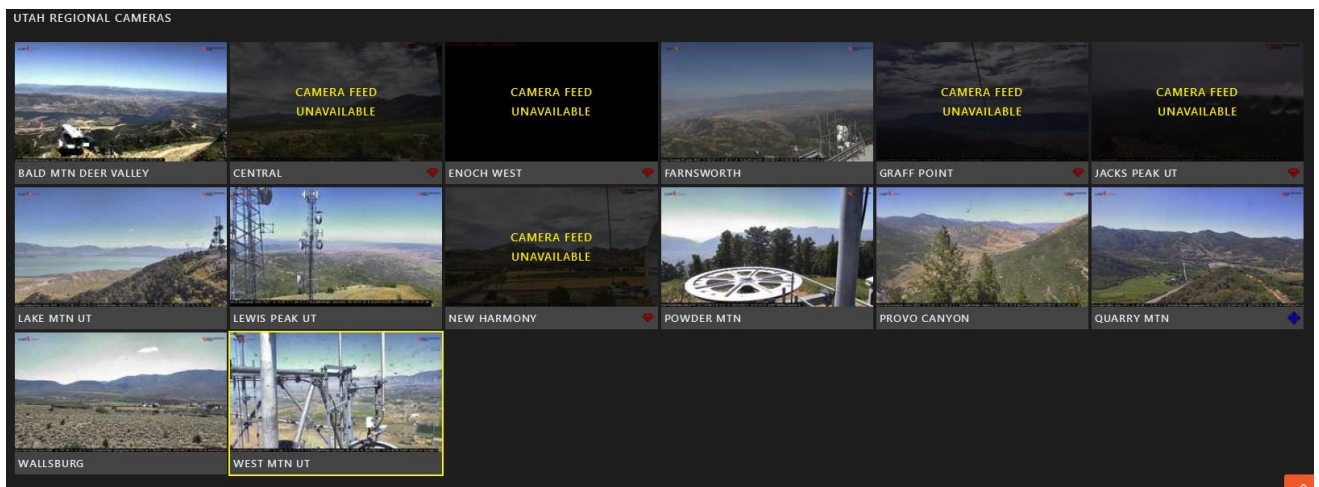
Wildfire Alert Camera Services Expense for Cameras Not Working Properly

OCS 2.5 asked RMP about the \$257,626 that RMP charged to the WMBA in 2022 for “Alert Wildfire Cameras – RMP FHCA Wildfire Camera Services” for 14 “high definition ALERT wildfire cameras”.

The live images produced by these cameras can be seen at:

