

Service Date: April 18, 2024



STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

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April 18, 2024

**NOTICE OF WORKSHOP AND OPPORTUNITY TO COMMENT**

(Comments due by 5 p.m. Friday, May 17, 2024)

Hybrid Workshop  
Tuesday, May 28, 2024  
9 a.m. until 12 p.m.  
By phone: (253) 215-8782  
Meeting ID: 882 0556 3775  
Passcode: 308977

Re: *Related 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:

In 2021, the Washington State Legislature passed Engrossed Substitute Senate Bill 5295, Section 1 of which directs the Commission to conduct a proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking, 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 to date has engaged in extensive public participation and incorporated comments from that engagement to define regulatory goals, desired outcomes, design principles, and identify related metrics.

On January 12, 2023, the Commission issued a notice temporarily postponing the proceeding given the press of business before the Commission and the resources necessary to consider issues and fiscal impacts from proposals in the 2023 legislative session. Additionally, the Commission anticipated resuming its work on the Phase 1 policy statement in May 2023. In the notice issued on January 12, 2023, participants were encouraged to continue to provide comments in response to the Notice of Opportunity to File Written Comments on the Phase 2A work plan issued on January 5, 2023.

On December 13, 2023, the Commission issued a notice resuming work in this docket and provided opportunity to comment. The Commission acknowledged that participants believed more work was necessary to finalize the Phase 1 proposed metrics and advised an interim policy statement would be forthcoming.

On April 12, 2024, the Commission issued the interim policy statement providing its general guidance and opinions of PBR, established guiding principles, goals, and a preferred set of metrics. The policy statement also provided an interim process for proposing, amending, or terminating metrics.

## **NOTICE OF WORKSHOP**

The Commission will convene a workshop on Tuesday, May 28, 2024, beginning at 9 a.m. and ending at 12 p.m. to continue discussions related to unresolved metric calculations and definitions. Participants are encouraged to review the Commission’s preferred metrics in Goals 1, 2, and 3 as provided in the interim policy statement as those metrics will be prioritized for discussion during the workshop. Depending on the outcome of the workshop discussions, the Commission may issue an amended policy statement or issue a Notice in this docket to finalize these initial metrics.

Due to the significant number of adjudications and other active dockets, the Commission expects any further activity in the docket will not be possible before January 2025. The Commission will issue a separate notice following the workshop to obtain feedback on the remainder of the workplan.

The Commission is seeking public comments on the metric calculations and associated definitions provided below in advance of the workshop to better facilitate discussion. As responses are developed, please bear in mind that the metrics below are considered “reported metrics” and that targets and performance mechanisms are not in development at this time. Additionally, it is the Commission’s preference that utilities provide individualized comments rather than a joint utility response to better understand distinct operational differences that may impact metric design or applicability.

The comments received to date largely agree that metrics identified in this docket do not apply to natural gas utilities. In the questions below we will ask commenters to confirm that they continue to take this position,

### **Goal 1**

#### *1. Equity in Reliability: length of power outages*

- a. Please confirm your agreement that this metric is not applicable to gas. If you do not agree, please provide your rationale for including this metric for natural gas utilities.
- b. Please confirm your agreement that the metric will be provided with and without major event days. If you do not agree, please provide your alternative position and rationale.

2. *Historically Worst Performing Circuits*
  - a. Please confirm your agreement that this metric is not applicable to natural gas utilities. If you do not agree, please provide your rationale for including this metric for natural gas utilities.
  
3. *Customers Experiencing Multiple Interruptions (CEMI) for Named and Non-named Communities*
  - a. Please provide your supported range of values and why that range is supported and the benefit(s) of that data.
  - b. Describe what can be interpreted from the values (*e.g.*, how long are the outages that are being measured, what is “multiple”).
  - c. Please confirm your agreement that this metric is not applicable to natural gas utilities. If you do not agree, please provide your rationale for including this metric for natural gas utilities.

## **Goal 2 | Customer Affordability**

4. *Arrearages by Month*<sup>1</sup>
  - a. The Commission believes that participants intend to maintain the current reporting structure of both number of customers in arrears by period and total dollars in arrears for each period.
    - i. If this is your understanding, please confirm that reporting by total number of customers per period is completed at the highest interval (*e.g.*, customer that is 61 days late is only reported in the 60+ data) and total dollars in arrears is reported in the actual interval (*e.g.*, customer that is 80 days late may have associated dollars in the 30+ and 60+ data).
    - ii. If not, please provide your understanding for this metric calculation.
  
5. *Percent of Customers in Arrears with Arrearage Management Plans*
  - a. What time period(s) should be reported (*e.g.*, 30+, 60+, 90+) or should the metric be based on a singular value specific to each utility (*e.g.*, threshold for arrearage management plan eligibility)?
    - i. Utilities: What are the threshold criteria for eligibility in your arrearage management plan?
  - b. If your response to 5(a) includes multiple reporting periods, what benefit(s) is gained from that more granular data?
  
6. *Average Energy Burden*<sup>2</sup>
  - a. More discussion is necessary related to calculating this metric for dual-fuel versus single-fuel utilities regulated by the Commission. Please provide a

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<sup>1</sup> The Commission provided guidance in its interim policy statement that census tract reporting is preferable. Utilities should be prepared to provide an update on the capability of census tract reporting during the workshop. No written response is required.

