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**U-210254**

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Kathy Hunter  
Acting Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, Washington 98503

**RE: Docket U-210254 - Avista's Response Related to Wildfire Preparedness**

Dear Ms. Hunter:

Avista appreciates the opportunity to provide a response to the Commission's Notice of Recessed Open Meeting to discuss Utility Wildfire Preparedness ("Notice"). In the Commission's Notice, it required Avista, Pacific Power, and Puget Sound Energy to file updated plans for wildfire mitigation and response for the 2023 wildfire season in this docket by November 14, 2023. The Commission further asked that Avista, Pacific Power, and Puget Sound Energy respond to or address the following questions in their plans.

Before responding to the specific questions contained in the Notice, attached is our "2023 Wildfire Resiliency Plan", which provides more details about the overview below, as well as Avista's "2023 Wildfire Communications Plan".

**Attachment A** – 2023 Wildfire Resiliency Plan

**Attachment B** – 2023 Wildfire Communications Plan

Please be advised that a portion of the information contained in this filing is confidential in nature, per WAC 480-07-160. The information is considered confidential and constitutes valuable commercial information as defined by WAC 480-07-160(2) and protected under WAC 480-07-160.

**1. Experience with the 2023 wildfire season, including data and statistics related to:**

**a. The number of fires that occurred in the utility's service territory in the 2023 season.**

Response: Our Fire Weather Dashboard indicated 109 fires came within 200 meters of our infrastructure across our service territory during this fire season. There was one sizable fire in our Washington service territory that impacted our electric system as well as three minor incidents that damaged our equipment as described in c) below.

Other fires, such as the Oregon Road Fire in Elk, Washington, were significant fires in our service territory but had no impact on our facilities.

**b. The intensity of fires in the 2023 season in terms of acres burned and estimated damage to buildings and infrastructure.**

Response: See a. and c. for specific information for Avista’s Washington service territory. For the total State of Washington, according to the latest information from the Washington State Department of Natural Resources, 1,884 fires were counted in Washington in 2023 with 165,365 acres burned. Of those fires, 41 were considered “large” (over 100 acres of forest land or 300 acres of grassland). The state further estimates that over 400 homes were destroyed in these fires.<sup>1</sup> The number of fires in 2023 was nearly 200% of normal, with the acres burned at approximately 88% of normal.<sup>2</sup> This reduction in fire size has been attributed to the DNR stationing air resources in every corner of the state and successfully keeping 95% of the fires that started at less than 10 acres.<sup>3</sup>

**c. Whether the utilities’ operations were impacted by fires, and, if so, how and where.**

Response: Avista’s utility operations in Washington were affected by the following incidents:

- i. July 8: A Noxon-Pine Creek 230 kV transmission structure was damaged in a pole fire. This fire, in dense forest, was about 1 acre in size and located about 6.5 miles northeast of Kingston, Idaho. It was spotted by an Avista employee who called fire response. While this incident occurred in Idaho, transmission issues can affect Idaho and Washington operations.
- ii. July 17: A 250 acre fire, very close to Ritzville, Washington, believed to have been caused by a combine, burned up two abandoned buildings and 9 Avista distribution poles.
- iii. August 3: A brush fire burned under our Shawnee-Sunset line a few miles from Spangle, Washington. It damaged one transmission structure. No public structures were affected.
- iv. August 18: A major fire, the Gray Fire in the Medical Lake, Washington, area, grew to 10,085 acres and led to the loss of approximately 250 homes and structures, with 1 fatality. Avista lost 255 distribution poles in this fire. No cause has been identified, but as publicly stated, the Company commenced an investigation and found no indication that its facilities were involved in the ignition of the Gray Fire.

