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September 6, 2022

Filed Via Web Portal

Ms. Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Relating to the Commission's proceeding to develop a policy statement addressing alternatives to traditional cost of service rate making, Docket U-210590

Dear Ms. Maxwell:

Puget Sound Energy ("PSE") appreciates the opportunity to provide comments to the Washington Utilities and Transportation Commission ("Commission") in the final step of Phase 1 of Docket U-210590 in response to the August 5, 2022 Notice of Opportunity to File Written Comments ("Notice") regarding the requirements of Section 1 of Engrossed Substitute Senate Bill 5295 ("S.B. 5295"), as codified in RCW 80.28.425, to conduct a proceeding to develop a policy statement addressing alternatives to traditional cost of service rate making, including performance-based measures or goals, targets, performance incentives, and penalty mechanisms.

The Notice contained a set of goals and outcomes for performance based regulation and asked commenters to provide performance metric recommendations related to those goals and outcomes. Accordingly, PSE filled out the spreadsheet provided in the Notice with recommended performance metrics based on the goals and outcomes provided by the Commission. The spreadsheet is provided in Attachment A to this letter. In completing this exercise, it appeared to PSE that there were some traditional regulatory areas, namely safety, customer service and utility financial health that did not seem to be adequately covered by the stated goals and outcomes.

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Performance metrics covering these topics were therefore not included in the comments in Attachment A. However, PSE encourages the Commission to select a truly balanced set of goals, outcomes and metrics in order to ensure that the performance based system being established in this process is holistic and incorporates both traditional and more recent goals and objectives for establishing the public interest for utility service in Washington.

Utilities measure and report a tremendous amount of information over the course of a year in fulfilling regulatory responsibilities. In light of recent expanding definition of the public interest, the need for metrics and reporting is enhanced. The focus on public participation, community involvement and customer benefits may be better facilitated by a concentrated effort to determine the most understandable, manageable and critical performance metrics rather than creating a list of reportable elements that number in the hundreds and are difficult for all but experts to understand.

The Notice contained a list of draft design principles for metrics. In responding to this Notice, PSE emphasized the design principles that metrics be *understandable* and the number of metrics must be *efficient*. The performance metrics recommended in Attachment A are chosen to provide a representative mix of reliability, equity and environmental metrics and are based on the ability to measure the specific goals and outcomes in the Notice in a manner that can be most readily understandable by the public. PSE also considered the other design principles in the Notice, with an emphasis on ensuring that metrics *measure factors reasonably affected by utility actions* and that the complete set of metrics is *equity forward*. Selecting a manageable number of the most critical performance metrics in this proceeding does not eliminate the need for utilities to continue other important reporting obligations, but the effort here should provide an opportunity for a clear and concise view of utility performance on key goals and objectives.

Many of the performance metrics suggested in Attachment A are useful for measuring multiple goals/outcomes provided in the Notice. We have listed each metric only once for ease of review. In particular, many of the metrics associated with Goal 3, Outcomes 2-4 have considerable overlap. As recommended in previous comments, due to the overlapping and sometimes conflicting nature of the goals and outcomes, PSE encourages the Commission to give further thought to how performance metrics will be utilized in decision-making prior to finalizing a list of metrics.

Thank you for the opportunity to provide performance metric recommendations. PSE looks forward to continuing progress on performance-based regulatory structures in Phase 2 of this docket. Please contact Wendy Gerlitz at (425) 462-3051 for additional information about these comments. If you have other questions contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

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Attachments:

Attachment A Metric Proposal Template PSE (9-06-22).xlsx