BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP dba PACIFIC POWER & LIGHT COMPANY, Respondent.	DOCKET UE-230172 *(Consolidated)*
In the Matter of ALLIANCE OF WESTERN ENERGY CONSUMERS' Petition for Order Approving Deferral of Increased Fly Ash Revenues	DOCKET UE-210852 *(Consolidated)*

RESPONSE TESTIMONY OF

BRADLEY T. CEBULKO

ON BEHALF OF THE ENERGY PROJECT

EXHIBIT BTC-1T

Performance Based Ratemaking

September 14, 2023

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BTC-2	Qualifications
BTC-3	PacifiCorp Response to The Energy Project Data Request 031: Performance Measures

I. Introduction

Q: Please state your name and business address.

A: My name is Bradley T. Cebulko. I am a Senior Manager at Strategen Consulting whose business address is 10265 Rockingham Drive, Suite #100-4061, Sacramento, CA 95827.

Q: How long have you been employed by Strategen Consulting?

A: I have been employed by Strategen since August 2021. Before Strategen, I served as a Senior Advisor to the commissioners at the Washington Utilities and Transportation Commission (WUTC).

Q: Please state your educational and professional background.

A: At Strategen, I work with a range of clients on electric and natural gas utility regulatory issues including new regulatory business models, integrated resource planning, and natural gas decarbonization.

Prior to joining Strategen in 2021, I worked at WUTC for 8 years. From 2016-2021, I was an Advisor to the commissioners of the WUTC, where I led the commissioners' review of major filings and adjudications, rulemakings, and integrated resource plans. From 2013-2016, I was an Analyst with the WUTC Commission Staff focused on electric and natural gas integrated resource planning ("IRP"), electric and natural gas energy efficiency programs, and new program design and implementation.

I have a Master's in Public Policy and Governance from the University of Washington and a Bachelor of Arts in Political Science from Colorado State University.

Q: Have you testified before the Washington Utilities and Transportation Commission?

A: Yes. While as a Regulatory Analyst with Commission Staff, I testified regarding service quality and reliability metrics in 2014 and 2015, and in 2016 on Puget Sound Energy's proposed appliance leasing program.[1] At Strategen, I have submitted testimony on behalf of The Energy Project (TEP) in Avista and Puget Sound Energy's 2022 General Rate Cases on performance measures, and on Puget Sound Energy's proposed time-of-use pilot.[2] I have also submitted testimony before the Commissions in Massachusetts, Minnesota, Michigan, Illinois, and Oregon.

Q: Please describe Strategen's work on performance-based ratemaking.

A: My team at Strategen is nationally recognized for thought leadership and expertise in regulatory innovation and performance-based regulation (PBR).

Currently, we are working with the Connecticut Public Utilities Regulatory Authority to develop a PBR framework. Through this multi-year process, we are providing technical assistance to the Authority in its investigation into appropriate performance metrics and leading the Authority's stakeholder management process. My team has also designed or participated in PBR-related proceedings across the country including in Vermont, New Hampshire, Illinois,

[1] Dkts. UE-140188 & UG-140189, *WA Util. and Transp. Comm. v. Avista Corp.*; Dkts. UE-150204 & UG-150205, *WA Util. and Transp. Comm. v. Avista Corp.*; Dkts. UE-151871 & UG-151872, *WA Util. and Transp. Comm. v. Puget Sound Energy*.

[2] Dkts. UE-220053 & UG-220054, *WA Util. and Transp. Comm. v. Avista Corp.*; Dkts. UE-220066 & UG-220067, *WA Util. and Transp. Comm. v. Puget Sound Energy*.

North Carolina, Massachusetts, Minnesota, Oklahoma, and Hawaii.

More specifically, I have been assisting TEP's participation in the WUTC's generic proceeding on performance-based ratemaking in Docket U-210590, where I have developed comments and represented TEP in workshops. I also submitted testimony on behalf of TEP in Avista and Puget Sound Energy's 2022 general rate cases on performance metrics.

Q: On whose behalf are you testifying?

A: I am testifying for The Energy Project, an intervenor in this proceeding. TEP represents low-income customers and vulnerable populations in Washington state, working with the Community Action Agencies that provide low-income energy efficiency and bill payment assistance for customers in Pacific Power's service territory.