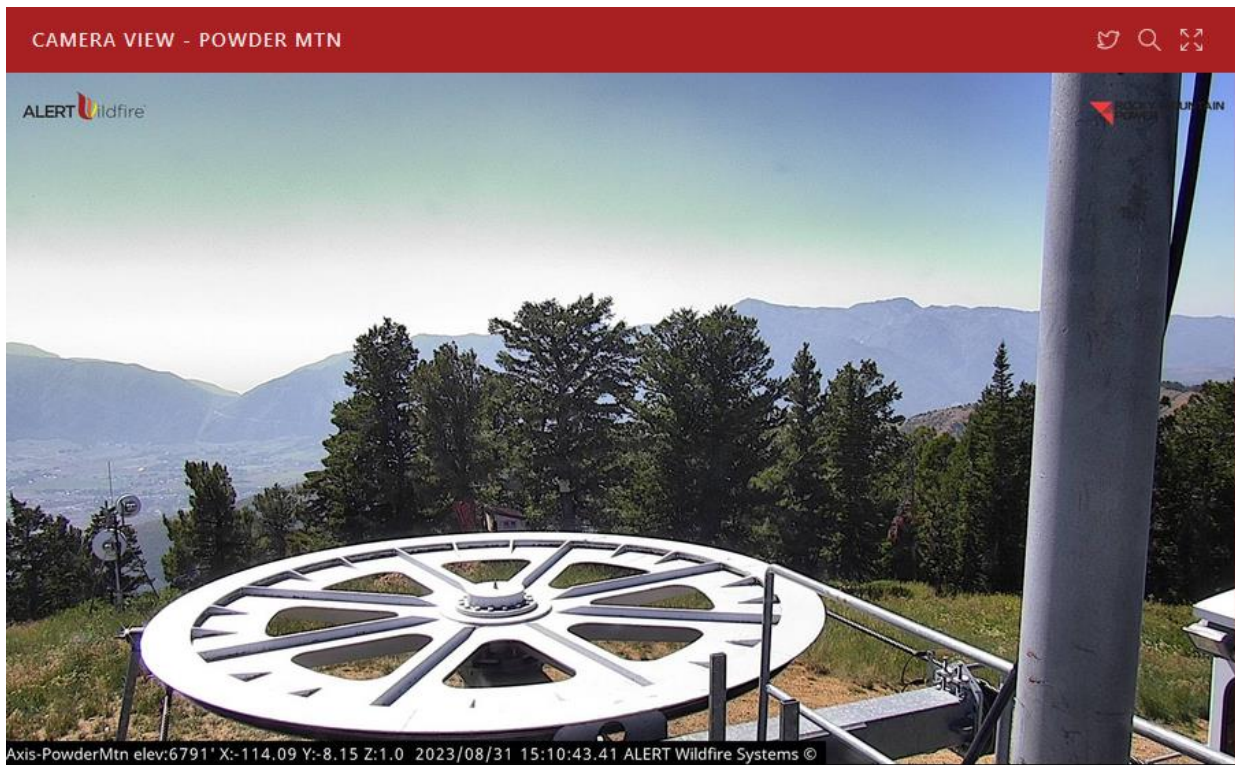
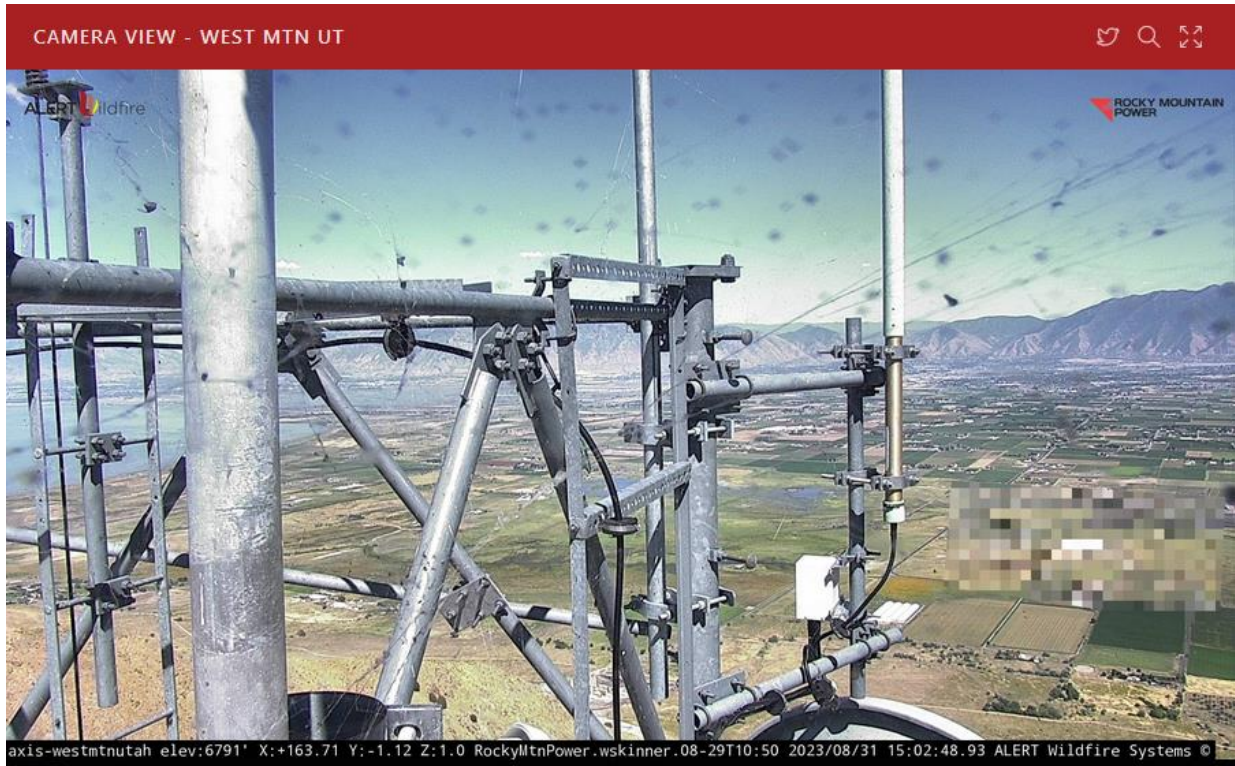
<https://www.alertwildfire.org/region/utah/?camera=Axis-WestMtnUtah>

Of particular concern to the OCS is that when we accessed the cameras on August 31, 2023, 5 of the 14 cameras were not functioning, as seen in the screenshot below.



Furthermore, some of the cameras are positioned so poorly that other equipment, trees and/or insects are blocking the view used to determine if any wildfires can be detected. See two screenshots below also taken on August 31, 2023. We are currently in the middle of the wildfire season and some of these cameras are not providing useful

information. Based on the current status of these cameras, the OCS questions whether the large expenditures for camera services are being prudently incurred.



CONCLUSIONS AND RECOMMENDATION

The OCS supports RMP making appropriate ratepayer-funded expenditures to mitigate the chances that its equipment will start a wildfire and to harden its grid against being damaged by wildfires. However, as we asserted in our August 28, 2023 initial comments, this balancing account cannot be a blank check for wildfire mitigation costs. The PSC must hold RMP to its burden to proactively prove the prudence of these expenditures.

The OCS recommends that RMP provide in its reply comments explanations for the issues that have been raised above and if appropriate, provide adjustments to the costs it proposes to include in the WMBA

cc:

Jana Saba, Rocky Mountain Power
Chris Parker, Division of Public Utilities