

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

Relating to the Commission's Proceeding to
Develop a Policy Statement Addressing
Alternatives to Traditional Cost of Service
Ratemaking

DOCKET U-210590

COMMENTS OF PUBLIC COUNSEL

September 26, 2022

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I. INTRODUCTION

1. The Public Counsel Unit of the Washington Attorney General's Office (Public Counsel) files these comments in response to the Washington Utilities and Transportation Commission's (Commission) Notice of Opportunity to File Written Comments dated August 5, 2022 (Notice). In the Notice, the Commission requested that interested stakeholders identify the metrics that should be used to evaluate utility performance under each of the outcomes and explain why by September 6, 2022, and that stakeholders file response comments to proposed metrics by September 26, 2022.¹ Public Counsel filed its proposed metrics on September 6, 2022 and has reviewed the metrics proposed by other stakeholders. These comments provide Public Counsel's overall assessment of the metrics proposed, principles for refining metrics, and offers comments regarding specific metrics, data, or sources proposed by other stakeholders.
2. Public Counsel wishes to express its appreciation for the thoughtful metrics proposed by many stakeholders, and notes that there was considerable overlap across many of the metrics. Public Counsel interprets this as indicating alignment, at a high level on many of the objectives of these metrics, such as meaningful improvements in affordability, equity, and diversity. Public Counsel looks forward to continuing to work with stakeholders and the Commission to refine these metrics.

I. PRINCIPLES

3. Although Public Counsel finds many of the proposed metrics well-developed and helpful in measuring the Commission's identified goals, we are concerned that some of the metrics may

¹ Notice of Opportunity to File Written Comments (issued Aug. 5, 2022) (hereinafter "Notice").

not provide meaningful information without modification. We offer the following principles for selecting and modifying metrics to maximize the relevance of the information provided:

- (1) Facilitate equity by reporting data by named communities and non-named communities, rather than only based on system averages, which can obscure inequities.
- (2) Ensure that metrics provide useful information by, for example, normalizing for population size rather than only reporting non-normalized numbers.
- (3) Select new metrics that facilitate a broader view of the system than existing metrics. For example, major event days should be included in outage statistics to account for resilience, rather than focusing on and only reporting metrics for traditional “blue sky” reliability statistics.
- (4) Ensure that metrics provide sufficiently granular data (such as on the categories of transportation electrification spending in communities, rather than only the total dollars spent) to facilitate an understanding of how customers are benefiting.

II. COMMENTS ON SPECIFIC METRICS

4. Below we offer comments regarding metrics proposed by other stakeholders, grouped first by goal and then by topic.

A. Goal 1 – Resilient, Reliable Grid

1. Equity Component

5. Public Counsel strongly supports reliability metrics that allow comparisons across named vs. non-named communities, such as those proposed by the NW Energy Coalition (NVEC).

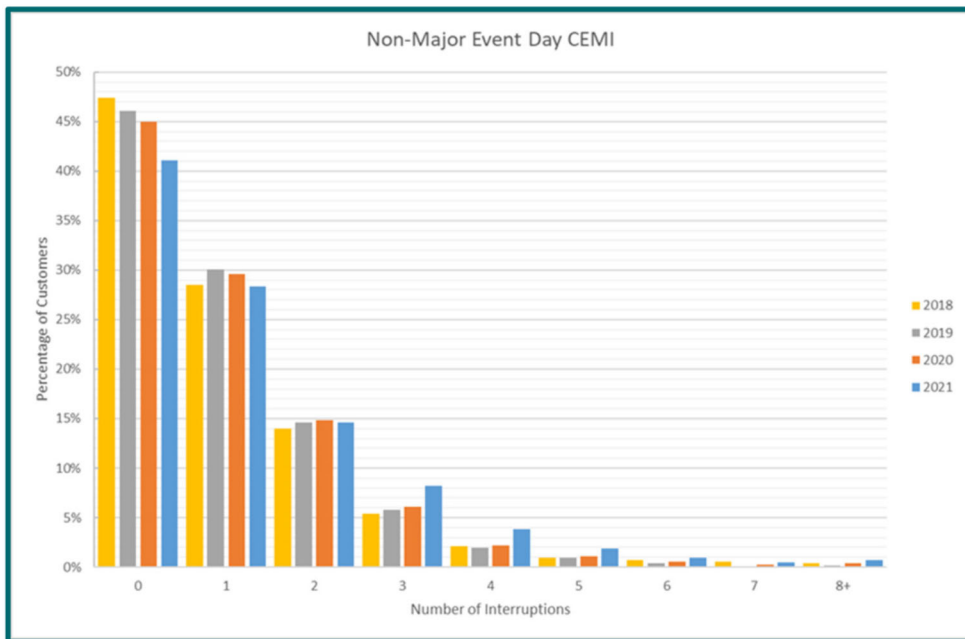
Many of these metrics can be operationalized by separately reporting existing reliability metrics