Q: Are you sponsoring any exhibits?

A: Yes. As described in my exhibit list, I am sponsoring exhibits BTC-2 and BTC-3.

Q: Will you please summarize the purpose of your testimony?

A: I am testifying on behalf of TEP regarding the Company's proposed metrics for evaluating its performance during its proposed multi-year rate plan period.

Q: Please summarize your recommendations regarding the performance based ratemaking metrics.

A: With respects to performance metrics used for evaluating the Company's performance during the multi-year rate plan, I recommend the Commission adopt my proposed metrics that comprehensively measure the utility's performance across four regulatory goals. The proposed metrics incorporate the 10 performance metrics identified by the Commission in the Avista and Puget Sound Energy general rate case orders, draft metrics proposed by the Commission in Phase 1 of its generic proceeding, and metrics agreed to by either Avista or Puget Sound Energy in their 2022 general rate case settlement agreements.

II. Performance-Based Ratemaking in Washington

Q. Does this case address performance-based ratemaking?

A: Yes. In 2021, the legislature passed Senate Bill 5295, which encouraged the Commission and investor-owned utilities to implement multi-year rate plans (MYRP) and performance-based ratemaking (PBR).[3] After January 1, 2022, the law requires every general rate case to include a proposal for a multiyear rate plan and for the Commission to determine a set of performance metrics that it will use to assess the utility's performance during the course of the MYRP.[4] Consequently, Pacific Power must propose metrics for evaluating its performance, and the Commission is obligated to adopt performance metrics for evaluation.

Q: Did SB 5295 provide any other context for performance-based ratemaking?

A: Yes. The legislature required the Commission to conduct a proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking, including performance metrics or goals, targets, incentives, and penalties.[5] In October 2021, the Commission opened Docket U-210590 to develop a policy statement to provide clarity and certainty to stakeholders

[3] RCW 80.28.425; 2021 Wash. Laws Ch. 188 (Senate Bill 5295 or SB 5295).
[4] RCW 80.28.425(7).
[5] 2021 Wash. Laws Ch. 188, Sec. 1.

regarding alternatives to traditional cost of service ratemaking, including performance-based regulation.

Q: Has The Energy Project participated in that proceeding?

A: Yes. TEP has been deeply involved in Phase 1 of the proceeding. In April 2022, TEP filed comments identifying the regulatory goals and outcomes that should be pursued through performance-based ratemaking in Washington.[6] In June 2022, TEP filed comments that discussed how well current regulatory mechanisms accomplish the regulatory goals and outcomes identified in the first round of comments, as well as on the specific principles for designing performance metrics.[7] In September 2022, TEP filed proposed calculations for identified performance metrics[8] and submitted reply comments responding to other parties' proposed metric calculations.[9] Finally, in December 2022, TEP filed comments in response to the Commission's initial list of proposed metrics (Phase 1 Draft Metrics).[10]

Q: Please elaborate on the Phase 1 Draft Metrics the Commission proposed.

A: After extensive stakeholder outreach through written comments and workshops, the Commission identified 32 draft performance metrics grouped under four regulatory goals. The regulatory goals are:

1. Resilient, reliable, and customer-focused system

[6] Dkt. U-210590, Commission proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking, Comments of The Energy Project on Goals and Outcomes for Regulation in Washington (April 27, 2022).
[7] Dkt. U-210590, Second Comments of The Energy Project on Performance-Based Regulation in Washington (June 13, 2022).
[8] Dkt. U-210590, Second Comments of The Energy Project on Performance-Based Regulation in Washington (June 13, 2022).
[9] Dkt. U-210590, The Energy Project Proposed Metric Calculations (September 16, 2022).
[10] Dkt. U-210590, Notice of Opportunity to File Written Comments (Nov. 30, 2022).

2. Customer affordability
3. Advancing equity in utility operations
4. Environmental improvements.[11]

The Commission has not yet issued its policy statement memorializing the performance metrics.

III. Analysis of Pacific Power's Performance-Based Ratemaking Proposal

Q: What performance metrics did the Company propose as part of its general rate case?

A: The Company proposes 8 metrics as identified in Table 1 below.

