



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
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November 2, 2022

SECOND NOTICE OF VIRTUAL WORKSHOP
(Scheduled for Monday, November 7, 2022, at 9:30 a.m.)

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, Legislative directive-2021 c 188, 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.”

Phase 1 of this proceeding will establish design principles, regulatory goals, and outcomes related to performance-based regulation, as well as identify performance metrics or measures.¹ The Commission is currently working to identify a set of draft performance metrics for discussion with participants in this phase of the proceeding. At the end of Phase 1, the Commission anticipates it will issue a policy statement by March 2023 that incorporates feedback from interested persons on these issues.

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

¹ RCW 80.28.425 uses the term “measure.” The Commission uses the terms “metric” and “measure” interchangeably.

²<https://apiproxy.utc.wa.gov/cases/GetDocument?docID=29&year=2021&docketNumber=210590>.

WORKSHOP PARTICIPATION

The Commission will convene a virtual workshop on Monday, November 7, 2022, at 9:30 a.m. Below are draft performance metrics based on comments and information included in this proceeding. At the workshop, participants will have an opportunity to discuss and provide feedback in response to the set of draft metrics, as well as discuss comments provided by participants.

Workshop Goals

The Commission goals for the workshop:

- To seek feedback on selected metrics for the established goals and outcomes.
- To achieve consensus if possible, on draft metrics. Consensus is not necessary, but it would be useful to identify where consensus exists.
- To gain clarity on the specifics related to the selected metrics as well as terms used (*i.e.*, define benefits).
- To evaluate metrics in concept and assess based on fit with the goals, outcomes, and design principles. Some metrics may be ready to implement today, and some may require additional development.

This workshop will be recorded for internal notetaking purposes only.

After the workshop, the Commissioners will review the feedback and consider proposed draft metrics for inclusion in the proposed policy statement.

Workshop Questions

For each outcome, participants will be asked:

1. Whether they have clarifying questions about the proposed metrics (*i.e.*, questions seeking to better understand what is being proposed or how the metric works).
2. Whether any of the selected metrics should be modified (and if so, how) or removed to better align the metrics with the goals, outcomes, and design principles.
3. Whether additional metrics should be added to better align the metrics with the goals, outcomes, and design principles.

Draft Metrics (32)

| Metric title | Metric calculation |
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| Goal 1: Resilient, reliable, and customer-focused distribution grid | |
| Outcome 1: Ensure utility responsiveness to customer outages and restoration times. | |
| Equity in Reliability (SAIDI) for Named Communities and Non-named Communities. | Sum all customer interruption minutes, for interruptions greater than 5 minutes, for one year and divide it by the average annual customer count. Provide this calculation for the service territory as a whole and separately for Named Communities. |

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| Equity in Reliability (SAIFI) for Named Communities and Non-named Communities. | Sum the total number of all customer interruptions, for interruptions greater than 5 minutes, for one year and divide it by the average annual customer count. Provide this calculation for the service territory as a whole and separately for Named Communities. |
| Equity in Reliability: length of power outages | Average and median length (in minutes) of power outages per year, separately calculating Named and Non-named Communities for comparison. |
| Historically Worst Performing Circuits | The 10 worst performing circuits in any given year separately by both frequency and duration. In addition, of the 10 worst performing circuits (separately by frequency and duration), the number of years over the past five years that a circuit has appeared on the list. |
| 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. | |
| Wildfire Avoidance | Number of utility-caused wildfires, ignitions (that do not result in wildfires but could have), and risk events (event with probability of ignition). |
| Response Time to Natural Gas System Emergencies | Average and median length (in minutes) from customer call to arrival of field technician in response to natural gas system emergencies. |
| Outcome 3: Resilient infrastructure and service, including distributed energy resources, to enable customers to maintain essential functions during times of potential outages. | |
| Equity in Resilience Investments | Percent of proposed resilience projects in Named Communities that are completed every year, compared to a proposed projects list that is approved by the Commission. |
| Customers Experiencing Multiple Interruptions (CEMI) for Named and Non-named Communities | Average number of outages for customers experiencing multiple interruptions. Total number of customers that experience more than three sustained interruptions divided by the total number of customers served. Provide this calculation for the service territory as a whole and separately for Named Communities. |
| Customers Experiencing Long Duration Outages (CELID) for Named and Non-named Communities | Number of customers experiencing more than X hours of interruptions per year/total number of customers served, providing separate calculations for X = 0 through X = 8. Provide this calculation for the service territory as a whole and separately for Named Communities. |
| 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. | |
| Arrearages by Month (reported quarterly) | Arrearages by month, by class, measured by zip code - to include 30+, 60+, and 90+ days arrears for total company, and electric and natural gas stated separately for dual fuel utilities. |
| Percent of Customers in Arrears with Arrearage Management Plans | Number of residential customers, by zip code, in arrears with arrearage management plans (AMPs)/Total customers in arrears 60+ days. |
| Customer Disconnections and Reconnections | Number and percentage of (1) disconnect notices, (2) residential disconnections for nonpayment, and (3) reconnection, each broken out by month and zip code, for known low-income households, Highly Impacted Communities, and Vulnerable Populations, for total company, and electric and natural gas service stated separately for dual fuel utilities. |