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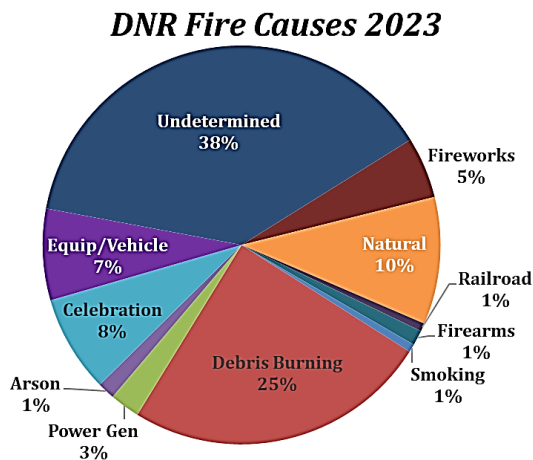
<sup>1</sup> Lauren Gallup, “Washington state endures ‘catastrophic’ 2023 wildfire season with high ignitions, property loss,” OPB, October 18, 2023, <https://www.opb.org/article/2023/10/04/pacific-northwest-wildfires-impacts-2023/>

<sup>2</sup> Washington Dept. of Natural Resources, <https://experience.arcgis.com/experience/6cdda73cf6154949a1fae76ccb2900a0/page/Main-Page/?views=Statistics>

<sup>3</sup> Hunter Phillips, “Despite high fire count, Washington state keeps 95% of fires under 10 acres: A closer look at the 2023 fire season,” KIMA News, October 2, 2023, <https://kimatv.com/news/local/despite-high-fire-count-washington-state-keeps-95-of-fires-under-10-acres-a-closer-look-at-the-2023-fire-season>.

**d. Whether wildfires developed in areas defined as greater risk or in other areas designated as lesser risk.**

Response: Fire ignitions of all sources including natural, human-caused, and utility-caused fires, seem to randomly occur within Avista’s service territory. This appears to be confirmed by the Washington Dept. of Natural Resources (DNR), as shown in the graph on the right.<sup>4</sup> However, fires of severe consequence and size have regularly occurred in areas that Avista has modeled as being at high risk. For example, both of the large fires of consequence in 2023 within Avista’s service territory, in Medical Lake and Elk, Washington, occurred in areas that Avista’s Fire Weather Dashboard modeled as high risk at the time of the fires, and the Dashboard also predicted fires of 10,000 acres, which is what occurred. These trends indicate that focusing mitigations in areas we have identified as high fire risk areas should be effective in decreasing utility-related fires of severe consequence. By focusing our actions in high risk areas, we are more efficiently dealing with causal factors that could result in severe impacts to our customers and communities.



**e. Whether thresholds for use of the current set of fire mitigation tools (such as public safety power shut offs and dry land mode) are effective, if they have been working as intended, and if any new tools have been added or are needed.**

Response: The Company has learned through utilizing elevated Fire Safety Mode (previously called Dry Land Mode) settings during the past two fire seasons, that these additional safety measures do not lead to a large number of outages to our customers without good cause (meaning an actual event leading to a fault). During fire season in 2023 we elevated multiple circuits. Only one experienced a fault, meaning all other circuits remained energized for customers, and none of the elevated circuits was involved in a fire start. We believe that this experience helps prove that this strategy is successful and operated as predicted. The insights gained from actual experience are allowing us to reduce our thresholds for action going forward, knowing that outages that may occur would be the result of actual impact to the system, rather than strictly an estimate of risk. Thus, Avista is able to be more conservative in risk mitigation through using these elevated protection settings. Analysis around the thresholds for the 2024 fire season is underway at present, but it is likely we will lower the implementation set points to lower fire risk scores.

In 2023 Avista did not have a formal public safety power shutoff plan (PSPS) in place but plans to implement a formal plan for the fire season of 2024. Along with the PSPS plan

<sup>4</sup> As of October 19, 2023, <https://experience.arcgis.com/experience/6cdda73cf6154949a1fae76ccb2900a0/page/Main-Page/?views=Statistics>.



we will continue to operate our Fire Safe Modes at lower thresholds than would be used for a PSPS to mitigate more moderate fire weather conditions.

