BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. SJB-6

SHAWN J. BONFIELD

REPRESENTING AVISTA CORPORATION

Avista Response to Recommendations for Performance Based Ratemaking Metrics for the Multi-Year Rate Plan Approved in this Case <u>if</u> the Commission Does not Adopt the Initial Reported Performance Metrics from its Policy Statement Addressing Initial Reported Performance Metrics (Policy Statement) issued on August 2, 2024, in Docket U-210590

<u>Staff's Recommendations</u>

- Keep the metric: Total revenue occurring through riders and associated mechanisms not captured in the MYRP (original metric #3).

  Response: Support – Avista supports keeping this metric.

- Keep the metric: Percentage of known low-income customers that participate in demand response, distributed energy resources, or renewable energy utility programs (original metric #19).

  Response: Support – Avista supports keeping this metric.

- Keep the metric: Percentage of utility-owned and supported EVSE by use case located within and or providing direct benefits and services to highly impacted communities and vulnerable populations (original metric #25).

  Response: Oppose – As part of Avista's Transportation Electrification Plan, the Company has an aspirational goal that 30% of all investments go towards the benefit of Named Communities. Original metric #24 measures the percentage of utility electric vehicle program spending that Named Communities and information found in the Transportation Electrification Plan reporting provides great detail on where transportation electrification spending occurs and for what types of programs. This metric is duplicative of what is provided elsewhere and does not provide any added value for being kept within the Company's PBR metrics.

- Add the metric: Annual reporting on connection timelines for new service requests associated with new construction of single-family and multi-family housing.

  Response: Oppose –Avista does not believe this metric is necessary. First, Avista already has a two separate Customer Guarantees as part of its Service Quality Measures Program related to new service: (1) The Company will switch on power within one business day of the Customer or Applicant's request for service;[1] and, (2) The Company will provide a cost estimate to the Customer or Applicant for new electric or natural gas supply within 10 business days upon receipt of all the necessary information from the Customer or Applicant. Data on these Customer Guarantee is provided

[1] Except for the following instances:

a. When construction is required before the service can be energized;
b. When the Customer does not provide evidence that all required government inspections have been satisfied;
c. When required payments to the Company have not been received; or
d. The service has been disconnected for nonpayment or theft/diversion of service.

annually to the Commission. Second, while Staff did provide rationale for why they believe this metric is necessary, it is unclear the value this metric would actually provide. It is in Avista's interest to connect new customers as quickly as possible and not delay for any reason as new customers on the system provide additional revenue. The list of items that Staff suggests being included as part of this metric includes timelines that do not reflect the Company's efforts. Much of the construction process for new service lies with the new prospective customer or developer. It would be difficult to ascertain relevant information from the reporting of this information. For these reasons, Avista does not support this metric.

NWEC's Recommendations

- Keep the metric: Percentage of non-pipe alternative utility spending that occurs in highly impacted communities and on vulnerable populations (original metric #26).

  Response: Support – Avista supports maintaining this metric.

TEP's Recommendations

- Keep the metric: O&M per customer (original metric #7).

  Response: Oppose – Avista does not support keeping this metric. In the Company's last GRC, the Commission ordered a set of nine MYRP metrics, with one of those metrics specifically focused on assessing how much expense was incurred for every dollar earned, with results at 1.00 or greater maybe reflecting reduced efficiency in controlling O&M spending.[2] Notably, the Commission did not include O&M costs per customer. Further, while O&M per customer is an interesting data point, it is not an actionable metric.

- Modify the metric: number and percentage of residential electric disconnections for electric disconnections for nonpayment by month, measured by location and demographic information . . . (original metric #9).

  Response: Support – Avista agrees with the modification suggested by TEP as this metric is designed to report on both electric and natural gas customers.

- Modify the metric: average bill as a percentage of low-income customers' average income (original metric #12).

