



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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July 18, 2022

NOTICE OF VIRTUAL WORKSHOP
(Scheduled for Monday, July 25, 2022, at 9:30 a.m.)

Re: Commission proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking (Phase 1 – Performance Metrics),
Docket U-210590

TO ALL INTERESTED PERSONS:

Pursuant to Revised Code of Washington (RCW) 80.28.425, Legislative directive-2021 c 188, the Washington Utilities and Transportation Commission (Commission) is required to “conduct a proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking, including performance measures or goals, targets, performance incentives, and penalty mechanisms.”

Phase 1 of this proceeding will establish regulatory goals, desired outcomes, and performance metric design principles related to performance-based regulation. A subsequent stage of Phase 1 will identify and address performance metrics. At the end of Phase 1, the Commission anticipates it will issue a policy statement by March 2023 that incorporates feedback from interested parties on these issues.

Subsequent phases (Phases 2-5) are described in the performance-based regulation [workplan](#).¹

WORKSHOP PARTICIPATION

The Commission will convene a virtual workshop on Monday, July 25, 2022, from 9:30 a.m. to 4:30 p.m., where interested parties will have the opportunity to discuss the Commission’s draft

¹<https://apiproxy.utc.wa.gov/cases/GetDocument?docID=29&year=2021&docketNumber=210590>

guidance on regulatory goals, desired outcomes, and performance metric design principles, presented below, based on comments and information produced in this proceeding.

The below draft guidance was developed in response to comments filed in this Docket. During the meeting, participants will be asked to assess whether these goals, outcomes, and metric design principles should be kept as-is, modified, or discarded. In addition, participants will have the opportunity to propose and discuss additional goals, outcomes, and metric design principles for consideration.²

Draft Regulatory Goals and Desired Outcomes³

The overarching goal for PBR in Washington is to integrate equity into all that we do. This includes ensuring equitable service for Highly Impacted Communities and Vulnerable Populations that is not less reliable or less safe than non-named communities.

Goal 1: Resilient, reliable, and customer-focused distribution grid

Outcome 1: Reduce the number of customer outages and restoration times.

Outcome 2: Improve restoration response times.

Outcome 3: Increase preparedness to prevent and respond to outages and other impacts caused by cyber-attacks and related issues, wildfires, storms, extreme weather events, and other natural disasters.

Outcome 4: Increase the resiliency of investor-owned utilities' infrastructure and service to enable customers to maintain essential functions during times of potential outages.

Goal 2: Customer affordability

Outcome 1: Reduce energy burden for customers experiencing high energy burden, especially those in Highly Impacted Communities and Vulnerable Populations.

Outcome 2: Maximize utilization of cost-effective distributed energy resources.

Outcome 3: Maximize the benefit and efficiency of the energy assistance process so that support can be provided to customers based on the energy assistance program resources available.

Outcome 4: Improve cost-effectiveness of CETA compliance.

Outcome 5: Increase equitable awareness of and access to utility services, assistance, education, and benefits for all customers, with a focus on Highly Impacted Communities and Vulnerable Populations.

² Helpful definitions:

Regulatory Goals – aligns utility behaviors with commission, societal, or legislative goals or mandates.

Desired Outcomes – with a focus on outputs (rather than inputs), aligns regulatory goals with desired results and impact on ratepayers and society.

Performance Metric – measurable and quantifiable data used to track specific actions, outcomes, or results. It is often expressed in terms of standard power system measures or consumer impact measures.

³ Goals and outcomes are not in order of importance or preference.

Goal 3: Advancing equity in utility operations

Outcome 1: Increase equitable and diversity-focused utility hiring, promotion, and vendor selection practices.

Outcome 2: Ensure that utility operations, investments, and siting decisions promote equitable service that does not unfairly harm or disadvantage Highly Impacted Communities and Vulnerable Populations.

Outcome 3: Increase equitable access to new and emerging utility energy programs, including those related to energy efficiency, demand response, and distributed energy resources.

Goal 4: Environmental improvements

Outcome 1: Reduce the pollution burden associated with the utility's operations for communities with elevated exposure to energy-related health hazards, especially in Highly Impacted Communities and Vulnerable Populations.

Outcome 2: Improve cost-effective alignment of load with clean energy generation and storage through load management, energy efficiency measures, and demand response.

Outcome 3: Improve utility environmental outcomes by exceeding the Commission or state public policy goals and statutes, including the reduction of greenhouse gas emissions.

Draft Metric Design Principles

Metric design principles will guide the development of performance metrics for Washington. The Commission will assess metric proposals against these principles and, where necessary, weigh tradeoffs between principles in making decisions about which metrics to adopt.

Directly related to policy goals and advancing the public interest. All metrics will clearly communicate the regulatory goal and desired outcome and describe how the public interest will be met.

