U-210590

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Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop S.E.
Lacey, Washington 98503

RE: Docket U-210590—PacifiCorp's Comments and Proposed Metrics

I. Introduction

The Washington Utilities and Transportation Commission (Commission) requested comments in this proceeding to further comment on the metrics and specific questions that have been identified in the recent policy statement and Notice issued April 18, 2024. PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) provides these comments responding to that notice.

As stated in PacifiCorp's previously filed comments, the Company supports performance metrics that are simple, effective, and flexible enough to be tailored to the individual circumstances of each utility. PacifiCorp additionally feels it is important to provide some additional comments on the overarching structure of metrics that may be chosen in any performance-based ratemaking scheme adopted by the Commission. Specifically, PacifiCorp recommends that any metrics developed through this process work to complement each other and work to create better cohesion and reduce administrative burdens with regards to this process and other existing reporting and metrics that are already collected and provided to the Commission, like those provided in the Clean Energy Implementation Plan. As the Commission and stakeholders continue this process, PacifiCorp would appreciate if the following factors were used when evaluating individual metrics:

- Cohesion: Metrics should not be operated at cross-purposes with other metrics, nor should metrics be designed differently or work at cross-purposes with existing activities that are ongoing. For example, an energy efficiency or demand-side management (DSM) metric that is adopted and used to evaluate a performance outcome should complement and not oppose goals or outcomes that are being pursued through existing energy efficiency and DSM goals that have been developed with stakeholders through existing advisory groups.

- Specificity: All utilities do not need the same metrics, nor do they need to be set the same way for all utilities. Each utility in Washington has a unique customer base and each company has different strengths and different challenges. PacifiCorp operates in six states with about 8 percent of its customers in Washington. Additionally, the needs of customers in Yakima or Walla Walla for PacifiCorp differ significantly from the customers of utilities in the larger cities or more densely packed urban areas of Washington.

- Efficiency: Metrics should promote administrative efficiency for utilities, stakeholders, and the Commission. Utilities, stakeholders, and the Commission are all constrained by limited resources. The development of overly complex metrics that attempt to measure or achieve an extremely specific outcome can place an undue burden on both the utilities collecting the data and the stakeholders evaluating the data. The outcomes identified in the July workshop are broad, and the process of identifying outcomes is necessarily targeted. The targeted and specific nature of a metric should not impede a broader or more qualitive approach to the policy goal from being achieved.

PacifiCorp views this process of performance-based ratemaking as the integration of existing policies and metrics into a single unified regulatory structure, and not as simply another layer of regulation to place on utilities.

II. Response to Questions

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.*

        PacifiCorp is not a natural gas service provider and does not have a position on this issue.

    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.*

        PacifiCorp will provide this metric including and excluding major event days.

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.*

        PacifiCorp is not a natural gas service provider and does not have a position on this issue.

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.*

PacifiCorp is currently reviewing-its outage and customer data systems to calculate the range of CEMI for Named and Non-Named communities.

The benefit of CEMI is that it provides value as one potential supplemental dataset to indicate customer impacts associated with a higher frequency of outages.

b. *Describe what can be interpreted from the values (e.g., how long are the outages that are being measured, what is "multiple").*

   The Customers Experiencing Multiple Interruptions (CEMI) metric in reliability engineering quantifies the number of customers who have experienced more than a certain number of sustained power interruptions within a year. The term "multiple" refers to this threshold, which can vary based on utility standards or regulatory requirements.

   A sustained outage, as per the IEEE-1366/2022 standard, is any interruption lasting more than five minutes, although some utilities or jurisdictions may use a shorter duration.

   The CEMI value provides insights into the reliability of the power supply:

   i. A high CEMI value indicates a significant percentage of customers are experiencing multiple interruptions, suggesting potential issues with power reliability in certain areas.

   ii. A low CEMI value suggests most customers are experiencing few or no interruptions, indicating a reliable power supply.

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.*

   PacifiCorp is not a natural gas service provider and does not have a position on this issue.