Table 1: Pacific Power Proposed Performance Metrics

Measure	Total Company or Washington-Allocated	Rationale
O&M Total Expense *divided* by Operating Revenue	Washington Allocated	PacifiCorp believes that Washington-allocated amounts are more relevant to assess performance under the MYRP.
Operating Revenue *divided* by AMA Total Rate Base and Operating Revenue *divided* by EOP Total Rate Base	Washington Allocated	PacifiCorp believes that Washington-allocated amounts are more relevant to assess performance under the MYRP.
Current Assets *divided* by Current Liabilities	Total company	N/A
Operating Revenues for Return ~~Net Income~~ *divided* by ~~Operating Revenue~~ *Total Rate Base*	Washington Allocated	PacifiCorp believes that this measure provides a more informative metric to compare to the authorized rate of return.
Retained Earnings *divided* by Total Equity	Total company	N/A
Average Annual Bill Impacts (by Zip code)	N/A	N/A
Average Annual Bill *divided* by Average Median Income (by Zip code)	N/A	N/A

[11] Dkt. U-210590, Notice of Opportunity to File Written Comments (Nov. 30, 2022).

However, the Company did not propose metrics that correspond with all four regulatory goals, much less a portfolio of metrics that would help the Commission assess its performance during the MYRP. Consequently, the Company's proposal is insufficient for holistically evaluating the Company's performance during a MYRP and it should be supplemented.

Q: Why is the Company's limited set of performance metrics insufficient?

A: The Company's proposed metrics either completely ignore or insufficiently measure the utility's performance across the Commission's regulatory goals. Although the Commission has not yet issued its policy statement identifying the specific goals and metrics it will use for evaluating utility performance, these four regulatory goals are already mandated by law. Moreover, the Commission needs to establish a portfolio of metrics that holistically measure the utility's performance during the MYRP.

Q: Please elaborate on your statement that these four regulatory goals are already mandated by law?

A: The hallmark of public utility regulation is establishing customer rates that are fair, just, reasonable, and sufficient (*i.e.*, affordable).[12] The Commission develops these rates through ratemaking proceedings. Consequently, the Commission needs a portfolio of affordability metrics that measure the utility's performance for delivering affordable services both during the MYRP and from one MYRP to the next.

[12] RCW 80.28.010(1).

The Commission is also responsible for ensuring that the regulated utility is providing service that is safe and reliable.[13] Since 2001, the Commission has required the electric utilities to file reliability reports,[14] in which the Company includes mandated metrics that address customer service quality and reliability.[15] Thus, the Commission needs to establish metrics to measure the reliability and safety of the utility's service during the MYRP and from one MYRP to the next.

Q: Has the state mandated that the utility provide equitable service and improve its environmental operations?

A: Yes. In 2021, the state explicitly required the other two regulatory goals, equity and environmental stewardship, through the passage of the Clean Energy Transformation Act (CETA).[16] First, CETA requires the electric utility to transition to 100 percent carbon-neutral power by 2030 and to be 100 percent carbon free by 2045.[17] Second, CETA requires the utility to ensure the that all customers are benefiting from the transition to clean energy through the equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and Highly Impacted Communities; long-term and short-

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[13] RCW 80.28.010(2).

[14] WAC 480-100-398.

[15] Pacific Power Washington Service Quality Review, January 1 – December 31, 2022, Annual Report, https://www.utc.wa.gov/regulated-industries/utilities/energy/company-annual-reports.

[16] RCW 19.405.

[17] RCW 19.405.040.

term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency.[18]

Given the state's explicit policy goals of affordability, equity, reliability, and environmental stewardship, the Commission should have a comprehensive portfolio of metrics that measure the utility's performance across those four goals.

The Commission has also identified these same four regulatory goals in Phase 1 of its generic PBR proceeding. But the Company does not need to wait for the Commission to issue its Phase 1 policy statement to propose metrics for measuring the utility's performance across these known regulatory goals.

Q: What was the Company's justification for proposing its limited set of metrics?

A: It is not clear. Witness Mathew McVee references the 10 additional performance metrics the Commission imposed upon Avista and Puget Sound Energy in their 2022 general rate cases.[19] Pacific Power then modified one of those metrics and eliminated two which resulted in the 8 metrics the Company is proposing.

