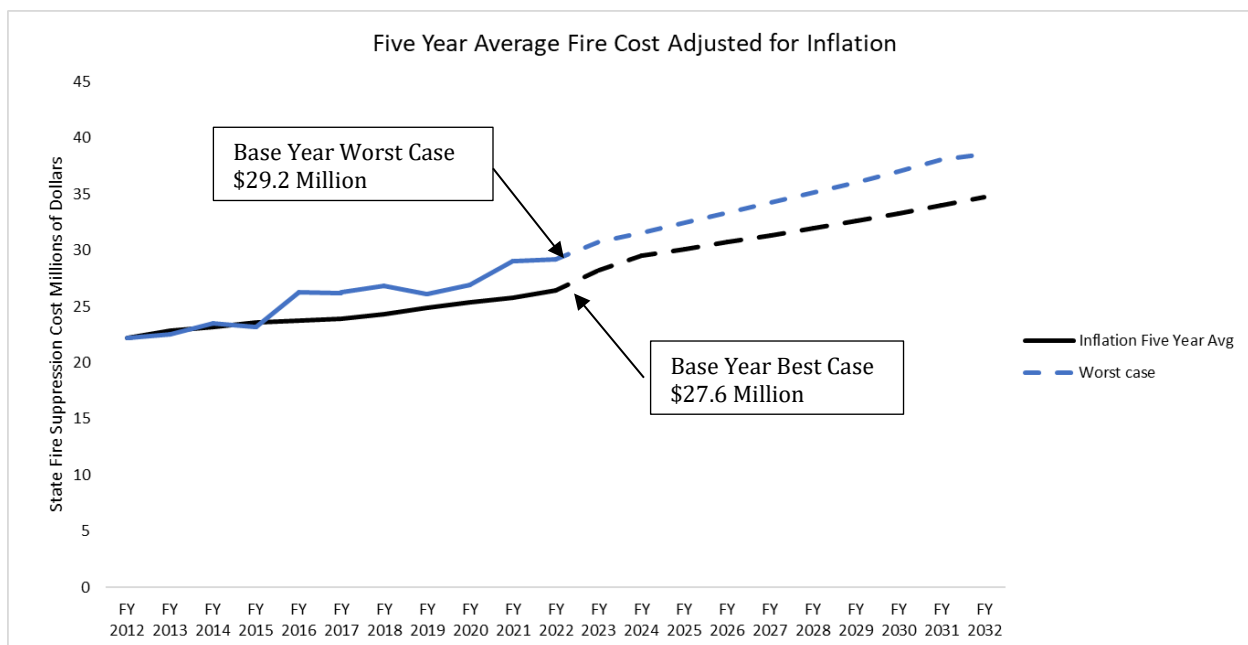


## **Fire Suppression Costs**

The year-to-year variability in wildfire activity makes predicting fire suppression costs difficult in the short term. However, over the longer term, suppression cost will likely increase due to inflation, length of fire seasons, and the number and intensity of fires.

The graph below shows the actual running five-year average fire cost in blue, and the expected increase in fire cost due solely to inflationary pressures is shown in black. For FY 2012 through FY 2015, fire costs tracked with inflation. By FY 2016, the number of fires and the intensity of fire increased causing cost to outpace inflation. Based on running five-year averages over the past ten years, fire costs have increased at an annualized rate of 2.8%, which is 0.7% above the annualized inflation rate of 2.1%. In the graph below, the blue line shows five-year average costs for wildfires compared to fire costs that would be expected if inflation were the only factor.



MARA model assumptions include:

### **Inflation Only**

Best case assumes that fire suppression costs increase with inflation. The base year fire costs would be the cost associated with the black line.

- Assumes that inflation is the only factor
- Base year fire cost of \$27.6 million with a forecast using annualized growth in accordance with the consumer price index (CPI)

### **Inflation Plus Increase in Fires and Intensity**

Worst case assumes that the number and intensity of fires will grow, resulting in a growth in suppression cost higher than inflation, as represented by the blue line.

- Assumes in addition to inflation, an increase in the intensity and number of fires
- Base year is \$29.2 million, and costs increase at historical annualized rate of fire costs