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| Average Energy Burden | Annual residential bill/average area median income by zip code for all customers, comparing outcomes in Non-named Communities with Named Communities, with electric and natural gas service stated separately for dual fuel utilities. |
| Outcome 2: Maximize utilization of cost-effective distributed energy resources and grid-enhancing technologies. | |
| Net Benefits of DERs and GETs | Net benefits of distributed energy resources and grid-enhancing technologies, as measured through a Commission approved cost-benefit analysis (<i>e.g.</i> , docket 210804). |
| DER Utilization | Count of MWh and MW provided by each DER programs, and Percentage of MWh and MW provided by each DER program as a total of MW demand. |
| 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. | |
| Percent of Utility Assistance Funds Dispersed | Utility rate-based assistance funds spent/Annual budget for utility rate-based assistance. |
| Outcome 4: Lowest reasonable cost compliance with public policy goals and environmental requirements. | |
| Incremental Cost | For electric, as calculated and reported in utility filed CEIP. For natural gas, lowest reasonable cost of compliance with CCA. |
| 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. | |
| Availability of Materials in Multiple Languages | Percentage of utility engagements — including workshops, mailers, and community meetings — offered in multiple languages or with translation services. |
| Customer Awareness of Services/Assistance | Percent of customers in Named Communities stating that they are “somewhat aware of” or “very aware of” utility specific utility services and assistance programs. |
| Customers Who Participate in One or More Bill Assistance Programs | Unique number of low-income customers who participate in at least one bill assistance program/vetted estimate of total number of low-income customers that qualify for bill assistance. |
| Goal 3: Advancing equity in utility operations | |
| Outcome 1: Equitable and diversity-focused utility hiring, promotion, and vendor selection practices. | |
| Workplace Diversity | Percentage of employees and senior management (separately identifying: (a) C-suite employees and (b) directors and employees more senior than directors) who identify as: (i) a person of color; and/or (ii) a woman or non-binary. |
| Supplier Diversity | Percentage of suppliers that are owned by people of color, women, and other marginalized groups certified with the Washington State Office of Minority and Women’s Business Enterprises, and total dollars awarded to suppliers owned by people of color, women, and other marginalized groups certified with the Washington State Office of Minority and Women’s Business Enterprises. |