It is odd, though, that witness McVee ignored that the Commission imposed those 10 metrics in addition to the more comprehensive portfolios of metrics as agreed to in settlement by Avista and Puget Sound Energy (PSE) and which cover all four regulatory goals. McVee's testimony implies, although does not explicitly state, that the Commission was only interested in the 10 metrics it sought that were not included in the settlement.

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[18] RCW 19.405.040(8).

[19] McVee, Exh. MDM-1T at 28:6-29.

Q: Which two metrics of the 10 is Pacific Power not proposing?

A: The Company is not proposing to track the two energy burden performance metrics.

Q: Why is the Company not proposing the two energy burden performance metrics the Commission imposed upon Avista and PSE?

A: Witness McVee argues that the Company "does not readily track this information and would have to hire an outside contractor, and incur additional expense, for reporting."[20]

Q: Do you find Pacific Power's response appropriate?

A: Not at all. Pacific Power is obligated by law to ensure that all customers are benefiting from the transition to clean energy through, in part, the equitable distribution of energy and nonenergy benefits and reductions of burdens to vulnerable populations and Highly Impacted Communities.[21] CETA also obligates the utility to make programs and funding available for energy assistance with priority for low income households with a high energy burden.[22] The only way for the Commission to determine if the Company is meeting its requirement is by tracking the utility's performance using metrics. The Company is not relieved of this obligation simply because it has not historically tracked this information. Furthermore, the Company's argument that hiring an outside contractor is a significant hurdle is not compelling. In response to a discovery

[20] McVee, Exh., MDM-1T at 30:8-12.

[21] RCW 19.405.080.

[22] RCW 19.405.120.

request, the Company acknowledges that it does not know the cost of hiring an outside contractor nor has it solicited that information.[23]

Q: Has the Company conducted an Energy Burden Assessment for its service territory in Washington?

A: Yes. In 2022, in response to CETA requirements, the Company hired Empower Dataworks to conduct an Energy Burden Assessment to identify assistance need for developing programs.[24] The assessment estimated that 14 percent of households falls under 100 percent of the federal poverty limit, 35 percent under 200 percent of federal poverty limit, and 45 percent of households earn less than 80 percent of Area Median Income.[25] The assessment further examined individual census blocks to identify assistance specific-census block need.

IV. TEP's Proposed Performance Metrics

Q: Please describe your approach for developing a comprehensive portfolio of metrics to be used for evaluating the Company's performance.

A: I am proposing that the Commission adopt a comprehensive portfolio of metrics that fall under the four regulatory goals identified earlier in my testimony. The four regulatory goals are:

1. Resilient, reliable, and customer-focused system
2. Customer affordability
3. Advancing equity in utility operations

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[23] Cebulko, Exh. BTC-3, PacifiCorp Response to TEP Data Request 031.

[24] Stokes, Exh. SNS-3, Empower Dataworks, PacifiCorp Washington Energy Burden Assessment (June 2022).

[25] Stokes, Exh. SNS-3 at 15.

4. Environmental improvements.[26]

Within each regulatory goal, I identify relevant metrics that have either been proposed in the Commission's generic proceeding or were approved in Avista's or PSE's rate cases. Although I identify a full slate of performance metrics across all four regulatory goals, I focus my testimony on metrics for the first two regulatory goals: affordability and equity.

Q: In the 2022 Avista and Puget Sound Energy General Rate Cases, the Commission's Final Orders identify 10 additional metrics in addition to the settlement metrics. Does your proposed list of metrics include the Commission's identified metrics?

A: Yes. My proposed list of performance metrics includes each of the 10 metrics related to the utility's operational efficiency, company earnings, affordability, and energy burden that the Commission identified in its Avista and PSE orders.

Q: How should the Commission use your proposed performance metrics for evaluating the utility's performance during the MYRP and from one MYRP to next?

A: As I explained above, the Company has an obligation to provide affordable service, reliable service, equitable service, and to reduce its environmental impacts. The Commission must have measurements of the utility's performance in each area for conducting its evaluation of the utility's performance both during a MYRP and from one MYRP to the next. The Commission should use these metrics for determining if the utility is meeting its obligations, and if not, ordering

[26] Dkt. U-210590, Notice of Opportunity to File Written Comments (Nov. 30, 2022).

the Company to change course. The Commission should also consider using these metrics for determining the prudence of certain investments during the MYRP.

