

U-210590

November 29, 2021

**VIA ELECTRONIC FILING**

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Washington Utilities and Transportation Commission  
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**RE: Docket U-210590—PacifiCorp’s Comments**

The Washington Utilities and Transportation Commission (Commission) has requested comments in this proceeding to develop a policy statement addressing the alternatives to traditional cost of service rate making, including performance-based measures or goals, targets, performance incentives, and penalty mechanisms. PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) provides these comments on the proposed Phase 1 of the Work Plan, which covers the development of performance metrics. Specifically, PacifiCorp requests that the Commission consider performance metrics that are simple, effective, and flexible enough to be tailored to the individual circumstances of each utility.

Senate Bill 5295 became effective on July 25, 2021, and now requires electric companies to include in their general rate case filing a multiyear rate plan (MYRP).<sup>1</sup> Additionally, the law directed the Commission to develop a policy statement as described in the Commission’s notice.<sup>2</sup> Based on the questions identified in the Commission’s notice, PacifiCorp provides the following comments.

**1. *Do you have any thoughts, concerns, or suggestions on the proposed scope or timing of Phase 1?***

At this point, PacifiCorp does not have any specific concerns with regards to the scope and timing that have been identified in Appendix A to the notice. However, it is worth noting that the development of Performance-Based Ratemaking (PBR) metrics could be a complex and involved process, and that consideration of simple, effective, and achievable metrics would best allow this proceeding to meet the timing and deliverable goals identified in Appendix A.

**2. *What are the most important issues for the Commission to address in Phase 1?***

This proceeding is at a very preliminary stage and it is difficult to identify what issues may arise. However, PacifiCorp feels it may be important to state a few principles on which performance metrics should be based. First, the metrics should be simple, achievable, and reasonably within the control of the utility. Additionally, the metrics should be limited to a few (possibly 2-3) key elements to ensure they can be effective and efficient in operation and

<sup>1</sup> RCW 80.28.425.

<sup>2</sup> *Second Notice of Opportunity to file Comments* (Oct. 21, 2021).

eventually provide appropriate incentives to electric companies. Additionally, it is worth noting that it will likely be necessary to have different metrics for gas and electric companies. There are significant differences between these industries and metrics should be tailored to meet the individual circumstances of each utility industry. After initial discussions about principles, the Company recommends separate tracks for gas and electric utilities to develop metrics. A similar process played out with separate tracks for the cost of service rulemaking proceedings (Docket UE-170002 and Docket No. UG-170003).

***3. Do you have any thoughts, concerns, or suggestions on the overall Work Plan, including on the proposed scope or timing of Phases 1 through 4?***

PacifiCorp does not have any specific comments on the overall Work Plan at this time. The scope and timing seem generally appropriate. However, the concerns noted by the Company in response to Question 1 above are applicable here as well.

***4. Are there additional topics the Commission should consider addressing, or any additional phases the commission should consider including in this Work Plan?***

As noted above, the broad topics and phasing seem appropriate at this time.

***5. Do you have any other comments you would like to offer on the proposed Work Plan or on the development of policy under RCW 80.28.425 more generally?***

PacifiCorp is a multi-jurisdictional electric utility in Washington that also operates in five other states. As a result, PacifiCorp faces unique challenges and has unique advantages. Additionally, this service footprint has given the Company additional insight into various regulatory structures across many different states in the west. RCW 80.28.425 represents a significant shift in the ratemaking policy in Washington. As these new policies are developed, PacifiCorp requests that the Commission develop a flexible policy that reflects the unique circumstances of each utility.

### **Conclusion**

The Company noted in a regulatory filing before the Federal Power Commission in 1938 that “[i]t has been the policy of the company since its organization in 1910 to make effective the lowest possible rates consistent with good service and sound operating practices.”<sup>3</sup> From a system peak load of 57 MW in 1938<sup>4</sup> to over 10,000 MW today, PacifiCorp and the energy and regulatory landscape have shifted in the past eighty years. However, that core principle of providing safe and reliable service with affordable rates has not changed. PacifiCorp supports the use of new regulatory mechanisms to extent they help the Company meet these goals.

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<sup>3</sup> PACIFIC POWER & LIGHT COMPANY, RECLASSIFICATION OF ELECTRIC PLANT STATEMENTS A TO I INCLUSIVE 20 (1938).

<sup>4</sup> PACIFIC POWER & LIGHT COMPANY, RECLASSIFICATION OF ELECTRIC PLANT STATEMENTS A TO I INCLUSIVE 14 (1938).

Washington Utilities and Transportation Commission

November 29, 2021

Page 3

PacifiCorp remains committed to extensively participating in this proceeding and working with the Commission and stakeholders through this process. PacifiCorp further appreciates the continued opportunity to provide written comments as this proceeding continues.

Sincerely,

          /s/            
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