Goal 2 | Customer Affordability

4. *Arrearages by Month*
   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).*

This is the Company's expectation. PacifiCorp's reporting in Docket U-200281 allows for a single customer to be counted in multiple arrearage intervals so the total customers in arrears by period is higher than the overall total of customers in arrears. To report customers by arrears in the highest data interval will require additional steps and represent a change to the current process, however, this distinction should be feasible to produce.

ii. *If not, please provide your understanding for this metric calculation.*

N/A

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?*

      PacifiCorp does not currently have an arrearage management plan in Washington, but has agreed to discuss the creation of a low-income arrearage management plan with its low-income advisory group and its equity advisory group as part of the settlement in its 2023 general rate case. The details for eligibility will be part of the discussion with the low-income advisory group.

   b. *If your response to 5(a) includes multiple reporting periods, what benefit(s) is gained from that more granular data?*

   N/A

6. *Average Energy Burden*
   a. *More discussion is necessary related to calculating this metric for dual-fuel versus single-fuel utilities regulated by the Commission. Please provide a recommendation for how to temporarily determine an energy burden percentage for single-fuel utilities.*

   Energy burden is the customer annual housing energy costs divided by the estimated annual household income. PacifiCorp does have customer billing information but does not know or document customer income. Even if PacifiCorp did document customer income it would become outdated very quickly. Therefore, it is necessary to use regularly conducted surveys, census data, and other data tools, such as the Department of Energy's Low-Income Energy Affordability Data (LEAD) tool to estimate and cross-reference customers' energy burden. In aggregating these results and aligning them with our service area, PacifiCorp excludes natural gas expenditures as PacifiCorp does not know the amount of natural gas used within customer homes.

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.*

PacifiCorp is not a dual fuel utility and offers no comments on this matter.

c. *Please provide your recommendation for reporting by percentage, number, or both, and the rationale supporting this recommendation.*

PacifiCorp produces estimates of both the percentage and number of energy burden customers within our service area based on survey results.

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.*

PacifiCorp believes that the metric should be calculated after all forms of energy assistance and bill discounts are applied to customer accounts. As mentioned above, energy burden is the customer annual housing energy costs divided by the estimated annual household income, and energy assistance sources directly reduce customer energy burden. A utility can have some influence on energy burden by helping to connect customers to energy assistance. If energy burden does not include energy assistance, it becomes a less actionable metric for the utility.

e. *Is it feasible to require reporting on <u>excess</u> 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.*

PacifiCorp is reporting average excess burden per household using available information. Average Excess Energy Burden is calculated as the difference between energy burden for those who meet the definition of energy burden and the threshold of energy burden, 6%. Only those customers who meet or exceed 6% of their annual household income spent on energy bills are considered for this metric.

Like the energy burden calculation, it is necessary to use regularly conducted surveys, census data, and other data tools, such as the Department of Energy's Low-Income Energy Affordability Data (LEAD) tool to estimate and cross-reference customers' energy burden.

It is not possible for the Company to make a completely precise calculation for individual customers because income information is not available for each customer in PacifiCorp's billing system. Further, PacifiCorp has significant concerns with collecting, owning, and maintaining this level of customer-specific private information.

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?*

      Yes.

   b. *How should "benefits" be defined?*

      Benefits should be defined as quantifiable and attributable impacts that accrue to customers from their investments of funds for programs. Benefits that accrue to customers can be societal, utility, or direct participant benefits. Regardless, benefits should have a connection to the funders of distributed energy resource (DER) programs and incentives.

   c. *Is there a temporary cost-effectiveness test that can be relied upon until the Commission issues guidance in Docket UE-210804?*

      The Company would recommend that the Commission continue to evaluate DER investments using the current total resource cost (TRC) and utility cost test (UCT) cost-effectiveness test frameworks until guidance in Docket UE-210804 is completed.

   d. *Should the metric be reported at the DER type, program, or aggregated for all DERs?*

      Reporting by DER type and program seems reasonable as it provides insight into the various cost and impacts of a particular DER without being overly granular or time consuming to produce. This would be aligned with similar methods of reporting used for energy efficiency and demand response.