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| 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. | |
| Annual Incremental Investment Spending | Total amount of capital or operational expenditures that benefit Highly Impacted Communities or Vulnerable Populations in the current year/the amount of capital or operational expenditures that benefit Highly Impacted Communities or Vulnerable Populations in the previous year. |
| Percentage of Non-pipeline and Non-wires Alternative Spending | Total investment in non-pipeline or non-wires alternative programs targeted in Highly Impacted Communities or on Vulnerable Populations/Total investment in non-pipeline or non-wires alternative programs, separately calculated for dual fuel utilities. |
| Outcome 3: Equitable access to all utility energy programs, including those related to energy efficiency, demand response, and distributed energy resources. | |
| Equity in DER Program Enrollment | Number of customers in Named Communities or low-income customers enrolled in each utility distributed energy resource programs (providing a separate calculation for energy efficiency, electric vehicle, net metering, and demand response)/total customers enrolled in each program. |
| Equity in DER Program Spending | Separately calculated percentage of utility spending on distributed energy resources for energy efficiency, electric vehicle, net metering, demand response, and renewables that benefits Named Communities as compared to Non-named Communities. |
| 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. | |
| None selected – Hold for Policy Statement | |
| 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. | |
| Energy-related Air Quality Emissions | Annual criteria air pollutant (CO, Pb, NOx, O3, PM10, PM2.5, and SO2) and toxic air pollutant (Hg) emissions associated with utility generation, transmission, and distribution operations (including customer direct use) for the following geographies: <ul style="list-style-type: none"> • Across the utility’s service territory, • By census tract within the utility’s service territory, and • In Named vs. Non-named Communities within the utility’s service territory. |
| Utility Fleet Tailpipe Emissions Reductions | Utility vehicle fleet tailpipe emissions reductions by vehicle type (light-, medium-, and heavy-duty) that may operate in Named Communities, according to the utility’s adoption of low- and zero-emissions vehicles, using the utility’s 2022 fleet composition as baseline. |
| Outcome 2: Cost-effective alignment of load with clean energy generation and storage through load management, energy efficiency measures, and demand response. | |

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| Utility Electric Load Management Success | Energy and capacity of load reduced or shifted, and percent of load reduced or shifted, through load management activities conducted by the utility, by activity (<i>e.g.</i> , demand response versus energy efficiency). |
| DER GHG Reductions | Greenhouse gas reductions from DER programs (energy efficiency, electric vehicle, net metering, 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. | |
| Greenhouse Gas Reductions per Dollar | Greenhouse gas reductions per dollar spent on programs and investments that reduce greenhouse gas emissions. |
| Total Greenhouse Gas Emissions | Carbon intensity by CO ₂ e (metric tons of CO ₂ and CO ₂ -equivalent emissions) and CO ₂ e/customer associated with utility generation, transmission, and distribution operations (including customer direct use), and CO ₂ e/therm for gas utilities and in CO ₂ e/MWh and CO ₂ e/MW for electric utilities (dual-fuel utilities must report both separately). |

Workshop Agenda

PART 1: Getting Started

9:30 a.m. Welcome, introductions, agenda review

9:45 a.m. Goals and Ground Rules

PART 2: Review and Discuss Metrics by Outcome and Goal Area³

9:50 a.m. Resilient, reliable, and customer-focused distribution grid

10:50 a.m. BREAK

11:00 a.m. Customer affordability

12:00 p.m. LUNCH

1:00 p.m. Advancing Equity in utility operations

2:00 p.m. Environmental improvements

3:00 p.m. BREAK

PART 3: Additional Discussion as Needed

3:15 p.m. Revisit metrics or topics needing further discussion

4:30 p.m. ADJOURN

³ Times below represent the maximum initial time allotted for each goal area, with the option to move faster or to revisit outcomes needing more discussion later in the agenda. Participating organizations with multiple employees in attendance are asked to consider limiting their participation to a single representative of the organization during each goal area.

Commission headquarters will not be open to the public for in-person participation. Interested persons may listen to the meeting via Zoom by calling (253) 215-8782 and using Meeting ID 880 1641 6090 and Passcode: 723138. To participate in the meeting using Zoom on a computer or mobile device, [click here to join the meeting](#).⁴ If you wish to be placed on the interested parties contact list, please submit your request to the Commission's Records Center at records@utc.wa.gov.

If you wish to participate and need an interpreter, one will be provided at no cost to you. If you need an interpreter, please contact the Commission at least one business day prior to the meeting by calling (360) 664-1140 or by sending an email to paige.doyle@utc.wa.gov.

The Commission is committed to providing reasonable accommodations to participants with disabilities. If you need a reasonable accommodation for the workshop, please contact the Commission at least one business day prior to the workshop by calling (360) 664- 1132 or by sending an email to human_resources@utc.wa.gov. For TTY service, please call the Washington Relay Service at 1-800-833-6384 or 711.

If you have questions regarding this workshop, you may contact Policy Assistant Director Melissa Cheesman at melissa.cheesman@utc.wa.gov or (360) 489-5270.

AMANDA MAXWELL
Executive Director and Secretary

⁴ <https://utc-wa-gov.zoom.us/j/88016416090?pwd=TC9sdGpFazV3ZWxldUFTdUIZUFZJdz09>.