Q: What process do you propose for finalizing the metric calculations and reporting timeline?

A: I recommend that the Commission's Final Order require the Company to work with rate case parties to develop calculations and a reporting timeline for each of the metrics approved by the Commission and make a responsive filing within 45 days of the Final Order. This approach is consistent with the Commission's order in the Puget Sound Energy general rate case.[27]

A. Affordability Metrics

Q: What affordability metrics do you propose for Pacific Power?

A: Table 2 identifies 23 affordability metrics.

[27] Dkts. UE-220066 & UG-220067, Final Order 24 Rejecting Tariff Sheets; Approving Settlements, with Conditions; Authorizing and Requiring Compliance Filing, ¶ 111 (Dec. 22, 2022).

Table 2: Customer Affordability Metrics and Calculations

	Metric
1	Average annual bill, by class, and by census tract and by zip code
2	Average annual bill divided by average median income by census tract and by zip code
3	Average bill as a percentage of low-income customers' average income by census tract and by zip code
4	Total revenue occurring through riders and associated mechanisms not captured in the MYRP
5	Number and percentage of households with a high-energy burden (>6%), separately identifying known low-income, vulnerable populations, and highly-impacted communities.
6	Average excess burden per household
7	Residential arrearages by month, measured by location and demographic information (zip code/census tract, KLI customers, Vulnerable Populations, Highly Impacted Communities, and all customers in total)
8	Percentage of customers in arrears with arrearage management plan
9	Net-plant-in-service per customer
10	O&M per customer
11	Rate of annual revenue growth as compared to inflation
12	Number and percentage of residential electric disconnections for nonpayment by month, measured by location and demographic information (zip code/census tract, KLI customers, Vulnerable Populations, Highly Impacted Communities, and for all customers in total)
13	Number and percentage of low-income customers who participate in bill assistance programs
14	Share of bill assistance customers who are in Highly Impacted Communities or are members of vulnerable populations
15	Percentage of customer-funded utility assistance dispersed
16	CEIP incremental cost
17	Ratemaking return on common equity
18	Utility credit ratings
19	O&M Total Expense divided by Operating Revenue
20	Operating Revenue divided by AMA Total Rate Base, and Operating Revenue divided by EOP Total Rate Base
21	Current Assets divided by Current Liabilities
22	Net Income divided by Operating Revenue
23	Retained Earnings divided by Total Equity

Q: Why do you propose metrics 1 and 2 that measure average annual bills?

A: As stated earlier, the hallmark of public utility regulation is to establish customer rates that are fair, just, reasonable, and sufficient. Moreover, customers first and foremost care about the amount of their energy bills. Tracking the average customer bill from year-to-year within a MYRP, and year-over-year from MYRP to MYRP, is necessary for determining if the utility's rates are affordable. Metrics 1 and 2 provide critical information for establishing the fairness and affordability of rates. Metrics 1 and 2 are also consistent with metrics approved for Avista and PSE.

Q: Please explain why you propose metric 3, average bill as a percentage of low-income customers' average income by census track.

A: The purpose of this metric is to understand the year-over-year relationship between a low-income household's income and the average annual electric bill. It is important to understand if electric bills are increasing at a rate higher or lower than household income so the Commission can track the impact on vulnerable populations of the clean energy transition. Measuring by census tract allows for the Commission, utility, and other stakeholders to identify Highly Impacted Communities and vulnerable populations where electric bills have a disproportionate financial impact, which can then be cross referenced with other reported metrics as needed. The Commission also imposed this metric upon Avista and PSE in their most recent rate cases.

Q: Why do you propose metric 4, total revenue occurring through riders and associated mechanisms not captured in the MYRP?

A: All regulation is incentive regulation. If the Commission establishes a MYRP but also allows cost recovery outside of the plan, there is an incentive for the utility to try to increase the revenue it recovers outside of the MYRP. It is important that the Commission and public can readily measure and understand costs that are being imposed upon customers, and impacting their bills, that are occurring outside a MYRP. Consequently, this metric is essential for measuring the affordability of the Company's service during a MYRP.