**2. What updates have been made to wildfire mitigation plans since November of 2022?**

Response:

**WUI Map Updates.** In 2023 Avista updated our WUI map with updated datasets from the USDA Wildfire Hazard Potential Map and USDA/U.S. Forest Service Housing Unit Impact Data. This new information includes where people live in the U.S. based on housing units and population counts, with the goal of trying to determine the most likely places wildfire impacts/damage will occur. This data includes details such as “building exposure type” which analyzes if buildings are directly exposed to wildfire from adjacent wildland vegetation or if they are indirectly exposed to the impacts of fire from embers or house-to-house ignition. We also overlaid satellite images of vegetation near our distribution lines that we acquired from AiDash to refine the information about vegetation and fuel sources specific to our service territory. These updates allowed us to update our WUI risk zones in order to refine our program target areas.

**Transmission Steel Replacement.** In 2022 and into 2023, we refined our Transmission Steel Replacement plans by including historic fire events that have occurred within strike distance of our transmission powerlines, as well as the frequency of fires in those locations. This information helps define areas where a fire would be likely, thus helping prioritize steel replacements in those areas. In addition, we layered the AiDash satellite data over our transmission line maps to indicate where the lines are in high tree or forested areas (candidates for steel replacement) versus low-growth and/or developed areas (candidates for fire resistant mesh wrap) to further aid in prioritizing our resiliency efforts.

**Fire Safety Mode.** The 2023 fire season provided us with several instances of elevating protection systems to higher levels of Fire Safety (previously known as Dry Land) Mode (FSM). We elevated FSM settings on four days: July 24, August 17 and 18, and September 18, based upon fire risk scores provided by the Fire Weather Dashboard in conjunction with National Weather Service Red Flag Warnings. Going through actual situations using the Dashboard and implementing FSM has refined our operating philosophy in elevating protection. Our plan is to move toward including all feeders except for those specifically opted out in FSM operations, and to lower the implementation set points to lower fire risk scores. This new information is still being analyzed but is likely to impact the 2024 fire season. In addition, this year we were able to pull customer lists for every customer on an FSM circuit prior to initiating elevated settings to provide heads-up and communication to customers around this increased safety setting and its potential impacts on them.

**Expedited Response.** Also in 2023, the Company finalized Expedited Response Agreements with both the Washington Dept. of Natural Resources (DNR) and the Idaho Dept. of Lands (IDL) to provide professional fire response to transmission level faults during fire season. These agreements effectively cover nearly 100% of our service territory. They have no end date so will be in effect from this point forward.



**Wildfire EOP.** In the spring of 2023, the Company implemented and tested the first Wildfire Emergency Operating Procedures (EOP), including a tabletop exercise that involved outside partners such as the Red Cross, Washington State Department of Natural Resources (DNR) and the Idaho Department of Lands (IDL), among others. This daylong scenario-based simulation provided a means of developing additional customer outreach strategies and refining formal operations during a wildfire event by providing a realistic practice. The Company and its external partners, working together in this way, were able to learn each other’s “language” and operating procedures which, for example, helped Avista easily integrate into Fire Incident Command during the Gray Fire that occurred shortly after the exercise.

**Customer Outreach.** The Company greatly expanded our community outreach for the 2023 wildfire season to include all 16 counties that have WUI Tier 2 and Tier 3 fire risk. This effort included over 90,000 residential customers as well as 640 public safety partners and key community leaders. We expended significant effort in identifying our most vulnerable customers as well as critical infrastructure providers such as emergency and communications services.

**PSPS.** In 2023, the Company hired a Public Safety Power Shutoff (PSPS) manager to develop a plan specific to our customers and service territory. This should be in place prior to the 2024 fire season.