(e.g., system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI)) by named and non-named communities.

2. Reliability

6. To measure reliability of the system, Public Counsel supports retaining the existing traditional reliability metrics (such as SAIDI, SAIFI, Customers Experiencing Multiple Interruptions (CEMI), and Customers Experiencing Long Interruption Durations (CELID)), provided that these metrics are also reported for named and non-named communities. We discuss supplements to these metrics to better capture resilience in the following section.
7. Although traditional reliability metrics using IEEE standards are reasonably well-defined, some of the metric proposals raised questions. Specifically:
 - We believe Puget Sound Energy’s (PSE) proposal to replace catastrophic days with average daily SAIDI in the Major Event calculation needs clarification. The difference between a Major Event Day and a Catastrophic Day is not clear to us, nor is it clear why catastrophic days would be replaced with average daily SAIDI if these days are already excluded from the equation.
 - We are unclear how The Energy Project (TEP) would define “unintentional” customer outages. Would this simply exclude outages for system repairs or other planned outages?
8. We note that Avista also proposes to continue to report CEMI, excluding major event days. Avista’s proposal is to measure the “total number of customers that experience more than n

sustained interruptions divided by the total number of customers served.”² Public Counsel’s September 6 CEMI proposal included provisions for reporting n from 3 to 6. However, we find that reporting n separately from 0 to 8, as is currently provided in PSE’s electric service reliability report³ (shown below) provides additional useful information. We thus modify our proposal so that $n = 0$ to 8. In addition, we request clarification from the utilities whether such outages include planned outages.



9. In addition to reporting the number of interruptions, CEMI, we propose that the utilities also report the duration of interruptions (CELID), which measures the percentage of customers experiencing long duration outages of n hours. Again, Public Counsel’s initial metric proposal

² Avista’s Comments related to Performance Metrics – Phase 1, Metric Proposal Template Attachment at cell C10 (filed Sep. 6, 2022).

³Annual Filing, Attach. A: 2021 Service Quality and Electric Service Reliability Report at 50, *Puget Sound Energy Service Quality Program and Electric Service Reliability*, Dockets UE-170033 and UG-170034 (consol.) and Dockets UE-072300 and UG-072301 (consol.) (filed Mar. 29, 2022).

included provisions for reporting n from 3 to 6. However, we find that reporting n separately from 0 to 8, as is currently done for CEMI in PSE's electric service reliability report, would also be very helpful. We thus modify our proposal so that $n = 0$ to 8.

10. Although Public Counsel generally finds reliability metrics useful, we do not support the addition of CAIDI as a reliability metric (as proposed by Avista). Because CAIDI is mathematically represented as SAIDI divided by SAIFI, this metric can be deceptive for judging system reliability. For example, if the frequency of outages increases (SAIFI) but the duration of outages remains the same (SAIDI), then CAIDI would decrease. In this case, a decrease in CAIDI does not indicate better reliability – it simply represents an increased number of outages. As another example, suppose both SAIDI and SAIFI were improving, but the rate of improvement was greater for SAIFI than for SAIDI. In this case, both SAIDI and SAIFI would be declining, but CAIDI would increase. For these reasons, Public Counsel recommends against using CAIDI as a metric to measure reliability.

