Wildfire and the Oregon Electricity System

Common Questions Asked of the PUC

About the PUC

The Oregon Public Utility Commission (PUC) regulates three investor-owned electric utilities: Portland General Electric, Pacific Power, and Idaho Power, as well as three natural gas utilities, telephone providers (landline only), and select water utilities. The PUC does not regulate cellphone or internet service providers.

The PUC is part of the Oregon Emergency Response System (OERS) with the Office of Emergency Management. To put it simply, in an emergency, the PUC acts as a liaison, conduit for information and provides coordination for resources between all levels of government and electric, natural gas, and communications providers of all types. The PUC shares responsibility for two Emergency Support Functions (ESFs) in the event of an emergency:

- ESF 2 – Communications – In partnership with the Department of Administrative Services, the PUC coordinates providing state resources to communication service providers to restore service once they are able to evaluate their needs. Wireline and wireless providers work closely with the state to identify key locations.

- ESF 12 – Energy – In partnership with the Oregon Department of Energy, the PUC coordinates providing state resources to electric and natural gas utility service providers to restore service in the event of an emergency.

Electric Service in Oregon

In addition to the three investor-owned utilities regulated by the PUC, 38 consumer-owned electric utilities provide electric service in the state. Local boards or municipalities provide oversight of these utilities. Oregon Department of Energy has an interactive map showing the service territories of these utilities. The regional federal power marketing administration—Bonneville Power Administration—also operates transmission lines throughout Oregon and across the Northwest.

Service Restoration

Each utility or service provider will have the most accurate estimates for restoration, where the condition of the service facilities is known. Utilities and service providers are still assessing damage and do not yet have access to some areas. It is also important to remember that careful inspections for damage are necessary before re-energizing lines and restoring natural gas service.

About Public Safety Power Shutoff (PSPS)

What is a public safety power shutoff?

A Public Safety Power Shutoff (PSPS) is a new measure designed to help keep people and communities in high consequence fire-risk areas safe by proactively shutting off electricity during extreme and dangerous weather

conditions that might result in catastrophic wildfires. This is done before an emergency event occurs and includes coordination with the impacted community.

Electric utilities have traditionally de-energized lines during an emergency event when facilities are damaged or to protect the safety of emergency responders. A PSPS is a new tool where a utility may pre-emptively shut off power to avoid the risk that an energized line might cause a fire. A PSPS is used as a last resort and must carefully balance the risk of possible fire ignition with the risks of disconnecting an essential service during a time of intense weather and high fire risk. During times of high fire risk, many sources could ignite fires and electricity service may be important to emergency response.

A PSPS event has wide-ranging impacts on the ability to initiate and communicate an evacuation, as well as other actions needed for life-safety. These include the ability to communicate, to provide essential supporting services like fueling emergency vehicles or pumping water, and to provide medical care. PSPS events also place heavy burdens on vulnerable households with medical devices, those needing heat or smoke relief, or facing food insecurity. These issues are exacerbated by the health and economic impacts of COVID-19 this year. This risk calculation of initiating a PSPS must also account for the fact that restoration of service can take time, because the de-energized system must be physically inspected for damage before being turned back on.

How do utilities evaluate PSPS areas in advance?

Utilities have reviewed areas for potential PSPS based on modeling of the fire risk and potential consequences of catastrophic fire. These models rely on historical information to evaluate fire risk and potential impacts to life and property.

Two Oregon regulated utilities have maps of their identified PSPS areas available on their websites.

- Pacific Power
- Portland General Electric (PGE)

In light of the recent wind storm, the PUC will ask the utilities we regulate to consider and incorporate any new information about potential fire risks and impacts into their ongoing wildfire mitigation work, including their future consideration of PSPS.

Who determines if a PSPS should be implemented?

The utility makes the decision to implement a PSPS for public safety based on its knowledge of its equipment and facilities, as well as local weather, wind and humidity conditions. The PUC has been working with regulated investor-owned electric utilities in Oregon to understand and encourage their planning to mitigate wildfire risk, including developing protocols to implement PSPS events in the event they are necessary.

PSPS events need to be closely coordinated with local emergency managers because they can complicate evacuations, communications and other life-safety efforts. The utilities regulated by the PUC began advance local planning and coordination for PSPS with high fire-risk communities in the summer of 2019.

PUC Response to Wildfire Risk

How has the PUC been preparing for changing wildfire risks in Oregon?

The PUC requires the regulated utilities to proactively manage emerging safety and reliability risks such as wildfire, earthquake or cybersecurity threats. Following the wildfires in California, the PUC urgently began engaging our utilities and stakeholders to bring this changing fire risk to the forefront.

- The PUC required the regulated investor-owned utilities to present on their wildfire mitigation planning efforts at public meetings in the spring of 2019 and again in the spring of 2020. Utility planning is data driven and based on lessons learned in other jurisdictions. These lessons include, among other things, enhanced vegetation management (tree and brush trimming), system hardening investments, and developing criteria and protocols for proactively de-energizing lines (Public Safety Power Shut-Offs).

- The PUC hosted utility regulatory commissioners and wildfire experts from across the West in August 2019 to share lessons learned, emerging best practices, and actions taken throughout the region. View the presentations from that event.