**Safe Tree Program.** Also, this year, for the Safe Tree Program, we added a platform called the “Safe Tree Customer Service Portal,” which is available on the MyAvista website. This site allows customers to communicate directly with approved arborists to schedule Safe Tree related work themselves. The site has proven to be extremely popular. A promotional email went out to targeted customers (those in elevated WUI zones) encouraging them to check out the website. Within an hour more than 100 applications were submitted. Currently over 500 requests are in the queue.

**3. Whether communication plans worked as intended and any gaps identified.**

**a. What strategies did the utility use or explore for this wildfire season to enhance situational awareness for its customers?**

Response: In 2022, we engaged with 225 public safety partners and key community leaders in eight of the highest fire threat counties in our service territory. And, via our telephone town hall platform, we reached out to nearly 36,000 residential customers in those eight counties with information about our Wildfire Resiliency Plan. In 2023 our customer engagement extended to all 16 counties that have WUI Tier 2 and Tier 3 fire risk, including over 90,000 residential customers and 640 public safety partners and key community leaders. Much of this engagement was in coordination with associated emergency response agencies.

**b. What partnerships has the utility cultivated with first responders, land managers, and emergency operations personnel in preparing for the 2023 wildfire season?**

Response: We have taken a variety of approaches to reach our critical external partners as described below:



**Emergency Operations.** As mentioned above, during Avista’s 2023 Spring Wildfire Exercise (EOP), we invited emergency management partners (such as the Red Cross) and state agencies (DNR, IDL) from across our service area so they could develop an understanding of how Avista would respond during a critical wildfire weather event and to better comprehend the impacts these types of outages could have on people. Avista and our community partners are committed to working together and coordinating our response efforts to mitigate the impacts to our customers and our communities. In most circumstances, these partnerships have been developed over many years. The EOP exercise was the next step, providing a realistic scenario to practice coordination. As mentioned above, during the Gray Fire, this partnership was tested and proved to be incredibly effective.

**Expedited Response.** Also in 2023, Avista formalized agreements for expedited response with DNR, IDL and the Idaho Panhandle National Forest. These agreements allow Avista’s system operators to call regional wildfire dispatch centers to request a courtesy fire patrol when we have a trip/reclose event on our transmission system.

**Fuel Reduction Partnerships.** Additionally, we have partnered with the DNR and Bonner County Department of Emergency Management to fund numerous hazardous fuel reduction projects in Washington and Idaho. This is an ongoing partnership that benefits both parties.

**Customer Outreach.** Our customer outreach continues to expand and be refined through actual experience and interaction. For example, our telephone town hall meetings include first responders and community leaders to provide their own insights to customers as well as to hear firsthand Avista’s wildfire-related plans and strategies.

c. **What communication channels and procedures are in place to coordinate planning and response efforts with these entities?**

Response:

**Expedited Fire Response.** We have created a System Operating Procedure (SOP) that allows us to contact professional fire fighting agencies to respond to transmission-level faults during fire season. We use GIS mapping to determine the approximate location of a fault, the latitudinal and longitudinal coordinates of the location, and contact the respective dispatch center via direct phone. If the responding agency can send a resource to the coordinates, their findings are then communicated back to the dispatch center. The Dispatch center contacts our system operator to close the loop on communications and report what, or what was not, found at the fault location provided.

**Fire Safety Mode Notification.** When we know we are proactively adjusting our feeders to elevated and extreme fire protection settings, we have a notification process in place to notify emergency management agencies similar to customer notifications.

**Emergency Operations.** Similarly, if we initiate Emergency Operating Procedures (EOP), we notify emergency management agencies in the affected areas. This summer several of these agencies, including DNR, IDL, and the Red Cross, participated with Avista personnel in a day-long exercise testing our response to a virtual wildfire event and developing joint





strategies and communication understanding. This exercise was effective in helping Avista easily integrate into Fire Incident Command during the Gray Fire.

