



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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January 5, 2023

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By 5 p.m. on Monday, February 6, 2023)

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

TO ALL INTERESTED PERSONS:

Beginning January 1, 2022, Revised Code of Washington (RCW) 80.28.425 (2021 c 188; ESSB 5295) requires electric and natural gas companies regulated by the Washington Utilities and Transportation Commission (Commission) to include in each general rate case filing a multiyear rate plan (MYRP). The statute further requires the Commission to determine a set of performance measures that will be used to assess a utility operating under a MYRP.

Further, the Legislature directed the Commission, in Section 1 of Engrossed Substitute Senate Bill 5295,¹ 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.

Responding to the legislation, the Commission developed a work plan, sought participant feedback before reporting to the Legislature, and began Phase 1, Performance Metrics. In Phase 1, the Commission engaged in extensive public participation and incorporated comments from that engagement to define regulatory goals, desired outcomes, design principles, and identify related metrics. At the conclusion of Phase 1, the Commission will be issuing a policy statement that will provide guidance on defining regulatory goals, desired outcomes, design principles, and metrics.

¹ Section 1 of the EESB 5295 was not codified in Chapter 80.28 RCW.

The Commission continues to anticipate conducting this proceeding in multiple phases over several years. The next phase in this proceeding is Phase 2A, Establish Metrics, Review, and Reporting. In this phase we will assign metrics to investor-owned utilities, explore and identify appropriate calculations consistent with investor-owned utility's operations, and develop a participant review process, and reporting process.

In subsequent phases, the Commission intends to gather participants' input on the following:

- Regulatory applications for performance metrics developed in Phase 1, including setting performance targets and financial and non-financial incentives.
- Approaches to utility cost containment, including designing of appropriate revenue adjustments within MYRPs.
- Designing performance incentive mechanisms.
- Establishing a process for continuous review of utility performance metrics and incentives.
- Determining the adequacy of Commission basis reporting in Washington Administrative Code (WAC) 480-90-257 (natural gas) and WAC 480-100-257 (electric).

The Commission is seeking public comments on its proposed work plan for Phase 2A of this proceeding, attached to this Notice as Appendix A, as well as suggestions for further phases of this proceeding. The Commission welcomes discussion about the scope and timing of the Work Plan and recognizes that the complexity of the issues raised in the statute may require the Commission to revise the Work Plan during the process.

While the Commission seeks general feedback on the attached Work Plan, the Commission is also interested in responses to the following questions from interested persons:

1. Do you have any thoughts, concerns, or suggestions on the proposed scope or timing of Phase 2A?
2. What are the most important issues for the Commission to address in Phase 2A?
3. Do you have any other comments you would like to offer on the overall work plan ([filed on January 27, 2022](#)), including phases beyond Phase 2A, or on the development of policy under RCW 80.28.425 more generally?

WRITTEN COMMENTS

The Commission provides notice that interested persons may file comments in this Docket by 5 p.m. on Monday, February 6, 2023.

Pursuant to WAC 480-07-250(3), written comments must be submitted in electronic form, specifically in searchable .pdf format (Adobe Acrobat or comparable software). As provided in WAC 480-07-140(5), those comments must be submitted via the Commission's web portal at www.utc.wa.gov/e-filing. If you are unable to submit documents via the portal, you may submit

your comments by email to the Commission's Records Center at records@utc.wa.gov or by mailing an electronic copy to the Commission's Records Center on a flash drive, DVD, or compact disc that includes the filed document(s). Comment submissions should include:

- The docket number of this proceeding (Docket U-210590).
- The commenting party's name.
- The title and date of the comment or comments.

The Commission will post on its website all comments that are provided in electronic format. The website is located at <https://www.utc.wa.gov/casedocket/2021/210590>.

If you are unable to file your comments electronically the Commission will accept a paper document by mail.

If you need translated materials, please contact records@utc.wa.gov or call (360) 664-1234.

STAY INFORMED OF THIS PROCEEDING

Information related to this proceeding, including participant comments, will be posted on the Commission's website as it becomes available. Persons filing comments in response to this Notice will receive future communications the Commission issues in this Docket. If you do not file comments but wish to receive such information you may contact the Commission's Records Center by telephone at (360) 664-1139 or by email at records@utc.wa.gov and ask to be included on the mailing list for Docket U-210590.

When contacting the Commission, please refer to Docket U-210590 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
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If you have questions regarding this workshop, you may contact Assistant Policy Director, Melissa Cheesman, at melissa.cheesman@utc.wa.gov or (360) 489-5270.

AMANDA MAXWELL
Executive Director and Secretary