U-210590

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***Via UTC Web Portal***

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Sq. Loop SE
P. O. Box 47250
Lacey, Washington 98503

Re: The Energy Project Metrics Feedback, Docket U-210590

Dear Director Maxwell:

On November 30, 2022, the Washington Utilities and Transportation Commission (Commission) issued a Notice of Opportunity to File Written Comments to provide feedback on performance metrics proposed and discussed at the November 7, 2022, workshop. In this filing, the TEP is submitting feedback on the metrics discussed at the November 7, 2022, workshop. First, TEP suggests the addition of one metric not included in the Commission's notice. Then, in the table below, TEP addresses the revisions made to the proposed performance metrics at the November 7, 2022, workshop and provides feedback on ways to include the revisions into the final performance metrics.

TEP strongly encourages the Commission to add metrics that measure the total revenue, and percentage of revenue, that are collected through riders and associated mechanisms outside of a multi-year rate plan (MYRP).

The defining customer benefit of a MYRP is that the rate plan acts as a cost containment mechanism during the plan. A MYRP sets a budget for the utility, which it must meet. However, riders and other recovery mechanisms undermine that cost containment benefit by allowing the utility to increase its revenue during the MYRP. There is an incentive for the utility to pursue additional revenue outside the MYRP as those mechanisms are the only available means for growing the utility's revenue during the rate period. As more revenue flows through riders outside of the MYRP budget, there are cascading consequences for the Commission's ability to regulate and evaluate the utility's performance. First, it is harder for the Commission to determine exactly how much total revenue the utility is collecting. Second, it inhibits the Commission's ability to evaluate the utility's cost containment efforts. Put simply, it makes it harder for the Commission to ensure that the MYRP is fulfilling its core function as a cost containment mechanism. Therefore, when possible, the Commission should minimize the use of riders.

For riders the Commission determines it cannot eliminate, these metrics would track the utility's revenue, and proportion of revenue, that is not subject to the MYRP's budget and cost containment function. TEP strongly recommends that the Commission adopt metrics that measure revenue collected outside of the MYRP. TEP proposes two metrics:

- Total revenue occurring through riders and associated mechanisms not captured in the multi-year rate plan by customer class (electric and gas). At a high-level, this is calculated by summing all revenue collected through riders and other regulatory mechanisms that are not included in the MYRP revenue.

- Percentage of customers' rate increase that occur outside the multi-year rate plan by customer class (electric and gas). At a high-level, this is calculated by dividing the incremental revenue attributed to riders and mechanisms outside of the MYRP by the total incremental revenue collected through the MYRP.

Next, in the table below TEP addresses the performance metrics proposed and discussed at the November 7, 2022 workshop.

| **Metric** | **The Energy Project's Response** |
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| Goal 1, Outcome 3, Metric 7 | TEP supports the Commission's revisions to metric 7 to measure the percentage of spending in named communities instead of the percentage of projects. We agree that measuring percentage of spending in named communities is a better indication of meaningful investment in named communities and allows for the Commission to effectively track what benefits utilities are directing to named communities. |

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| Goal 2, Outcome 1, Metrics 10, 11, 12, and 13 | TEP supports the proposed revisions to Metrics 10, 11, 12, and 13 that suggest the usage of census tracts rather than zip codes. In general, using more granular localities allows for more effective and meaningful measurement of arrearages by month, customers in arrears with arrearage management plans, and customer disconnections and reconnections. While TEP generally supports the usage of census tracts over zip codes, we recognize that in certain circumstances measuring by census tract may not be optimal, and in those circumstances zip code may be more appropriate. We recommend that proposals to measure by zip code be the exception rather than the rule. |
| Goal 2, Outcome 1, Metric 12 | TEP supports measuring both the number and percentage of customers associated with disconnections and reconnections. Each is important for understanding trends. First, is the absolute number of customers being disconnected going up or down. Second, measuring the percentage of customers helps us understand how the absolute number of customers is changing relative to customer growth. |
| Goal 2, Outcome 1, Metrics 13 | TEP strongly supports the addition of measurements of the percentage and number of customers experiencing high energy burden, as well as the independent measurement of energy burden. In its Avista GRC Order in Dockets UE-220053, UG-220054, and UE-210854, the Commission adopted the energy burden metrics that measure average annual bill divided by average median income by census tract and zip code. We also strongly encourage the Commission to adopt a measurement of the actual excess burden customers are experiencing. |
| Goal 2, Outcome 3, Metric 16 | TEP supports the revisions proposed to Metric 16 to focus on customer-funded assistance dispersed year over year. |
| Goal 2, Outcome 5, Metric 18 | TEP supports a metric that measures the percentage of utility engagements offered in multiple languages and with translation services. For clarity, the Commission can improve this metric by specifically identifying which types of utility engagements to track in the metric. |

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| Goal 3, Outcome 1, Metric 22 | TEP supports the inclusion of veteran-owned businesses for measuring supplier diversity. In addition, TEP supports the revision to measure percentage of dollars awarded to identified groups instead of the percentage of suppliers that belong to identified groups. This revision serves as a better indicator of the benefits directed towards identified communities. |
| Goal 3, Outcome 2, Metric 23 | TEP agrees with the Commission that more definition and process is necessary to determine which dollars are being directed towards named communities. Allocating costs and benefits of investments which do not explicitly serve specific communities will be a challenge. Nevertheless, it is an important task for determining if the utility and the commission are ensuring the equitable distribution of the benefits and burdens of the transition to a clean energy future as required by CETA. |
| Goal 4, Outcome 1, Metric 27 | TEP strongly recommends that this metric includes all generation sources used to serve load. As the metric is currently written, utility-owned or contracted resources located outside the utility's service territory are not included. This leads to absurd outcomes and perverse incentives for the utility. For example, PacifiCorp owns Chehalis, a gas generating unit, which is used to serve its load but is located outside the utility's service territory. The emissions from this unit would not be measured under the metric's current language. It is difficult to understand why the Commission would not consider the real negative impact of the emissions of that plant on Washingtonians simply because it is not located within that utility's load service territory.<br><br>In addition, TEP recommends that the Commission include a measurement of emissions associated with unspecified resources used to serve load. TEP understands that one of the Commission's guiding principles is to measure only factors within the utility's control. Emissions from unspecified resources are within a utility's control because the utility can elect to purchase energy from specified sources instead of unspecified sources. If the Commission does not include emissions from unspecified energy in this metric, the metric will incent resource shuffling. |

We look forward to continuing to engage with the Commission and other stakeholders, as the Commission refines its list of metrics. TEP thanks the Commission for the opportunity to submit these comments. If you have any questions about these metrics, please contact Brad Cebulko at bcebulko@strategen.com or (510) 296-8481.

Very truly yours,

*/s/Yochanan Zakai*
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