3. Resilience

11. In addition to traditional reliability metrics without major events (e.g., average natural gas outage time, SAIDI and SAIFI), another set of reliability metrics should include major events to provide greater visibility into the resilience of the system (as in PSE's proposal to include all outages ≥ 1 minute). Similarly, Northwest Natural Gas Company's (NWN) proposal for average time customers are without service during an extreme event, taking into consideration the severity of the extreme event is interesting and potentially useful for evaluating resilience. Finding ways to control for the severity of the event could be complex, but we support the underlying objective of this metric.

12. On the other hand, Public Counsel has concerns regarding NWN’s proposal for a metric measuring “diversified supply” where a single source of supply may not exceed a certain percentage of the total. We are unclear whether NWN intends this to measure multiple pipeline sources for natural gas, multiple energy types (natural gas, electricity, propane, fuel oil) for end-use customers, or something else. To the extent that this metric promotes retention of natural gas service where fuel switching could otherwise occur, we have concerns that this metric could impede progress toward beneficial electrification and fuel switching away from fossil fuels. Similarly, NWN’s proposal for a dual fuel metric (measured as the percent of customers having dual fuel) raises similar concerns about impeding progress toward beneficial electrification and fuel switching away from fossil fuels.

4. Emergency Response

13. Public Counsel supports proposals to continue to report metrics regarding the time to respond to natural gas emergencies (such as those proposed by NWECA, PSE, and NWN). At the same time, Public Counsel has identified a possible need to modify this metric for electric system emergency response. It appears that this metric would measure average safety response time for the electric system including outages due to weather that do not present an immediate safety concern (such as in the case of a storm-related outage with no downed wires). If there is no immediate safety concern, the most important issue for customers is generally the duration of the outage (i.e., how quickly electricity is restored), not how quickly a crew arrives on the scene. Public Counsel recommends that the metric be modified to include not only the time a crew arrives on scene, but also duration of the outage.

5. Methane Leaks

14. The Energy Project (TEP) proposed similar metrics to Public Counsel's with respect to measuring methane leaks on the natural gas system.⁴ Public Counsel maintains that methane leakage metrics are important for both safety and emissions reasons. However, we currently have little understanding of the utilities' current leakage monitoring and detection systems, as well as any systems in place for classifying leaks (from most to least hazardous). The utilities should describe their current practices regarding leak detection, monitoring, and classification, so that these metrics can be better designed.

6. Complaints

15. Public Counsel notes that some utilities (such as PSE) currently have metrics regarding the number of customer complaints to the Commission related to reliability and/or power quality. We propose to maintain this metric, but expand it to include other categories beyond reliability and power quality in order to identify other issues related to the provision of utility service that may require additional attention.

B. Goal 2 – Reduce Energy Burden

1. Arrearages, Disconnections, and Energy Burden

16. Multiple stakeholders proposed metrics to track arrearages, disconnections, and energy burden by geographic location or named-community status. Public Counsel strongly supports such metrics for the purposes of promoting equity and addressing affordability concerns.

⁴ TEP included their proposal under Goal 1, while Public Counsel included ours under Goal 4.

However, there is a need to establish consistent, meaningful definitions for how energy burden is measured, and the threshold for “high” or “excess” energy burden.