  Response: Partial Support – Avista supports modifying the metric to align with the Policy Statement but does not support providing a more granular version of the metric.[3]

- Modify the metric: Number of households with a high-energy burden (>6%), separately

[2] Dockets UE-220053, UG-220054, UE-210854 *(Consolidated)*, Final Order 10/04 ¶189-192.
[3] Note that the high-energy burden portion of the metric identified in the Policy Statement is included as a separate metric within Avista's current and proposed PBR metrics.

identifying known low income and Named Communities (original metric #13).

Response: Partial Support – Avista supports TEP's proposed modifications to calculate this metric separately by fuel type (i.e., electric only, gas only, or dual fuel). In terms of the threshold of high energy burden for each fuel type, Avista currently uses 6% for electric only or dual fuel customers and 3% for natural gas only customers. Avista understands the 3% threshold for natural gas customers to be industry standard and does not support changing it at this time.

- Keep and modify the metric: Percentage of households with a high-energy burden (>6%), separately identifying known low income and Named Communities (original metric #14).

  Response: Support – It was not Avista's intention to eliminate this metric, rather in Avista's proposed metrics for this case, it combined original metric #13 and #14, such that the new metric read "**<u>Number and percentage</u>** of households with a high-energy burden (>6%), separately identifying known low-income and Named Communities. Thus, Avista supports keeping this metric with the modification described above as a single consolidated metric.

- Keep the metric: Percentage of known low-income customers that participate in demand response, distributed energy resources, or renewable energy utility programs (original metric #19).

  Response: Support – As noted above in response to Staff, Avista supports keeping this metric.

- Keep and modify the metric: Percentage of known low-income customers that participate in utility electric vehicle programs, by program (original metric #23).

  Response: Oppose – Avista has a separate metric regarding the percentage of utility electric transportation spending that benefits highly impacted communities and vulnerable populations (original metric #24), which is a more relevant metric for understanding trends in relative costs and benefits for Named Communities. Additionally, Avista does not specifically focus on transportation electrification programs that exclusively benefit low-income customers nor is it able to obtain data on all low-income customers that participate or benefit from these programs, making this metric of little value in drawing conclusions after five quarters of reporting. As such, Avista does not believe this metric is helpful or necessary and continues to recommend that it should be eliminated.

- Keep the metric: Percentage of utility-owned and supported EVSE by use case located within and/or providing direct benefits and services named communities (original metric #25).

  Response: Oppose – As discussed above in the response to Staff, Avista does not support keeping this metric.

- Keep the metric: Percentage of non-pipe alternative utility spending that occurs in highly impacted communities and on vulnerable populations (original metric #26).

  Response: Support – As noted above in the response to NWEC, Avista supports keeping this metric.

- Keep the metric: Incremental spending each year in Named Communities (original metric #31).

  Response: Oppose – This metric is a CBI from the Company's 2021 CEIP, thus duplicative in its PBR metrics. The metric will continue to be reported within CEIPs and Biennial CEIP Updates.

- Add the metric: net plant in service per customer for gas and electric service.

  Response: Oppose – Avista does not support the addition of this metric for multiple reasons. First, the Company already has a metric for rate base per customer (original metric #6), which it has proposed to eliminate. Second, in the Company's last GRC, the Commission ordered a set of nine MYRP metrics, with many of those focused on the categories of Operational Efficiency & Earnings. Net plant in service per customer was also not included in the Commission's list of Initial Reported Performance Metrics included within its Policy Statement. Third, trends in utility capital investments is a significant element of each and every rate case and this information is presented and readily available in each and every case. Contrary to the statement of TEP witness Stokes, net plant in service per customer is not an indicator if a utility is acting prudently.[4] Prudency decisions of utility capital investments are approved within general rate case proceedings and/or accompanying capital reporting reviews. Only capital investments approved by the Commission are allowed to be recovered in rates, thus net plant in service per customer would reflect only prudent investments. Lastly, such a metric does not provide any insight into Avista's choices regarding the replacement of aging assets.[5] Capital investments fluctuate and increase for a multitude of reasons, with replacement of aging assets being just one of those reasons.

[4] Stokes, Exh. SNS-1T at 28:3-6.
[5] Id. at 28:6-7.