Q: Please explain metric 5, Number and percentage of households with a high-energy burden (>6%), separately identifying known low-income, vulnerable populations, and highly-impacted communities.

A: The purpose of this metric is to track households who are experiencing energy burden year-over-year during the MYRP and from one MYRP to the next. It is important to track both the absolute number and percentage of households, as both are necessary to give the Commission an understanding of the extent of energy burden and the success of the Company's programs to reduce energy burden. For example, it is possible that the absolute number of energy burdened customers declines while the percentage of energy burdened customers increases. Both Avista and PSE agreed to track this metric in their settlements.

Q: Please explain metric 6, which tracks average excess burden per household.

A: Excess burden is the amount of money that a customer spends on energy in excess of 6 percent of their household income. This metric will help the Commission and the utility understand the relative need of energy burdened customers for appropriately sizing the Company's energy assistance programs.

Q: Please explain metrics 7 and 8, which measures monthly residential arrearages and the percentage of customers in arrears that are in an arrearage management plan.

A: Low-income and energy burdened customers are the most likely to fall into arrears. When this occurs, it is important for the household, and the general customer base, for the household to get it into an arrearage management plan. It is incumbent upon the utility to identify and facilitate the enrollment of those customers in an arrearage management plan. The purpose of these two metrics is to measure the success of the Company getting those customers into an arrearage management plan.

Q: Does PacifiCorp offer customers an arrangement management plan today?

A: No. As explained in the testimony of Shaylee N. Stokes, TEP proposes that PacifiCorp work with its low-income advisory group to design and implement an arrearage management plan.[28] Accordingly, the Company would report zero percent of customers enrolled until this program launches.

Q: Please explain metric 9, number and percentage of (1) disconnect notices, (2) residential disconnections for nonpayment, and (3) reconnection, each broken out by month and census tract, for known low-income households,

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[28] Stokes, Exh. SNS-1T at 10-13.

Highly Impacted Communities, and vulnerable populations, separately.

A: The purpose of this metric is to measure the Company's performance for reducing the number of disconnection notices and its performance for reconnecting households. These metrics are necessary for ensuring that the utility is reducing the economic burdens to vulnerable populations.

Q: Please explain metrics 10-11, net-plant-in service per customer and O&M per customer.

A: The purpose of these two metrics is to help identify the cost drivers of customers' bills. Recognizing relative changes in each metric will help the Commission understand the overall pace of spending by the utility.

Q: Please explain metric 12, which measures the Company's annual revenue growth relative to inflation.

A: Measuring cost increases relative to the rate of inflation is a common approach for understanding the relative impact of the cost increases for households. This metric will help the Commission assess the reasonableness of the utility's rates and rate requests both during the MYRP and from one MYRP to the next.

Q: Why do you propose to track metrics 13-15, which measure the Company's energy assistance programs?

A: As mentioned, the Company has an obligation to make programs and funding available for energy assistance with priority for low-income households with a high energy burden. These three metrics will help the Commission assess if the Company is succeeding in its obligation, and if all customers are benefiting from the programs.

Q: Please explain why you are proposing metric 16, CEIP incremental cost?

A: This metric was proposed by the Commission in its generic proceeding and will help the Commission assess the cost of the Company's compliance with CETA.

Q: Please explain the purpose of metrics 17 and 18.

A: Metric 17 measures the utility's ratemaking return on common equity, which will help the Commission evaluate the relative affordability of the utility's service over time, and across utilities. Metric 18 measures the utility's credit rating. This is an important indicator for assessing the reasonableness of the utility's cost of capital proposal, one of the largest rate drivers.

Q: Please explain the purpose of metrics 19-23.

A: Metrics 19 through 23 are metrics ordered by the Commission in the most recent Avista and PSE's general rate cases. The Commission determined that it needed these metrics for evaluating the utilities' operations.

B. Equity Metrics

Q: Turning to the equity metrics, what do you recommend?

A: I recommend that the Commission adopt 13 metrics to measure equity in utility service, identified in Table 3 below.