Equity Forward. Metrics will be used to advance equity. Equity has not historically been considered as a component of the public interest standard, but it is an essential element of performance-based regulation. Metrics will neither conceal nor obscure inequities experienced by Highly Impacted Communities and Vulnerable Populations.

Outcomes-based. Metrics will track outputs and outcomes, not inputs.

Clearly defined, articulated, and understandable. The method for calculating metrics and specific data used for such calculations should be unambiguous, not subject to interpretation, to provide meaningful comparison and protect against disputes. Metrics should be accessible and understandable to the public.

Use reasonably available data. Metrics will use data that is reasonably available to reduce the administrative burden and the costs associated with implementing metrics. However, through this iterative process it will be important to identify ways to refine the way data is being collected and or categorized, and identify additional data needed going forward. Further, the development and collection of data should not materially increase rates.

Allow for comparison. Metrics will be designed to allow for comparisons over time and across different utilities.

Data transparency. Metrics will be based on clear, measurable, and verifiable data. Data should be transparent, non-proprietary, non-confidential, and easily verifiable by Commission staff and external interested persons.

Accessible reporting format. Utilities will ensure metric reporting is communicated in an equitable and accessible way, including attention to readability and translation, as well as consistent with Commission desired reporting formats (to be addressed in this proceeding) and using native document formats (*i.e.*, if it was created in Excel, do not convert to .pdf) when communicating with the Commission (WAC 480-07-140(6)). Also do not use proprietary models that reduce the transparency and accessibility of data.

Non-duplicative and non-conflicting. Metrics will avoid any overlap and/or conflict with current regulatory mechanisms, rules, statutes, or regulatory requirements. Metrics can provide for outcomes that go beyond rule, statute, or regulatory requirements where said results are in the public interest.

External influences. Without limiting the Commission's authority and to the extent this doesn't hinder the advancement of equity and energy justice, metrics will seek to measure factors that are within a utility's control and not be entirely based on external influences (*i.e.*, market prices, weather, mean area median incomes, etc.).

Evaluated regularly. This is an iterative process, and it will be necessary, from time to time, to revisit the effectiveness of metrics on regular intervals with the expectation that adjustments may be needed and made. For example, metrics should be designed to accommodate regular (*e.g.*, yearly) evaluation, including use of data that can be updated in a timely manner.

Workshop Agenda

PART 1: Getting Started

9:30am Welcome, introductions, agenda review

9:45am Level-setting

PART 2: Review and Discuss Goals and Outcomes

For each outcome in the draft guidance, participants will be asked whether they would like to:

- Keep the outcome as-is
- Keep the outcome, but modify it
- Discard the outcome entirely

Times below represent the maximum initial time allotted for each goal area, with the option to move faster or to revisit outcomes needing more discussion later in the agenda.

Participating organizations with multiple employees in attendance may be asked to limit their participation to a single representative for their organization during each goal area.

10:00am	Resilient, reliable, and customer-focused distribution grid
10:45am	BREAK
11:00am	Customer affordability
11:45am	Advancing equity in utility operations
12:30pm	LUNCH
1:30pm	Environmental improvements
2:15pm	Additional Discussion <ul style="list-style-type: none"> ▪ Revisit topics as needed ▪ Discuss possible gaps or newly proposed goals and outcomes
3:00pm	BREAK

PART 3: Metric Design Principles

Same format as Part 2: participants will be asked whether they would like to keep, modify, or discard any of the design principles.

3:15pm	Review and discuss metric design principles
4:30pm	ADJOURN

Due to the limitations on in-person gatherings during the ongoing COVID-19 pandemic, the Commission will be holding the workshop virtually. Commission headquarters will not be open to the public for in-person participation. Interested persons may listen to the meeting via Zoom by calling (253) 215-8782 and using Meeting ID 824 5499 5434# and Passcode: 907640#. To participate in the meeting using Zoom on a computer or mobile device, [click here to join the meeting](#).⁴ If you wish to be placed on the interested parties contact list, please submit your request to the Commission's Records Center at records@utc.wa.gov.

If you wish to participate and need an interpreter, one will be provided at no cost to you. If you need an interpreter, please contact the Commission at least one business day prior to the meeting by calling (360) 664-1140 or by sending an email to paige.doyle@utc.wa.gov.

The Commission is committed to providing reasonable accommodations to participants with disabilities. If you need a reasonable accommodation for the workshop, please contact the Commission at least one business day prior to the workshop by calling (360) 664- 1132 or by sending an email to human_resources@utc.wa.gov. For TTY service, please call the Washington Relay Service at 1-800-833-6384 or 711.

⁴ <https://utc-wa-gov.zoom.us/j/82454995434?pwd=aWVjeDAyQ2dtbEx1aTkzVUFYdVhCUT09>

If you have questions regarding this workshop, you may contact Senior Accounting and Policy Advisor, Melissa Cheesman, at melissa.cheesman@utc.wa.gov or (360) 489-5270.

AMANDA MAXWELL
Executive Director and Secretary