**Weekly Fire Threat Assessment Call.** Each week during fire season, the Company hosts a Weekly Fire Threat Assessment meeting to provide updates and gather feedback from operations managers and other interested parties such as DNR and IDL, who are invited to participate on these calls. These meetings include a forum for Avista district managers and state fire officials to report on fires in our operating districts, including impacts or potential impacts to our infrastructure. These meetings also provide a platform for discussion around elevating system protection settings (Fire Safety Mode) in response to fire threat situations, providing an initial heads-up to external agencies of our operations.

**Dashboard Sharing.** This summer DNR contacted Avista requesting information from our Fire Weather Dashboard to help them identify areas in our service territory where fire risk was high so they could stage resources appropriately. This partnership indicates DNR's level of trust and engagement with Avista as they use our tools to aid them in their operations.

**d. How were those partnerships leveraged in the utility's wildfire response?**

Response: These relationships have proven extremely valuable. Examples:

- When fire danger is high, our state and federal partners are in communication with us to update us on the status of large fires in our service territory, and they participate in our weekly Fire Threat Assessment calls.
- We work closely with the National Weather Service to help determine when fire risk is elevated to guide the decision to elevate protection settings to reduce wildfire risk.
- This year first responders participated with us in our first wildfire EOP exercise to help everyone prepare for an actual event and develop coordinated engagement and response. This worked well as Avista participated in fire incident command during the Gray Fire.
- We have signed agreements in place with state-level wildfire first responders to respond to transmission-level faults, making professional firefighters available in case of a fire start. Note that in 2023 we used our expedited response agreements 4 times in Washington State and 2 times in Idaho. To date, there have been no fires found while using these expedited response agreements, but all parties are satisfied that this is an effective means of fire prevention, thus there are no end dates to these agreements.
- These partnerships are also being used to provide first responders with utility-specific risk information. State agencies contacted Avista during this fire season to ask where we saw the greatest risk of fire starts based on analysis provided by our Fire Weather Dashboard. They used the resulting information to help fire managers stage resources in areas where the Dashboard indicated the highest risk of potential utility fire starts.

**e. What plans did the utility have in place to communicate with customers, including Highly Impacted Communities, Vulnerable Populations, medically vulnerable customers, and Access and Functional Needs customers, about wildfire risk for this season overall, as well as specific wildfire risks or events?**

Response: We have a variety of ways we communicate with customers in general about our work. We utilize our newsletters, customer emails, phone calls, social media, paid

advertisements, Avista's website and earned media with our local media outlets. When projects directly impact customers, they are directly notified of work happening in their area and its purpose. We have been working for the past few years to identify requirements associated with communicating with vulnerable customers.

In 2021 the Company began working with Spokane County organizations including emergency services, social service agencies, and community-based organizations to gain a better understanding of how to support vulnerable populations during emergency events. We also began working with community partners to distribute preparedness kits to vulnerable customers (as identified by external service providers) across the service territory. These kits contain battery back-up powered LED lights, preparedness information, and other items to help customers in case of outage. The Company also put together a group of emergency response organizations in the Spokane area to provide support to customers during energy-related events.

In 2022 we hired a Wildfire Community Safety Manager to help us develop an approach to implementation of a PSPS strategy and the related customer outreach. This work includes developing a coordinated response with external providers, including those who work specifically with customers who are the most vulnerable. The knowledge and experience gained from this collaboration will be part of what is used to further refine an approach to assisting and supporting vulnerable customers across the service territory.

Also, in 2022 we began an effort to better support our medically vulnerable customers. We developed an outreach framework for proactively notifying life support customers on elevated FSM feeders. The process is very similar to what we do for planned outage notifications, utilizing Avista's CARES outreach team. CARES (Customer Assistance Referral and Evaluation Services) is a specialized team within Avista's customer contact center that supports our most vulnerable customers. They help customers with their Avista account and also act as a liaison between the customer and our community partner network. These employees are specially trained to help people who need assistance with their energy bills or other resources such as food, housing, and medical care. Customers with medical equipment in the home are handled with special care by this team.