<sup>2</sup> In responding to this metric, please consider that there is currently no mechanism for utility companies to access individual household income for all customers in a reasonable or cost-efficient manner. At this stage in our proceeding, this metric may only help identify/target geographical areas of concern with priority action for Named

recommendation for how to temporarily determine an energy burden percentage for single-fuel utilities.

- b. As the transition to renewable energy resources escalates, please describe the benefit(s) of requiring reporting by combined fuel source and separately for electricity and natural gas for dual-fuel utilities. If not supported, please describe why.
- c. Please provide your recommendation for reporting by percentage, number, or both, and the rationale supporting this recommendation.
- d. Should this metric be calculated before or after all forms of energy assistance are applied to customer accounts, or some variation? Please provide your rationale.
- e. Is it feasible to require reporting on excess energy burden at this time? If so, please provide your recommended percentage to classify excess energy burden and your rationale for that recommendation. If not, please provide your rationale, and when you estimate such reporting would be feasible.

#### 7. *Net Benefits of DERs and GETs*

- a. The Commission generally agrees with Renewable Northwest's (RNW) comment that Grid Enhancing Technologies (GETs) may require a separate metric but does not anticipate resolution during the May 28 workshop. This combination metric creates additional complexity when discussing a cost-effectiveness test to apply. Would other participants agree with removing the GETs portion of this metric at this time?
- b. How should "benefits" be defined?
- c. Is there a temporary cost-effectiveness test that can be relied upon until the Commission issues guidance in Docket UE-210804?
- d. Should the metric be reported at the DER type, program, or aggregated for all DERs?
- e. Please confirm your agreement that this metric is not applicable to natural gas utilities. If you do not agree, please provide your rationale for including this metric for natural gas utilities.

#### 8. *DER Utilization*

- a. Can you confirm agreement on the revised metric calculation (energy and capacity of all applicable distributed energy resources (DERs) and percentage of that energy and capacity utilized annually)? If not, please provide your rationale.
- b. How should DERs installed for equity purposes be accounted for?
- c. Should the metric be reported at the DER type, program, or aggregated for all DERs?
- d. Do you agree with Northwest Energy Coalition's (NWEC) recommendation to revise the title to "DER Availability and Utilization" to better capture the intent of the metric design?

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communities not the individual customer needs. In the future, this metric may be amended to account for more granular household income information or data collection abilities.

- e. Please confirm your agreement that this metric is not applicable to natural gas utilities. If you do not agree, please provide your rationale for including this metric for natural gas utilities.
9. *Percent of utility assistance funds dispersed*
- a. Please confirm agreement with the revised language from “rate based” to “customer-funded” within the metric calculation. If not, please provide your rationale.
  - b. Please provide feedback on the recommendation to include a narrative discussing year-over-year variances.
    - i. Is a threshold variance for the required narrative appropriate? If so, what is your recommendation?
10. *Customers who participate in one or more bill assistance programs*
- a. Should the metric be reported as an aggregate of all bill assistance programs or by program type (e.g., specific programs or customer funded programs)?
  - b. Should the metric be modified to better evaluate bill assistance program effectiveness rather than simply reporting a number of customers? If so, what is your recommended language?
11. *Revenues associated with riders or other mechanisms outside of the Multi-Year Rate Plan (MYRP)*
- a. The Commission accepted this metric as drafted by The Energy Project in its interim policy statement to evaluate utility performance during MYRPs. This metric was also considered in the PacifiCorp 2023 general rate case. However, the Commission does provide here an opportunity for further comment as it was not explicitly discussed.

### **Goal 3 | Equitable Utility Operations**

12. *Workforce Diversity*

- a. Please confirm your support for this metric as written.

13. *Supplier Diversity*

- a. Please confirm your support for the revised calculation of: “Percentage of total annual spend dollars to suppliers that self-identify as owned by people of color, other marginalized groups, and veterans.” If not, please provide your alternative language and rationale for the revision.

14. *Equity in DER Program Enrollment*

- a. Do you support the recommendation to change “electric vehicle” to “electric transportation”?
- b. Do you support changing “enrolled” to “directly benefiting from”?
- c. Please provide a definition for DER programs for gas and electric separately. This definition would be applicable to all metrics utilizing the term DER program.

*15. Equity in DER Program Spending*

- a. Please confirm your support for this metric as written.<sup>3</sup>

**WRITTEN COMMENTS**

The Commission provides notice that interested persons may file comments in this Docket by 5 p.m. on Friday, May 17, 2024. Pursuant to Washington Administrative Code (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](http://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](mailto: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 including 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 translation materials, please contact [records@utc.wa.gov](mailto:records@utc.wa.gov) or call (360) 664-1234.

**STAY INFORMED OF THIS PROCEEDING**

Information related to this proceeding, including comments filed by interested persons, will be posted on the Commission's website as it becomes available. Persons filing comments 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](mailto:records@utc.wa.gov) and ask to be including on the mailing list for Docket U-215090.

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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<sup>3</sup> The Commission notes that RNW identified this metric as an input rather than an output in their December 2022 comments. At this time, all metrics are considered reported metrics and further refinements to better evaluate performance will be revisited in future iterations.

If you have questions regarding this proceeding or the information contained in this Notice, you may contact Amy Andrews, Accounting and Energy Policy Advisor, at (360) 664-1228 or by email at [amy.andrews@utc.wa.gov](mailto:amy.andrews@utc.wa.gov).

JEFF KILLIP  
Executive Director and Secretary