



February 06, 2023

Amanda Maxwell
 Executive Director and Secretary
 Washington Utilities and Transportation Commission
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Re: Commission proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking (Phase 2A – Establish Metric, Reporting, and Review), Docket U-210590

Dear Secretary Maxwell:

Renewable Northwest (RNW) appreciates the opportunity to submit comments in response to the Washington Utilities and Transportation Commission’s (“Commission”) Jan 05, 2023 Notice of Opportunity to File Written Comment regarding alternatives to traditional cost of service ratemaking in Docket U-210590 (“Notice”). The Notice requests feedback on the Draft Work Plan for Phase 2A (“Draft Plan”), and we offer the following comments in response to the questions posed in the Notice.

Comments

1. Thoughts, concerns, or suggestions on the proposed scope or timing of Phase 2A?

Based on the conceptual questions proposed in the Draft Plan, RNW worries that moving ahead to developing calculation methodologies is putting the cart before the horse and could result in slowing down the overall process and creating more work than necessary. After reviewing the comments from other stakeholders, submitted in response to the November 30, 2022 solicitation for comments, RNW observed a number of unresolved aspects for the edited metrics, suggesting the need for additional stakeholder engagement to approach consensus. Moreover, the comments indicate the need to define a myriad of terms and processes which could impact calculation methodology.

Therefore, RNW offer the following recommendations of tasks to complete prior to delving into proposed calculations for metrics from stakeholders:

- Allocating additional time in Phase 2A to refine metrics as well as develop a comprehensive list of definitions for terms.
- Identifying any duplicity of proposed metrics and rate case metrics at the beginning of the phase so that time is not invested developing calculation methodologies for metrics that end up eliminated or consolidated due to the duplicity.
- Developing a “parking lot” for metrics that will be added in the future but are currently not feasible (e.g. data is currently not available or extremely difficult to collect). This parking lot could also be used for metrics for which no consensus can be reached in the near term and/or significant work remains. This aligns with advice given by RAP to focus on where robust data is available and adding additional metrics over time¹.

RNW would like to see Phase 2A incorporate additional iterations beyond the one in the proposed schedule. The single cycle of soliciting input, hosting a workshop, and summarizing results was not sufficient to reach significant stakeholder alignment for many of the metrics in Phase 1; RNW therefore recommends planning for a process that incorporates multiple cycles of stakeholder input and refinement of calculation methodology.

The frequency of reporting should be based on several factors including the rate of change of variables, the ease of data collection, and the lag between a utility’s action (the independent variable) and a resulting response of the output metric (the dependent variable). For example, if an output metric changes slowly over time - less frequent reporting would ease the workload for utilities; on the other hand, if an output metric changes quickly or has a high variability - more frequent reporting will be necessary in order to catch trends and ensure that there is no aliasing of data². RNW suggests a separate comment period for developing the reporting and review process once the calculation methodology and data requirements are understood by all the stakeholders.

Finally, RNW has several questions regarding the establishment of utility specific metrics:

- Will the calculation methodology be identical for all utilities or will it vary from utility to utility?
- Is there an expectation that metrics can be compared apples-to-apples between utilities even if they are not calculated the same way? Alternatively, will a utility specific calculation just be compared to its specific baseline?
- RNW requests additional clarification for what is meant by “how should the calculation results be interpreted when assessing performance” in the draft work plan.

¹ Prause, E. and J. Shipley, *Performance-Based Regulation: Considerations for the Washington Utilities and Transportation Commission*, (2022) p. 27.

² <https://www.dataphysics.com/blog/dynamic-signal-analysis/dynamic-signal-analysis-review-part-3-aliasing/>

2. *Most important issues for the Commission to address in Phase 2A?*

As mentioned above, there remain issues with a number of the metrics from Phase 1, and thus it is important to allocate time at the beginning of Phase 2A to finalize them before moving on to developing calculations for the metrics.

Additionally, data transparency is important to the docket’s success. Calculation methodologies should be based on data “that is accessible, available to the public, and up to date to remove barriers preventing stakeholders from accessing utility modeling assumptions and data”³.

3. *Other comments on the overall work plan or on the development of policy under RCW 80.28.425 more generally?*

In the overall work plan, filed on January 27, 2022⁴, Phase 2B (Multiyear Rate Plans (MYRP) Revenue Adjustment Mechanisms) is scheduled to run in parallel with Phase 2A. However, no timeline or draft work plan has been provided to stakeholders as with Phase 2A; moreover, with the postponement of the proceeding until April 2023, Phase 2B will likely not occur in parallel with Phase 2A as per the original work plan. Since utilities are already required to file MYRP (starting 1/1/2022), this phase should be prioritized in order to avoid utilities having work they are currently investing in their MYRP process become incompatible with the results of Phase 2B.

Conclusion

Renewable Northwest appreciates the Commission’s commitment to including stakeholder and utility perspectives in the development of the metrics, calculations, and reporting for Washington’s performance-based regulation policy statement, and we look forward to continued engagement in this process.

Respectfully submitted this 06th day of February, 2023,

/s/ Micha Ramsey

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³ Becker, J. Ciulla J., Felder, C., and R. Gold, *Regulatory Process Design for Decarbonization, Equity, and Innovation PUC Modernization Issue Brief Series: Purpose, People, and Process*, (July 2022) p. 26.

⁴ <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=29&year=2021&docketNumber=210590>