In 2023 Avista launched an employee team of volunteer Community Responders who trained with the Red Cross in order to directly support our most vulnerable customers as needed. The Company also implemented proactive outreach to medically vulnerable customers and developed a process to quickly pull customer notification lists for impacted Fire Safety Mode feeders (including life support customers). We also expanded our communications to incorporate additional languages. For example, all Telephone Town Hall Meetings were offered in both English and Spanish. We also completed identification of critical commercial/industrial customers for notification during elevated Fire Safety Mode protection settings.

We expanded our community outreach efforts with the Tribes in 2023, including a number of discussion topics such as concern for tribal elders and medically vulnerable tribal customers. The Tribes are partnering with Avista to identify these vulnerable populations (some Tribes





already have partial lists) and to see what can be done to help support them in the case of an extended power outage.

Avista is also working closely with its Equity Advisory Group to fully develop and identify Highly Impacted Communities and Vulnerable Populations (“Named Communities”) unique to the Company’s service territory<sup>5</sup>, and to identify where these populations reside in relation to our WUI map. Approximately 46% of Avista’s Washington customers are in this category. The identification of customer barriers, development of workable solutions, and implementation of an effective multilingual communication strategy is an ongoing process, but one that Avista believes to be integral to the success of the CEIP, wildfire mitigation, PSPS planning and implementation, along with the development of communications, customer outreach, and additional customer programs and projects. Avista is leveraging data collected on vulnerable communities to help overcome customer barriers and enable us to utilize a multilingual and multichannel communication strategy to reach the most disadvantaged communities within our service area. This is guided by Avista’s current advisory groups as well as local/regional community action organizations to identify the location and impact to the communities. Avista has engaged a firm to identify barriers to participation and accessibility for these customers and communities, helping ensure that all customers have access to programs and utility-related information. These efforts will be reflected in our wildfire outreach efforts going forward, especially in the areas of public safety and notification, but also in relation to providing information about our Wildfire Plan and its associated programs.

**i. How effective was customer communication regarding wildfire events? Were there any lessons learned?**

Response: We communicated about possible wind events and elevating protection settings within Fire Safety Mode. Each time we elevated, every customer on the impacted circuits received an email and an outbound Interactive Voice Response (IVR) call. During the Gray Fire, the only wildfire event to impact Avista customers’ service, we communicated about both our electric and natural gas services, including email, IVR callouts and a web banner. Those messages were focused on restoration process and times and were well received by customers. We also followed up with information about tree removal and clean up. Overall, we improved our ability to quickly pull customer lists at the circuit level this year. Next year a bigger focus will be to ask customers to update their contact information. Having the most up -to-date contact information will ensure that we can reach customers when we need to.

We also proactively communicated about the potential for wildfire events via Telephone Town Hall Meetings to all high-risk (impacted) electric customers served by feeders in high fire threat areas. We worked to ensure our customers understood that they could be out of power more frequently and for longer durations during the summer months, due to our wildfire mitigation efforts. There were four of these meetings during the second week of July. More than 90,000 customers had the

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<sup>5</sup> The Company uses the Washington State Health Disparities Map from the Department of Health (DOH) to identify Highly Impacted Communities as well as a Federal database of overburdened communities (OBC) which includes minority, low-income, tribal, or indigenous populations or geographic locations in the United States that potentially experience disproportionate environmental harms and risks.



chance to engage, and of those, nearly 5,900 participated. Feedback was extremely positive and customers appreciated the opportunity to learn, ask questions and provide feedback about our wildfire resiliency efforts.

**ii. If communications were not distributed to all customers, please explain who was excluded and why.**

Response: Most communication is distributed to all electric customers. However, when we elevate protection settings in Fire Safety Mode, we only notify impacted customers. This is also true for grid hardening projects. We notify customers who are impacted by the work. And our Safe Tree program is targeted to customers in higher fire risk areas, so they also received targeted communications letting them know about the program. Communications are delivered via IVR and email if we have accurate contact information. Otherwise, communication would be by IVR (phone call) only.