- In July 2019, the PUC visited communities in Southern Oregon that might face PSPS events given the high consequence fire risk identified in the area. The PUC invited local community leaders, utilities, and emergency managers to tour the Oregon Department of Forestry (ODF) Detection Center in Central Point, Oregon; attendees also heard an update on Pacific Power and ODF's collaboration on fire identification and early warning systems for transmission infrastructure in the area. The PUC met with local leaders in Jackson and Josephine counties to hear concerns about PSPS events and fire risk. Later in 2019, PUC representatives also met with Hood River County leaders to hear their concerns with the potential economic and life-safety impacts of PSPS activation.

- The PUC served as a resource to the Oregon Governor's Council on Wildfire Response, formed by Governor Brown's Executive Order 19-01 in January 2019. The PUC also was a resource to the Legislature as they considered legislation to implement those recommendations in the 2020 legislative session.

- In the summer of 2020, the PUC launched the Oregon Wildfire Electricity Collaborative in response to Governor Brown's Executive Order 20-04. To date, the Collaborative has come together for the first in a series of workshops to assist regulated electric companies, consumer-owned utilities, and operators of electrical distribution systems to develop and share best practices for mitigating wildfire risk.

- In August 2020, the PUC launched a rulemaking for regulated utility wildfire mitigation plans. Utilities already must proactively plan to meet the rapidly changing fire risk, as part of their general obligation to provide safe and reliable service. The purpose of the rulemaking is to formalize expectations and support transparency and consistency in the planning process, particularly for impacted communities. When concluded, rules are expected to require consistent filing of wildfire mitigation plans by regulated utilities with the PUC.

How does the PUC ensure that the utilities operate their systems safely?

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 proper infrastructure, vegetation management, and facility maintenance.

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.

In some areas of utility operations, the PUC sets out specific rules in advance. For instance, the PUC has adopted minimum vegetation management requirements, and the PUC's Safety team performs field inspections to review vegetation management across the state. These rules generally require actions to trim trees, clear around poles and lines, and to manage the vegetation in the utility's right-of-way around their equipment. It is important to note that the PUC's rules do not address the challenges of identifying and removing dead or dangerous trees outside the utility's right-of-way.

Following the findings of the Oregon Wildfire Response Council, the PUC included a review of vegetation management in the expected scope of the wildfire mitigation plan rulemaking we launched in late August 2020. Vegetation management has also been a focal point for several of the PUC's public events on wildfire since 2019.

Who will investigate the Labor Day wildfires?

Various fire agencies, with expertise in fire forensics, will conduct fire investigations. On federal lands, the Bureau of Land Management and the U.S. Forest Service have jurisdiction over fires. The Oregon Department of Forestry has jurisdiction over state-owned forests or those with forest protections. The State Fire Marshal has jurisdiction under ORS 476.030. Local fire departments may also investigate local fires, and the State Police and Sheriffs will investigate if the fire is related to criminal activity

Accurate, objectively determined facts from these fire investigations are necessary to guide any future actions by the PUC, including any future review of what costs should be included in customer bills.

What happens if a utility caused a fire?

The PUC will monitor the fire investigations and await final determinations before evaluating the implications for the utilities we regulate and customers we serve. It is important to note that any liability for damage caused by a fire will be decided through private litigation. The PUC does not have authority to award damages; the PUC's jurisdiction is limited to customer rates and service disputes between customers and investor-owned utilities.

Will the Labor Day wind storm and wildfires impact electric bills?

Let's begin with how electric rates are set for customer bills. As the economic regulator of investor-owned utilities, the PUC decides what rates Portland General Electric Company (PGE), PacifiCorp (dba Pacific Power), and Idaho Power Company may charge their customers.

The PUC sets rates for these utilities through formal processes that involve a careful review of a utility's costs to provide service. These are called 'rate cases' and have similar rules as civil court proceedings. By law, the PUC is required to set rates that provide the utility the opportunity to collect enough money to pay for reasonable expenses and to earn a reasonable return on investments it has made into the facilities and equipment that provide service.

The PUC uses a forward-looking process to set rates, using estimates of the utility's costs. Setting rates is similar to establishing a budget as part of a business planning process. Rate cases generally focus on costs that are expected in the future and not on money the utility spent in the past. Once rates are set they can only be changed by the PUC through another formal process.

To set rates, the PUC examines how much money the utility reasonably needs to operate and maintain its system in a safe way. The PUC does a careful review of the utilities' costs for infrastructure (e.g. poles, wires, and substations), as well as operating costs like tree trimming, equipment maintenance, and staff time, among others.

Although rates are set based on costs going forward, a utility can file a request between rate cases to track new costs related to an unexpected event, such as the costs to restore power after an unusually bad storm. By tracking the costs, later the PUC may consider whether to allow these costs in future customer bills. Tracking those costs is called a "deferral." The PUC has allowed deferrals for a variety of reasons, including to track increased costs to a utility resulting from unexpected events and to track reductions to utility costs that benefit ratepayers, such as corporate tax cuts.

It is too early to tell whether the Labor Day windstorm and fires will impact electric rates. Both Pacific Power and PGE have filed applications for deferrals, seeking permission to track increased costs related to the Labor Day windstorms and wildfires. The PUC has not taken action on these deferrals yet, and will be examining the nature and scope of these requests to determine whether they should be granted.

Approval of the deferral requests will not immediately change customer rates because deferral only allows the costs to be tracked for later consideration. Any decision to include those costs in customer bills will happen only in a future rate proceeding after a full consideration of all the facts about the costs and the utility's actions. There is no set schedule for when rate proceedings happen.