

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Alternatives to
Traditional Cost of Service Ratemaking**

DOCKET U-210590

**COMMISSION STAFF COMMENTS RESPONDING TO THE COMMISSION'S
JANUARY 5, 2023, NOTICE OF OPPORTUNITY TO COMMENT ON ITS PROPOSED
WORK PLAN FOR PHASE 2A OF THIS PROCEEDING**

February 6, 2023

Introduction

Commission staff (Staff) appreciates the opportunity to present these comments in response to the Commission's Notice of Opportunity to Comment filed January 5 in Docket U-210590. The Commission requested that comments address its proposed work plan for Phase 2A of this proceeding, including the scope and timing identified in the proposed work plan. In its notice, the Commission asks for responses to three specific questions. Staff offers responses to those three questions below.

Question 1. Do you have any thoughts, concerns, or suggestions on the proposed scope or timing of Phase 2A?

Staff supports of the Commission's choice to temporarily postpone the proceeding. This far-reaching policy docket needs slow, careful movement early in the process, to set up the Commission and its regulated companies for successfully and efficiently becoming a performance-based state. The Commission might consider hiring a consultant in the short-to-medium term to ensure the goals, outcomes, and metrics outlined in the policy statement at the conclusion of Phase 1 meaningfully correspond and are tied to each other and comprehensively cover the Commission's key regulatory goals as outlined in law and rule.

One potential concern related to timing is that the Draft Work Plan for Phase 2A highlights that a Notice for Written Comment will be filed in April 2023, but the notice of postponement says the Commission will resume work in early May 2023. In Staff's opinion, goals, outcomes, and metrics should be finalized in a policy statement, before seeking feedback as is intended in April in Phase 2A. A possible solution would be to push back the April Notice for Written Comment by a few months, which would allow 1) finalization of a policy statement, 2) enlisting a consultant to review the statement per Staff's recommendation above, and 3) giving participants adequate time to review the finalized statement.

Question 2. What are the most important issues for the Commission to address in Phase 2A?

Staff agrees with the scope of issues highlighted in the phase 2A work plan appendix filed with the most recent notice of opportunity to comment. Staff adds the following issues.

- The Commission will need to address the proper scope of incorporating equity into performance measurement. In particular:
 - What granularity of data is needed to ensure equity is incorporated into relevant goals? Staff continues to urge caution around over-reliance on measuring outcomes for named communities as a whole, as these communities themselves are diverse and shifting across utility service territories, and best defined through CETA implementation and Clean Energy Implementation Plans.

- Per Staff's comments posted December 30, are given outcomes desired for all customers, all customers but especially certain subsets, or only for certain customers?¹ Such decisions would inform the design of aggregate metrics for each identified goal or outcome, and then the design of a separate sub-metric for equity, within that goal or outcome.
- The Commission will need to address the definition of resilience and related projects, as distinct from reliability, and ensure consistency with conversations in CEIP proceedings and Docket U-210804, Staff investigation into developing a jurisdiction-specific cost-effectiveness test for distributed energy resources.²

Question 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?

Consistent with our comments in Question 1, Staff continues to believe more, and slower input is needed on the Commission's proposed goals, outcomes, and metrics. Participants at the November 7 workshop, for example, raised the concern that there were five days between the posted draft goals, outcomes, and metrics,³ and the chance for all participants to reflect and share on the proposal together, at the November 7 workshop. In line with the Commission's decision to postpone further action in the docket, Staff encourages lengthier timelines, and potentially revisiting key elements of Phase 1, in Phase 2a.

Staff looks forward to continuing to engage with all interested persons in this docket to support the Commission in moving forward on this sweeping legislation.

¹ See Staff Comments at 4.

² See Staff comments, filed December 30, 2022, in Docket U-210590, metric 7 pg. 8, "Equity in Resilience Investments."

³ See Second Notice of Virtual Workshop, filed November 2, 2022, in Docket U-210590.