



STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

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August 5, 2022

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS**  
**(By 5 p.m. Tuesday, September 6, 2022, and Monday, September 26, 2022)**

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, 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.”<sup>1</sup>

Phase 1 of this proceeding has established regulatory goals, outcomes, and design principles related to performance-based regulation. The final step of Phase 1 is to identify performance metrics that will measure utility performance against the goals and outcomes, and in alignment with the metric design principles. At the end of Phase 1, the Commission anticipates it will issue a policy statement by March 2023 that incorporates stakeholder feedback on these issues.

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

The Commission has completed its review and incorporation of the July 25, 2022, workshop participants’ feedback. This round of comments provides an opportunity for participants to propose metrics and respond to proposed metrics. The Commission requests that interested

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<sup>1</sup> Legislative directive - Laws of 2021 ch. 188.

participants answer the questions below based on the final regulatory goals, desired outcomes, and design principles as follows:

### **Goals/Outcomes**

#### **Goal 1 Resilient, reliable, and customer-focused distribution grid**

Outcome 1 – Ensure utility responsiveness to customer outages and restoration times.

Outcome 2 – Utilities are prepared for and respond to outages and other impacts caused by cyber-attacks, significant events, wildfires, storms, extreme weather events, and other natural disasters.

Outcome 3 – Resilient infrastructure and service, including distributed energy resources, 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, Vulnerable Populations, and low-income customers.

Outcome 2 – Maximize utilization of cost-effective distributed energy resources and grid-enhancing technologies.

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

Outcome 4 – Lowest reasonable cost compliance with public policy goals and environmental requirements.

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

#### **Goal 3 Advancing equity in utility operations**

Outcome 1 – Equitable and diversity-focused utility hiring, promotion, and vendor selection practices.

Outcome 2 – Ensure that utility operational and investment decisions promote equitable service that does not unfairly harm or disadvantage Highly Impacted Communities, Vulnerable Populations, and low-income customers.

Outcome 3 – Equitable access to all utility energy programs, including those related to energy efficiency, demand response, and distributed energy resources.

Outcome 4 – Ensure active and meaningful utility engagement with communities, including Highly Impacted Communities, Vulnerable Populations, and low-income customers such that their input is considered in utility planning processes.

#### **Goal 4 Environmental improvements**

Outcome 1 – Reduce pollution burden and pollution exposure with a focus on communities with elevated exposures to health hazards, including Highly Impacted Communities, Vulnerable Populations, and low-income customers.

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

Outcome 3 – Accelerate the cost-effective achievement of Commission or state public policy goals and statutes, including the reduction of greenhouse gas emissions.

**Draft Metric Design Principles**

- A. **Directly related to policy goals and the public interest.** All metrics will clearly communicate the regulatory goal and desired outcome and describe how the public interest will be met. Metrics can provide for outcomes that go beyond rule, statute, or regulatory requirements where said results are cost effective and in the public interest.
- B. **Equity Forward.** Metrics will be used to advance equity. Equity has historically not 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.
- C. **Outcomes-based.** Metrics should track outputs and outcomes, not inputs. While the Commission may consider in specific cases metrics that track inputs, the proponent must demonstrate clearly that such metrics are appropriate.
- D. **Clearly defined, articulated, and understandable.** The method for calculating metrics and specific data used for such calculations should be unambiguous and not subject to interpretation, to provide meaningful comparison and protect against disputes. Metrics should be accessible and understandable to the public.
- E. **Use reasonably available data.** Metrics will use data that can be reasonably obtained or developed 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.
- F. **Allow for comparison.** Metrics will be designed to allow for comparisons over time and across different utilities, recognizing that there are differences among utilities.
- G. **Data transparency.** Metrics will be based on clear, measurable, and verifiable data. Data should be transparent and easily verifiable by Commission staff and external interested persons. Metrics should not use confidential data or proprietary models that reduce the transparency and accessibility of data. If proprietary models are used, provide access to that model, or rerun the model using information from interested persons.
- H. **Accessible reporting format.** Utilities will ensure metric reporting is communicated to customers and the public 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)).
- I. **External influences.** Metrics will seek to measure factors that are reasonably affected by the utility's actions and not be entirely based on external influences (*i.e.*, market prices, weather, mean area median incomes, etc.) without limiting the Commission's authority and to the extent this doesn't hinder the advancement of equity and energy justice.
- J. **Evaluated periodically.** This is an iterative process, and it will be necessary from time to time to revisit the portfolio and design of metrics with the expectation that adjustments

may be needed. The Commission acknowledges that consistency over time can be helpful to identify trends.