17. First, the Pacific Northwest generally has lower electricity prices than the rest of the country, rendering national definitions of energy burden poor thresholds for measuring equity in Washington. Thus, we recommend tailoring the definition of energy burden to each utility’s service territory, rather than only using the national average of six percent. Specifically, we recommend that the threshold for determining “high” or “excess” energy burden be values greater than the median energy burden for the utility’s service territory.
18. Second, because electricity and natural gas are substitutes for space and water heating, energy burden should be reported based on the combined amount of electricity and natural gas bills. Otherwise, the data will be skewed based on the proportion of customers using electricity for heating versus natural gas for heating. If possible, other heating fuels (propane, fuel oil) should be included, but we recognize that utilities may not have access to such data.
19. NWECA also proposes a metric for the “percentage of households with a high-energy burden, separately identifying known low-income and highly impacted communities and vulnerable populations, separately for gas and electric by census tract.” We reiterate our proposal for “high” energy burden to be established relative to the median energy burden. We also emphasize that the energy burden should be based on the combined electricity and natural gas bills for the reasons discussed above.

2. Utility Costs

20. Public Counsel strongly supports metrics, such as those proposed by TEP, that allow for trends in categories of utility costs to be identified, such as the annual net plant in service per

customer and operations and maintenance (O&M) cost per customers. Likewise, we support metrics that quantify the cost per mile of pipe replacement and leak reductions.

21. Both TEP and NWECC propose a metric for tracking revenue outside of rates approved within last rate case or multi-year rate plan. We support this metric when presented as a percentage of total utility revenue, as it allows for a review of the proportion of revenue recovered through trackers and riders versus regular rates. This provides insight regarding the risk that a utility bears with respect to revenue recovery. Costs recovered through trackers and riders are inherently less risky, as they track actual costs. We suggest that this metric also be presented with and without fuel costs, since fuel costs can be extremely volatile.

22. TEP proposes that the utilities report ratemaking return on common equity. We propose that utilities also report their actual achieved return on equity (ROE) on an annual basis.

3. Bill Assistance

23. PSE proposes a metric measuring the share of bill assistance customers who are in highly impacted communities and vulnerable populations as a means for assessing the equity of bill assistance programs. PSE also proposes a metric measuring the number of low-income customers receiving bill assistance (gas and electric). While Public Counsel supports the broader objectives of these metrics, we have concerns regarding their measurement.

24. If an increasing share of customers receiving assistance is located in named communities, this could simply indicate that the overall proportion of customers who are eligible for bill assistance are increasingly located in named communities. In other words, it could indicate that the welfare of named communities is declining over time (e.g., that more customers in vulnerable communities are falling into poverty). Therefore, we recommend an additional metric that

controls for the overall number of customers eligible for assistance in named communities. This metric would measure the number of customers in named communities receiving assistance relative to the total number of customers in named communities eligible for assistance.

25. For the number of low-income customers receiving bill assistance, this could be affected by the number of customers eligible for such assistance. Thus, we recommend that this metric be defined as the proportion of eligible customers receiving assistance, consistent with our recommendation and that of TEP. We note that this metric could also be presented as a percentage of “known low-income customers,” but caution that should be a supplemental metric, as the number of known low-income customers is often substantially lower than the total eligible population as demonstrated through a needs assessment of a utility’s service territory.

4. Distributed Energy Resource Programs

26. Public Counsel is supportive of metrics that track equity as it relates to distributed energy resource (DER) programs. However, what constitutes a DER program must be defined consistently across utilities. For example, do such programs include electric vehicles or electric vehicle supply equipment? Do DER programs include energy efficiency programs? Distributed storage? Demand response? Building electrification?

27. Numerous stakeholders recommend metrics related to the number of customers from named communities participating in DER programs, such as energy efficiency, demand response, and electric vehicle programs. We generally support such metrics, but recommend that the metrics control for the number of customers participating in such programs, so that the metric is expressed as a percentage, rather than simply the number of customers.

28. We also emphasize that DER programs based on capacity enrolled (such as demand response programs) should also have a performance component. We recognize that the need to deploy demand response resources will vary from year to year. Thus, we propose that the performance component measure the percentage of capacity responding versus the percentage of capacity called. This will enable the evaluation of the extent to which these resources are effective, not just their potential on paper.