Table 3: Advancing Equity in Utility Operations

	Metric
1	Percentage of customers that participate in energy efficiency programs
2	Percentage of low-income customers that participate in demand response, distributed energy resources, or renewable energy utility programs
3	Percentage of utility energy efficiency program spending that benefits Highly Impacted Communities and vulnerable populations
4	Percentage of utility spending on demand response, distributed energy resources, and renewable that benefits Highly Impacted Communities and vulnerable populations
5	Percentage of low-income customers that participate in utility electric vehicle programs, by program
6	Percentage of utility electric vehicle program spending that benefits Highly Impacted Communities or vulnerable populations
7	Percentage of utility-owned and supported EVSE by use case located within and/or providing direct benefits and services to Highly Impacted Communities or vulnerable populations
8	Number and location of Public Charging Stations located in highly-impacted communities
9	Annual incremental investment spending each year, separately, for the following customer groups: low-income, vulnerable populations, and highly-impacted communities.
10	Number of residential appliance and equipment rebates provided to customers residing in highly-impacted communities and the number of residential rebates provided to customers residing in rental units
11	Percentage of employees and senior management (separately identifying: (a) C-suite employees and (b) directors and employees more senior than directors) who identify as: (i) a person of color; and/or (ii) a woman or non-binary.
12	Percentage of dollars awarded to suppliers self-identifying as owned by people of color, women, and other marginalized groups of total dollars awarded to suppliers.
13	Percentage of total investment in non-wires alternative programs targeted in Highly Impacted Communities or Vulnerable Populations.

Q: Please explain why you are proposing metrics focused on measuring the utility's performance for advancing equity in its operations?

A: As stated earlier, the Company has a legal obligation to ensure that the benefits and burdens of the energy transition are equitably shared. Furthermore, the Commission has identified Advancing Equity in Utility Operations as one of its regulatory goals in Phase 1 of the generic proceeding. Like with the affordability metrics, my goal is to build a portfolio of metrics that measure the utility's performance for achieving its obligations. Also like with the affordability metrics, I derived this portfolio of metrics from the Commission's draft Phase 1 metrics in its generic proceeding, as well as from the Avista and PSE rate cases.

Q: Please elaborate on why you are proposing metrics 1-10, which measure the utility's spending programmatic spending on low income, vulnerable populations, and Highly Impacted Communities.

A: These metrics capture the utility's programmatic investments in energy efficiency, demand response, distributed energy resources, transportation electrification, and renewable generation. Rather than focus on the total amount invested into programs for customers in Highly Impacted Communities and vulnerable populations, I am recommending that the Commission measure the relative share of programmatic spending as part of all Company investments as it is a better measurement than total revenue of 1) the equitable distribution of energy and non-energy benefits and 2) the reduction of burdens as required by law.[29]

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[29] RCW 19.405.040(8).

Q: In the generic proceeding, the Commission has identified a preference for metrics that measure outputs rather than inputs and actions that are within the control of the utility. Metric 8 measures the number and location of Public Charging Stations located in Highly Impacted Communities, which is in large part outside the control of the utility. Why do you propose metric 8?

A: I strongly support the Commission's preference for metrics that measure the outcomes of the utility's actions rather than its intentions and I similarly have a preference for metrics that measure actions largely within the control of the utility. However, there are times the Commission should consider an exception, such as in this case. The market has been slow to develop electric vehicle infrastructure in historically marginalized communities. This is where the regulated electric utility, which has an obligation to equitably serve its community, has an opportunity to invest where the market has not. This metric will help assess how many, and where, all Public Charging Stations are located, which will in turn help the Commission and Company determine if the utility needs to increase its investment.

Q: Please explain metrics 11 and 12.

A: An important component of ensuring that all people are benefiting from the transition to clean energy is examining the utility's internal hiring practices, as well as encouraging the utility to expand its network of suppliers, particularly with historically marginalized communities. The Commission also proposed these two metrics as draft metrics in Phase 1 of its generic proceeding.

Q: Metric 13 measures the percentage of spending on non-wires alternatives occurring in Highly Impacted Communities and on vulnerable populations. What is a non-wires alternative (NWA), and how can the Commission measure NWA's benefits in Highly Impacted Communities and for vulnerable populations?

