

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Initial Comments - Docket U-210590, Notice of Opportunity to Comment on Work Plan for Policy Statement on Alternatives to Traditional Cost of Service Rate Making

Dear Ms. Maxwell:

The NW Energy Coalition appreciates the opportunity to comment on the Utilities and Transportation Commission's (UTC) proposed work plan for U-210590. The NW Energy Coalition is a public interest organization focused on ensuring clean and affordable energy for all customers. Traditional cost of service rate making has allowed for utility economic return based largely on capital expenditures and load growth. However, our public policy goals and the public interest related to utility services has expanded to include environmental and social impacts. Adjusting our regulatory structure to one that is more appropriate to changing policy and technology is necessary, and we are excited to see a proceeding on this topic start in Washington State. Below, we address the questions posed.

1. *Do you have any thoughts, concerns, or suggestions on the proposed scope or timing of Phase 1?*
 - a. This may be a part of the UTC's intention as some of the opening workshops, but given the UTC's commitment to bringing more and newer voices into the process, having some level-setting and educational sessions on traditional and alternative forms of rate-making and regulation would be useful.
 - b. Only one workshop is noted on the work plan for Phase 1; we expect that additional workshops would be useful around written comment deadlines so that other stakeholders can ask questions of each other.
 - c. Given that at least two utilities will be filing multi-year rate plans in 2022—with performance metrics—we are curious how the metrics discussion of 2022 is expected to interplay with those filings.

2. *What are the most important issues for the Commission to address in Phase 1?*
 - a. A key issue for Phase 1 is how the performance metrics developed in this process are related to other metrics reported in other venues, including the new clean energy implementation plans (CEIPs) that the electric IOUs are developing.
 - b. The work plan for Phase 1 seems mostly focused on metric design; however, it is also important to lay some of the groundwork for the overall discussion on alternative forms of regulation. Providing some level of background and Commission goals for this discussion is for Phase 1: why are we evolving away from the

“traditional” regulatory structure? What are some of the key tools that can help evolve the regulatory system to one that values social and environmental impacts?

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?*

- a. We are hopeful that the related proceedings and lessons learned from other states can help avoid too lengthy of a process in Washington State. We think that the work plan lays out a steady process, with an understanding that there will need to be continuous improvement and review as utilities adapt these tools into their ratemaking; we would not recommend that the work plan be extended at this stage.
- b. It may be challenging to separate discussion of metrics from performance incentive mechanisms; we will see how the conversations progress.
- c. There may be instances where the work plan will need to be flexible to account for deeper discussions, but we think that this can be done in consultation with stakeholders as the docket moves forward.

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

- a. As noted above in Question 2, some more groundwork what the goals of this docket should be would be useful. Initial conversations were held as part of Docket U-180907, but the policy context has shifted significantly since then, such that it is worth revisiting with the UTC and stakeholders.
- b. The UTC has been doing work in recent years to involve the broader public in more UTC decisions and utility processes, and we think that this docket should continue that: reforming the regulatory structure of utilities should involve more than just the regulated. However, we know that ratemaking and utility regulation a complicated topic; it may not be a part of this docket and work plan, but we recommend that the UTC create additional materials on traditional ratemaking and possible changes.
- c. The work plan mentions performance incentive mechanisms (PIMs), but not other regulatory tools. We recommend at least some discussion of other alternate regulatory tools.

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?*

- a. We recommend that the UTC develop a clear webpage with information on this proceeding, with resources and other information. For example, Hawaii’s Public Utilities Commission has a clear website with decisions, presentations, and summaries: <https://puc.hawaii.gov/energy/pbr>

Thank you for the opportunity to comment.

Best,

/s/

Amy Wheelless
Senior Policy Associate
NW Energy Coalition