**f. What information did the utility provide to customers about the wildfire risk mitigation work it is performing?**

Response: We have a variety of ways we communicate with customers about our work. We utilize our newsletters, customer emails, phone calls, social media, Avista's website and earned media with our local media outlets. With projects that directly impact customers, we notify them of work happening in their area and why. For example, we send postcards to customers who live near grid hardening projects. We also reach out directly to customers who are eligible for vegetation management work. With our Safe Tree Program, we reach out to customers through mail, email, and phone. For work that involves outages, we communicate multiple times. For example, for a transmission project that replaces wood with steel, we send letters to customers in the area and follow up with phone calls. There is not a one-size-fits all approach, and we work to reach customers through many different channels. Please see also Attachment B – Avista 2023 Wildfire Communications Plan.

**4. What local, state, federal, or other privately funded research, pilots, or programs exploring emerging wildfire mitigation technologies or best practices are you participating in?**

Response: The Company applied for two grants related to the Infrastructure Investment and Jobs Act (IIJA), aka Bipartisan Infrastructure Law (BIL), signed into law by President Biden on November 15, 2021. This law authorizes \$1.2 trillion for transportation and infrastructure spending.

As part of this Act, the U.S. Dept. of Energy (DOE) offered \$918 million in grants to utilities across America to inspire grid resilience efforts including wildfire resiliency, calling it "DOE Grid Resiliency and Innovation Project (GRIP)." They expected to award about 10 grants of about \$100 million each, with the expectation that recipients will provide a cost share of 50% of the grant awarded. For wildfire-related issues, Avista made one application directly, and participated in another in concert with a group of utilities and associated infrastructure providers.

For the direct grant application, Avista submitted a proposal to upgrade powerlines in high fire threat areas. Avista had already committed to a multi-year program to make these upgrades, but current capital resource levels are not sufficient to complete upgrades to all identified 2,746 miles of our distribution lines within the original ten year scope of the Wildfire Resiliency Plan (through 2029). In fact, current budget projections indicate that nearly 700 miles will remain untreated at the end of 2029.

Grant funding would have effectively filled this gap. Unfortunately, like 80 other applicants, Avista was not selected in the first round of choices for this grant. There may be an opportunity to reapply, however, in the future.

The Company also joined in a grant application for GRIP with a group of utilities, including Inland Power & Light, Portland General Electric, and BPA, vendors AiDash and Pano AI, and the UMS Consulting Group (who is spearheading this effort), in applying for a federal grant to help utilities mitigate fire risk exposure, specifically to increase situational awareness using surveillance cameras to identify fire ignition. This grant would allow Avista to commit to pilot the installation of up to 10 cameras (based on available funding) at locations in our service territory in partnership with the Washington Dept. of Natural Resources. At this time, it appears that the UMS Group was selected for a DOE Grant. We will have more details about what this will mean for Avista as this is finalized.

**5. For companies with wildfire-related insurance policies covering a multi-state service territory, how are these insurance costs delineated between customers in different states for recovery?**

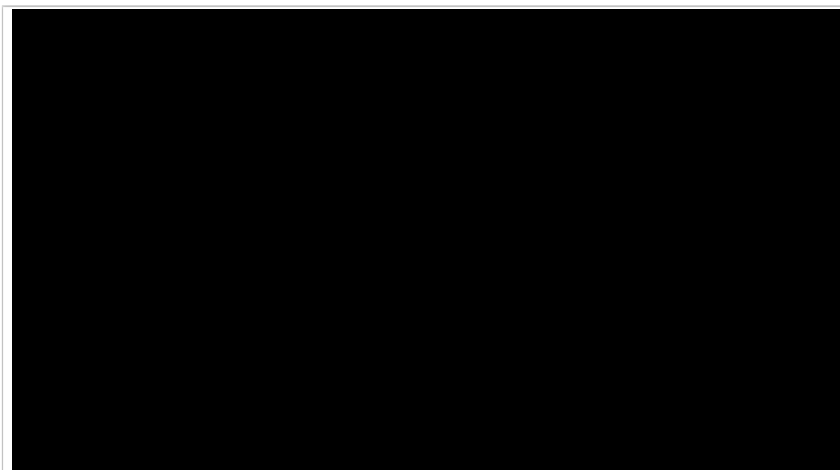
Response: Wildfire related insurance costs are delineated based on the proration of electric service (approx. 67% WA / 33% ID), similar to other common electric costs.

