

## *Cost of Service Generic Proceeding*

### *Meeting Agenda*

February 8, 2017

In Docket UE-160228, the Commission directed Staff to “initiate ... a collaborative effort with interested stakeholders ... to more clearly define the scope and expected outcomes of, as well as a reasonable procedural schedule for, generic cost of service proceedings that will provide an opportunity to establish greater clarity and some degree of uniformity in cost of service studies going forward.”

#### I. Introductions & Review of Purpose

Recently, it has become common practice to settle cost of service out of general rate cases. The continued settlement of cost of service has allowed us to defer serious deliberation and led to a policy vacuum regarding several key issues. Meanwhile, the widespread adoption and advancement of Distributed Energy Resources, Decoupling mechanisms, Demand Response programs, Advanced Metering Infrastructure, and Net Metering Programs (among other changes) have begun to change the cost landscape of the industry. Accordingly, perspectives on the appropriate allocation of class costs have also begun to evolve. A generic proceeding could help establish an updated framework for how we apply the principle of cost causation and how we determine how costs should be allocated. Through this proceeding, we can also begin to separate out the identification and assignment of costs from other policy objectives.

#### II. Identification of Scope

- 1) Limited to discussing the parameters of cost of service and not to address issues of rate design or rate spread.
- 2) Identify similarities and differences among IOU's in Washington sufficient to produce:
  - a. An overall methodology for each service (electric and natural gas)
  - b. Principles regarding the use of different data points in cost of service
  - c. Parameters on delivery, energy, and customer related costs

- 3) Articulate uniform principles of cost of service
- 4) Other Ideas?

### III. Discussion of Preferred Outcome or Goal

Several options exist including but not limited to an Order by the Commission, Policy Statement, Settlement Presentation, or a White Paper.

### IV. Logistics and Procedural Detail

#### 1) Collaboration and Formal Proceedings

A first step is to compile questions and issues that can be resolved by the Generic Proceeding. This list would become the focal point of the formal process, depending on the goal decided above.

#### 2) Possible Timeline

|                                |  |
|--------------------------------|--|
| April 2017 – December 2017     | Collaborative Process                          |
| December 2017                  | Issues list published                          |
| May 2018                       | Stakeholder Initial Filing(s)                  |
| July 2018                      | Stakeholder Response (if needed)               |
| September 1 – October 31, 2018 | Hearings, Final, and Rebuttal Oral Briefings   |
| December 31, 2018              | Commission issues Final Order/Policy Statement |

### V. Future Meetings