A: A non-wires alternative is any targeted investment or activity that is intended to defer, reduce, or remove the need to construct or upgrade components of an electrical grid system, or "wires investment." NWAs can reduce costs, improve safety, and decrease emissions. The resources used to develop NWAs are, in-large part, beneficial demand- and supply-side resources like energy efficiency and distributed energy resources. To ensure that all customers are benefiting from the transition to a decarbonizing economy, I am proposing that the utility track the percentage of its NWA spending that occurs with and for the benefit of customers in Highly Impacted Communities and vulnerable populations.

C. Other Metrics

Q: Are there other metrics outside "Customer Affordability" and "Advancing Equity in Utility Operations" that you recommend the Commission consider?

A: Yes. As stated earlier, TEP recommends that the Commission adopt regulatory goals for "Resilient, Reliable, and Customer-focused Distribution System," and "Advance Societal Outcomes." Like the portfolio of metrics for the other two goals, these portfolios are compiled from the Commission's generic proceeding and the Avista and PSE general rate case settlements.

Table 5: Resilient, Reliable, and Customer-focused Distribution System

	Metric
1	SAIDI excluding IEEE-defined major events, by census tract
2	SAIDI all outages, by census tract
3	SAIDI excluding IEEE-defined major events in Highly Impacted Communities, by census tract
4	SAIDI all outages in Highly Impacted Communities, by census tract
5	SAIFI excluding IEEE-defined major events, by census tract
6	SAIFI all outages, by census tract
7	SAIFI excluding IEEE-defined major events in Highly Impacted Communities, by census tract
8	SAIFI all outages in Highly Impacted Communities, by census tract
9	CAIDI by feeder classification
10	CAIDI in Highly Impacted Communities, by census tract
11	CEMI IEEE Standard 1366P-2003, by census track
12	CEMI IEEE Standard 1366P-2003 in Highly Impacted Communities, by census tract
13	CEMIMax by census tract
14	CEMI10 by census tract
15	Total Outage Hours by census tract
16	The 10 worst performing circuits in any given year separately by both frequency and duration. In addition, of the 10 worst performing circuits (separately by frequency and duration), the number of years over the past five years that a circuit has appeared on the list.
17	Average and median length (in minutes) of power outages per year, separately calculating Named and Non-named Communities for comparison
18	Percent of proposed spending on resilience projects in Named Communities that are completed every year.
19	Customers Experiencing Long Duration Outages (CELID) for Named and Non-named Communities
20	Peak Load management savings (MW)
21	Peak load management savings attributable to residential customers
22	Annual energy efficiency savings (MWh)
23	Number of EV Chargers Used in Managed Load Programs or TOU Rates (Single-Family Residential)
24	Number of EV Chargers Used in Managed Load Programs or TOU Rates (Fleet)
25	Energy and capacity of load reduced or shifted, and percent of load reduced or shifted, through load management activities conducted through EV tariffs
26	Percentage of known EVSE in load management programs

Table 6: Advance Societal Outcomes

	Metric
1	Greenhouse gas reductions per dollar on programs and investments that reduce greenhouse gas emissions
2	Total greenhouse gas emissions from energy delivery systems, including Company-owned operations and purchased power
3	Carbon intensity: CO2e/MWh and CO2e/MW
4	Annual criteria air pollutant (CO, Pb, NOx, O3, PM10, PM2.5, and SO2) and toxic air pollutant (Hg) emissions associated with utility generation (including purchased power from generation not owned by the Company), transmission, and distribution operations.
5	Annual PM 2.5 emissions from energy delivery system, including purchased power
6	Utility vehicle fleet tailpipe emissions and other impact (e.g., noise) reductions by vehicle type (light-, medium-, and heavy duty) that may/regularly operate in Named Communities.
7	Percentage of customers in service territory that use electricity for heating

V. Conclusion

Q: Please summarize your recommendations.

A: I recommend the Commission adopt my proposed metrics that comprehensively measure the utility's performance across four regulatory goals. The proposed metrics incorporate the 10 performance metrics identified by the Commission in the Avista and Puget Sound Energy general rate case orders, draft metrics proposed by the Commission in Phase 1 of its generic proceeding, and metrics agreed to by either Avista or Puget Sound Energy in their 2022 general rate case settlement agreements.

Q: Does this conclude your testimony?

A: Yes.