- K. **Accommodate regular reporting.** Metrics should be designed to accommodate regular (*e.g.*, yearly) reporting, including use of data that can be updated in a timely manner.
- L. **Efficiency.** The number of metrics should be no greater than that necessary to measure performance towards the goals and outcomes while ensuring the ability to obtain valuable data in the public interest.

### Questions

Participants are encouraged to fill out the attached spreadsheet. You are not obligated to do so but its use is encouraged and appreciated. The attached Excel file name is “Metric Proposal Template.xlsx.”

1. What metrics should be used to evaluate utility performance under each of the outcomes, and why? The columns in the spreadsheet correspond to the input requested in the list below.

Please list proposed metrics by outcome. Each outcome may have one or multiple metrics. For each proposed metric, please include the following, being as specific as reasonably possible:

- a. A short title for the metric
- b. Which specific outcome, listed above, the metric is seeking to measure utility performance against
- c. How the metric should be calculated and reported (*e.g.*, numerator, denominator, and whether the metric should be reported as a number, percentage, etc.)
- d. Brief rationale (max of 5 sentences) for why the metric should be used to measure utility performance against the specified outcome
- e. What data source(s) should be used to generate the metric? If known, please indicate how frequently the data source(s) are updated
- f. If the metric deviates from the design principles, please briefly explain (max of 5 sentences) why an exception should be made for that particular metric
- g. Whether the metric is already being reported through another docket or regulatory function, or if it is new. Please include the following:
  - i. If the metric is already being reported, please note where/how the reporting is taking place. Include all applicable Washington Administrative Code citations and/or docket numbers associated with the reporting.
  - ii. If the metric is already being reported, should any changes be made to bring the existing metric into alignment with the outcomes and/or metric design principles? Please explain.

- iii. If the metric is new, please note whether the metric can be fully executed today or if further development is needed to align it with the seven design principles (*e.g.*, developing new models or methods of data collection to support the metric).

## WRITTEN COMMENTS

The Commission provides notice that interested persons may file comments in this Docket by 5 p.m. on Tuesday, September 6, 2022, for proposed metrics and file response comments to proposed metrics by 5 p.m. on Monday, September 26, 2022.

Pursuant to WAC 480-07-250(3), written comments must be submitted in electronic form, specifically in searchable .pdf format (Adobe Acrobat or comparable software). In addition, the Commission prefers the participants provide proposed metrics using the attached Excel file: “Metric Proposal Template.xlsx.” As provided in WAC 480-07-140(5), those comments must be submitted via the Commission’s web portal at [www.utc.wa.gov/e-filing](http://www.utc.wa.gov/e-filing). If you are unable to submit documents via the portal, you may submit your comments by email to the Commission’s Records Center at [records@utc.wa.gov](mailto:records@utc.wa.gov) or by mailing an electronic copy to the Commission’s Records Center on a flash drive, DVD, or compact disc that includes the filed document(s).

Comment submissions should include:

- The docket number of this proceeding (Docket U-210590).
- The commenting party’s name.
- The title and date of the comment or comments.

The Commission will post on its website all comments that are provided in electronic format.

The website is located at <https://www.utc.wa.gov/casedocket/2021/210590>.

If you are unable to file your comments electronically the Commission will accept a paper document by mail.

If you need translated materials, please contact [records@utc.wa.gov](mailto:records@utc.wa.gov) or call (360) 664-1234.

## STAY INFORMED OF THIS PROCEEDING

Information related to this proceeding, including comments filed by interested parties, will be posted on the Commission’s website as it becomes available. Persons filing comments in response to this Notice will receive future communications the Commission issues in this Docket. If you do not file comments but wish to receive such information you may contact the Commission’s Records Center by telephone at (360) 664-1139 or by email at [records@utc.wa.gov](mailto:records@utc.wa.gov) and ask to be included on the mailing list for Docket U-210590.

When contacting the Commission, please refer to Docket U-210590 to ensure that you are placed on the appropriate service list. The Commission’s mailing address is:

Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
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If you have questions regarding this comment notice, you may contact Policy Assistant Director, Melissa Cheesman, at [melissa.cheesman@utc.wa.gov](mailto:melissa.cheesman@utc.wa.gov) or (360) 489-5270.

AMANDA MAXWELL  
Executive Director and Secretary