Wildfire Workbook: Guidance for Utility Regulators

Introduction

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November 2025

Introduction to NARUC's Wildfire Workbook: Guidance for Utility Regulators

The NARUC Wildfire Workbook is a compendium of practices and experiences currently in use in the electric utility sector. The project is a collection of policies and practices, without mandate or designation as a "best practice." This is by design, since each state has idiosyncrasies that dictate what is acceptable and appropriate for geography, utilities, rules, regulations, and policies within their authority. The information contained represents a collection of information from multiple sources, which are referenced throughout the chapters. As this is a rapidly evolving field, with ongoing legislative, rules, regulations and mitigation practices, the authors and working group strive to reflect the current state as of the time of publication.

Need and Context for the Workbook

The primary purpose of the Workbook is to provide state regulators with strategic approaches to oversee electric utilities in wildfire prevention, mitigation, response, and cost recovery, balancing safety, reliability, and affordability. The scope of the guidance is to address utility operations, financial mechanisms, risk management, and coordination with stakeholders in the context of wildfires.

The Workbook highlights the growing wildfire threat due to factors such as dryer environments, wind events, aging infrastructure, and urban-wildland interface (WUI) expansion, with a specific focus on regulatory roles. Wildfires pose unique concerns for electric companies compared to other natural disasters, including:

- **Third-party losses:** Wildfire damage can be borne almost exclusively by electric companies if their equipment is involved, often regardless of fault, with potential liabilities reaching billions of dollars.
- **Immediate financial impacts:** Plaintiffs' lawyers may institute litigation within days, regardless of the circumstances. Due to potential liabilities, ratings agencies immediately downgrade companies, leading to a loss of market share.
- **Strained access to capital:** This loss of confidence in the financial health of electric companies limits access to affordable capital needed for recovery and critical investments in resilience and the clean energy transition.
- **Lack of insurance:** Insurance is increasingly difficult for both homeowners and electric companies to obtain or obtain at reasonable prices, which further increases financial challenges.

The Workbook aims to **help regulators understand wildfire risk and assess utility preparedness, provide examples of practices and templates regulators can use, and include resources, tools, case studies, and a glossary of terms.**

Much of the information contained in these chapters is directed to minimizing ignition risk posed by utilities. However, recognition of the devastation caused by destructive fire and the cascading impacts are also addressed.

Development of the Wildfire Initiative

The genesis of the Workbook followed a structured process, in recognition of the need to create awareness and share practices among states that are very involved to those states that have not been involved with wildfire. The foundational work involved a Series of 3 Regulatory Roundtables, which focused on topics such as the Financial Impacts of Wildfires, Mitigation Oversight, Affordability & Cost Recovery, and comprehensive policy approaches.

This culminated in a Workshop at 2024's Annual Meeting. During the workshop, participants who represented commissions (staff and Commissioners), state energy offices, utilities, associations, vendors, Federal Partners (including DOE), and other interested parties, contributed to topics to include in a Wildfire Workbook. These topics were then sorted into buckets of content.

Seven key topical areas were identified to address the comprehensive nature of wildfire risk management:

1. Risk Assessment and Mitigation Planning
2. Hardening and Vegetation Management
3. Wildfire Response and Coordination
4. Cost Recovery Mechanisms
5. Financial Risk Mitigation
6. Communication and Community Engagement
7. Evaluation and Continuous Improvement

The steps and action plan defined for the Workbook involved three primary components: **Define Audience and Path**, **Develop an Action Plan**, and **Education and Awareness**. The audience for this work includes Commissioners, Commission Staff, EEI and member organizations, NCSL, NASEO, and NASUCA. The entire effort was supported by a grant **funded by DOE's Office of Cybersecurity, Energy Security, and Emergency Response (CESER)**.

Participating Organizations

The Working Group members included representatives from several commissions, utilities, and organizations, selected to be representative of all regions, not just the west.

Wildfire Working Group State Organizations:

- California Public Utilities Commission
- Florida Public Service Commission
- Georgia Public Service Commission
- Hawaii Public Utilities Commission
- Idaho Public Utilities Commission
- Maine Public Utilities Commission
- Minnesota Public Utilities Commission
- New Jersey Board of Public Utilities
- North Carolina Utilities Commission
- North Dakota Public Service Commission
- Oregon Public Utilities Commission
- Pennsylvania Public Service Commission
- South Carolina Public Service Commission
- Texas Public Utility Commission
- Virginia Public Service Commission
- Washington Utilities and Transportation Commission
- Wyoming Office of Consumer Advocate
- California Office of Energy Infrastructure Safety

Industry Partners and Stakeholders:

- Berkshire Hathaway Energy
- Duke
- Pacific Gas & Electric
- Southern Company
- Xcel Energy
- NV Energy
- EEI
- NASEO
- NASUCA
- NCSL

Project funded by DOE CESER.

Workbook Chapters

The Workbook is organized into seven key topics to address the comprehensive nature of wildfire risk management:

The Chapters

The NARUC Wildfire Workbook is organized into seven chapters, each addressing a critical aspect of wildfire risk management for utility regulators. Below is a brief description of each chapter, drawing on the sources provided:

1. **Risk Assessment and Mitigation Planning:** This chapter provides a broad overview of **wildfire risk assessment and mitigation**, defining the methodology utilities use to reduce ignition risks to infrastructure and communities. It covers topics such as risk mapping, planning, operations, emergency response, and restoration plans.
2. **Infrastructure Hardening and Vegetation Management:** This chapter covers **grid hardening measures, operational practices, and vegetation management**. It outlines strategic standards for hardening infrastructure, such as undergrounding and covered conductors, and details proactive vegetation protocols in high-risk zones to reduce ignition risks.
3. **Communication and Community Engagement:** This chapter focuses on the **critical role of communication and community engagement in wildfire resilience**. It provides a framework for regulators to assess utility preparedness in delivering clear, consistent, and timely public safety messaging, covering alert systems and proactive engagement strategies.