29. We also wish to emphasize the need for focusing on net benefits to customers, rather than simply the number of projects proposed or the dollars spent. For example, we recommend that NWN's proposal to track the number of pilot projects proposed to prove reduction in throughput and/or cost avoidance be modified to track the dollars saved through such projects. We also recommend that Avista's proposed metric to track annual capital expenditures avoided through non-wires alternative programs be modified to represent the net benefits provided by non-wires alternative programs (which accounts for the cost of implementing the non-wires alternative). This is a more accurate representation of the benefits that will be provided to customers. Because total dollars spent is not the same as net benefits, we cannot support Cascade's proposal to simply measure utility spending on DER programs.

30. Similarly, we encourage the Commission to focus on maximizing the net benefits to customers through DER programs, rather than obtaining the highest benefit-cost ratios. For example, an energy efficiency portfolio that is small in scope and scale (e.g., only focused on one very cost-effective energy efficiency measure) could have an extremely high benefit-to-cost ratio, yet the total net benefits of this program would be quite limited. Customers would benefit more from energy efficiency portfolios that maximize the total dollar value of net benefits (e.g.,

by implementing all measures with a cost-effectiveness ratio >1) than by maximizing the cost-effectiveness ratio itself.

5. Increasing Awareness of Utility Services

31. We appreciate that other stakeholders, such as PacifiCorp, propose metrics that focus on reaching customers with limited English proficiency. To make this metric meaningful, however, we propose that data be expressed on a percentage basis (e.g., the percentage of materials provided in multiple languages or the percentage of meetings with interpreters). Expressing this as a percentage is consistent with the metric proposed by Cascade (percentage of company engagements available with translation services and marketing).

C. Goal 3 – Equity and Diversity

1. Supplier Diversity

32. Multiple stakeholders proposed metrics that seek to measure supplier diversity. We have some concerns that the proportion of suppliers that meet certain diversity criteria is not necessarily the best indicator of diversity, as the contracts awarded to these suppliers could be quite small. Thus, we propose that this metric be presented as dollar value of contracts awarded to diverse suppliers.

2. Utility Employment Diversity

33. PacifiCorp has proposed metrics regarding Diversity, Equity, and Inclusion (DEI) Recruitment and Training. Public Counsel has concerns that this metric is not outcome-oriented, and simply performing trainings or attending events may not necessarily lead to the desired changes in employment outcomes.

3. Equitable Access to Programs

34. Some stakeholders, such as PSE, have proposed to measure equitable access to utility programs (including DERs) largely based on the percentage of spending that would occur in those communities. While we do not oppose such a metric, we maintain that a more representative metric would be based on customer participation. For example, a utility could ensure that a percentage of distributed storage is installed in named communities, but this storage could be utility owned and operated. Thus, unless customers in these communities are actively participating in the storage programs, they may not be directly benefiting.

35. NWN proposes a metric related to decision criteria for impact to disadvantaged, vulnerable, and low-income customers to be used in investment decision making. Public Counsel supports this metric in theory, as it appears to address potential equity issues from the very beginning. However, Public Counsel believes additional information regarding how this metric would be measured is needed.

D. Goal 4 – Cost-Effective Clean Energy

1. Emissions

36. As a general matter, Public Counsel supports metrics that track emissions. We note that while current metrics track emissions from utility-owned electric generation resources, these metrics do not capture all emissions. We therefore propose that this data be supplemented with data regarding emissions from purchased power agreements (PPA) and market purchases.

III. CONCLUSIONS AND NEXT STEPS

37. Public Counsel finds the metric proposals submitted on September 6 to be quite comprehensive and well-thought out. However, the proposals also raised questions regarding

how certain metrics would be defined, how data would be collected, and whether data even exist in certain categories. Public Counsel suggests that another workshop be held in the next six weeks to focus on, (1) clarifying specific metric proposals (e.g., how specific criteria are defined or what data are available for measuring certain outcomes); and (2) identifying metrics where there is general consensus among the parties.

Dated this 26th day of September 2022.

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