**6. Please provide a narrative response on the impact wildfire risk is having on insurance costs, and what work utilities are doing to mitigate that impact.**

Response: Wildfire risk is having a significant impact on insurance costs for Avista. For the 2020 year, the last in which Avista did not incur a wildfire premium, our total excess general liability premium of \$2.8 million accounted for 36.8% for our total insurance spend of \$7.4 million. Since then, we have incurred additional wildfire premiums every year which have contributed to significant increases in our excess liability and total insurance spends. For 2024, we estimate that our wildfire premium alone of [REDACTED], will surpass our entire insurance program spend of \$7.4 million in 2020. Our total excess liability premium for 2024 (including wildfire premiums) is expected to be [REDACTED], and our total insurance spend for the 2024 year is estimated to be \$22.3 million. The total estimated 2024 spend represents an increase of 198.4% since 2020, and total excess liability premiums (including wildfire premium) will now comprise [REDACTED] of all premiums. Confidential Graph No. 1 below reflects the growth in excess liability premiums relative to Avista's 5 other major lines of insurance for the period 2020-2024.



**Graph No. 1 – Major Lines of Insurance Premiums 2020 - 2024**



Utilities throughout the Northwest, including Avista, have developed wildfire resiliency plans to mitigate the risk of ignition of fires. Avista’s plan continues to focus on grid hardening, vegetation management, situational awareness, and operations and response. As the implementation of Avista’s plan continues to mature, it will realize an increase in the risk reduction related to utility caused fire ignitions. However, it’s important to note, that no resiliency plan, even when fully implemented will eliminate 100% of wildfire ignition risk.

Although insurance companies view the establishment of a wildfire resiliency plan as a positive when evaluating a utility’s risk, the primary driver of premium increases tend to be geographic/climate risk of area, large fires (even if not specific to the utility) that have occurred in the region, litigation pertaining to wildfires, and insurance companies raising rates in general in order to achieve rate adequacy for its wildfire book of business. Utilities have minimal ability to influence or mitigate wildfire premiums as they are now driven primarily by macro factors outside of their control. The macro concerns have driven wildfire rate increases for Avista over the last several years as follows:

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- [Redacted bullet point]



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The current challenge before Avista and other utilities is not premium mitigation but finding coverage, as the wildfire market, with its increased risk, has moved well beyond the point where utilities have much ability to mitigate premium impacts. The continuation of climate warming trends and continued large utility fires has created a tipping point as to the future continued existence of wildfire coverage. In the very near term, coverage will still be accessible, but only at significantly increased premiums and/or transferring some risk back to ratepayers through options of such mechanisms as co-pays. In the foreseeable future, due to continued wildfire losses and climate warming which continues to increase the risk of fire, it is very likely that it will be unsustainable for insurers to offer wildfire coverage for utilities. It is this end to which we should turn our focus. Now is the time for all stakeholders to begin discussions on how best to socialize the costs related to utility caused wildfires in order to protect both utilities and their ratepayers well into the future.

If you have any questions regarding this filing, you can contact me at 509-495-8601 or [liz.andrews@avistacorp.com](mailto:liz.andrews@avistacorp.com).

Sincerely,

*/s/Elizabeth Andrews*

Elizabeth Andrews

Sr. Manager of Revenue Requirements