4. **Wildfire Response and Coordination:** This chapter is intended to equip regulators with an understanding of current practices and plans for **electric utility wildfire emergency response**. It details the critical components, response steps, and coordination needed with fire agencies and stakeholders, often utilizing the Incident Command System (ICS).
5. **Cost Recovery Mechanisms:** This chapter explains the regulatory framework used by commissions to establish rates and recover costs while **balancing utility liquidity and customer affordability**. It covers the different mechanisms for cost recovery, including General Rate Cases (GRCs), trackers, riders, securitization, and investment plans, addressing costs related to wildfire mitigation, planning, and response.
6. **Financial Risk Mitigation:** This chapter addresses how utilities face **wildfire financial risk from direct infrastructure damage and third-party lawsuits**. It examines regulatory strategies like self-insurance and financial accounting practices, alongside legislative approaches such as liability caps and securitization, to mitigate financial exposure.
7. **Evaluation and Continuous Improvement:** This chapter details how to **measure and enhance the effectiveness of utility wildfire mitigation efforts** through continuous learning and adaptation. It defines core metrics like ignition frequency, Risk Spend Efficiency (RSE), and reliability impacts (SAIDI/SAIFI) to quantify performance and ensure accountability.

The Writing and Development Process

The Working Group met monthly throughout the 2025 calendar year, to discuss each topic prior to content creation. The purpose of these sessions is to add thought leadership and content for inclusion. As each section became available, the content circulated for review with the Working Group who contributed their input, suggestions, and corrections. In addition, several subject matter experts consulted to add and inform the chapter. Each chapter was updated with edits and revised and re-submitted to the working group for fatal flaw review. Only after this vigorous process was the chapter sent through copy edit.

The Working Group also had office hours twice each week to share opinions and ask questions. Based upon these discussions, the subchapters enriched and added to further clarify and spotlight areas of interest.

Note, the information contained in this workbook represents the policies and processes gathered during 2025. As this is an evolving subject, laws, policies, regulations, and procedures may change.

Summary

The core strategies, operational protocols, financial mechanisms, and regulatory frameworks that define utility responses to wildfire risk are presented for awareness. Overall, the industry is changing from reactive incident management to an initiative-taking, multi-faceted approach centered on risk assessment, infrastructure resilience, and extensive community engagement.

Acknowledgements and Disclaimer

Acknowledgement: This material is based upon work supported by the Department of Energy under Award Number DE-CR0000009.

Acknowledgments The National Association of Regulatory Utility Commissioners (NARUC) wishes to thank the U.S. Department of Energy (DOE) Office of Cybersecurity, Energy Security, and Emergency Response (CESER) for their generous financial support of this initiative, as well as their insights that informed the development and scope of this report.

Many thanks to the members of the NARUC Wildfire Working Group, especially Commissioner Ann Rendahl of the Washington Utilities and Transportation Commission. Additional thanks to NARUC staff Lynn Costantini, Deborah Reynolds, Taylor Fitzgerald, Jessica Diaz, and Hyleah O'Quinn and these invited experts for their review and comments to inform the practices and procedures contained in this report:

- Darcie Houck, California Public Utilities Commission
- Andrew Fay, Florida Public Service Commission
- Leodoloff Asuncion Jr., Hawaii Public Utilities Commission
- Ed Lodge, Idaho Public Utilities Commission
- Carrie Gilbert, Maine Public Utilities Commission
- Zenon Christodoulou, New Jersey Board of Public Utilities
- Karen Kemerait, North Carolina Utilities Commission
- Sheri Haugen-Hoffart, North Dakota Public Service Commission
- Carolee Williams, Public Service Commission of South Carolina
- Ann Rendahl, Washington Utilities and Transportation Commission
- Megan Levy, DOE CESER
- Joel Nelson, DOE CESER
- Amanda Coolidge, DOE CESER
- Caroline Thomas Jacobs, California Office of Energy Infrastructure Safety
- Kristine Telford, EEI
- Campbell Delahoyde, NASEO
- Sarah Trent, NASEO
- David Springe, NASUCA
- Nina Suetake, NASUCA
- Bryan Law, NCSL
- Dalton Oberfoell, NCSL

- Forest Kaser, California Public Utilities Commission
- Blair Fink, Georgia Public Service Commission
- Kimberly Loskot, Idaho Public Utilities Commission
- Taylor Thomas, Idaho Public Utilities Commission
- Christian Noyce, Minnesota Public Utilities Commission
- Heide Caswell, Oregon Public Utilities Commission
- Dan Searfoorce, Pennsylvania Public Service Commission
- Chuck Bondurant, Texas Public Utility Commission
- Shawn Hazard, Texas Public Utility Commission
- Matt Dale, Virginia State Corporation Commission
- Amy Andrews, Washington Utilities and Transportation Commission
- Heather Moline, Washington Utilities and Transportation Commission
- Devlin Daneshforouz, Berkshire Hathaway Energy
- David A McRee, Duke
- Wade Greenacre, Pacific Gas & Electric
- Emily Gerhardt, Southern Company
- Riaz Mohammed, Xcel Energy
- Jesse Murray, NV Energy
- Jody Raines, NARUC
- Lynn Costantini, NARUC
- Taylor Fitzgerald, NARUC
- Jessica Diaz, NARUC
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