   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.*

      PacifiCorp is not a natural gas service provider and does not have a position on this issue.

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.*

   The Company generally agrees with the revised metric calculation. Some energy efficiency measures, such as those offered through midstream programs, do not have a site associated with them and therefore would need to be excluded from this type of analysis.

   b. *How should DERs installed for equity purposes be accounted for?*

   To the extent that it is practical, DERs installed for equity purposes should be tracked as a separate category of DER in programs. Cost-effectiveness should be evaluated with and without equity focused DERs to evaluate their impact.

   c. *Should the metric be reported at the DER type, program, or aggregated for all DERs?*

   Reporting by DER type and program seems reasonable as it provides insight into the various cost and impacts of a particular DER without being overly granular or time consuming to produce. This would be aligned with similar methods of reporting being used for energy efficiency and demand response.

   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?*

   Yes

   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.*

   PacifiCorp is not a natural gas service provider and does not have a position on this issue.

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.*

PacifiCorp's low-income bill assistance program is customer-funded through a separate tariff rider and aligns with the proposed language in this metric.

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?*

      It is likely that there are significant variables outside the utility's knowledge or control that affect the dispersal of bill assistance funds, but the utility can report on variables that are known when presenting data for this metric.

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)?*

       PacifiCorp is able to report on both aggregate and specific program information, depending on the Commission's intent for metric. If the Commission is looking to track how much assistance is received, then aggregate information may provide a more helpful view. However, if the Commission is hoping to understand how each specific program is working, then program-specific data would be required.

    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?*

       PacifiCorp does not have a readily available metric that helps define 'effectiveness' in this context.

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.*

       The Commission imposed this metric in PacifiCorp's 2023 general rate case, and PacifiCorp is able to provide this information. The Company, however, is unclear on the intent for tracking this specific metric, as the decision to include costs in base rates or separate mechanism is driven by many factors such as policy, transparency, volatility, and timing.

Goal 3 | Equitable Utility Operations

12. Workforce Diversity

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

PacifiCorp has concerns regarding this metric because it requires the disclosure of personal information that employees should have a choice to disclose.

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.*

Self-identification may require additional tracking and administrative efforts to maintain this metric. It would reduce administrative burden and increase clarity if this metric was based on a Washington database, with taxpayer ID included, so that the information can be cross-referenced with our current suppliers to enable efficient and verified reporting.

14. Equity in DER Program Enrollment

a. *Do you support the recommendation to change "electric vehicle" to "electric transportation"?*

PacifiCorp may support a broader view of electric transportation, however, it might be necessary to gain a better understanding of how the Commission is choosing to define electric transportation.

b. *Do you support changing "enrolled" to "directly benefiting from"?*

This change would make this metric much more difficult to provide, because it can be extremely hard to define and then identify the direct benefits of a particular program. For example, if there is a public charging station placed in a low-income area, how can you individually identify all the benefits and/or beneficiaries of this investment?

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.*

Grid enhancing technologies as defined by U.S. DOE, are technologies that maximize the transmission of electricity across the existing system through a family of technologies that include sensors, power flow control devices, and analytical tools. DER Technologies are defined in RCW 19.405.020 as:

> "*[N]onemitting electric generation or renewable resource or program that reduces electric demand, manages the level or timing of electricity consumption, or provides storage, electric energy, capacity, or ancillary services to an electric utility and that is located on the distribution system, any subsystem of the distribution system, or behind the customer meter, including conservation and energy efficiency*."

It is entirely possible and likely that these types of technologies go through different cost-benefit valuation procedures and processes in comparison to DERs. Our understanding is that the current cost-benefit analysis docket is limited to DER analysis. It is unclear whether it is appropriate or not for grid-enhancing technologies to be subject to the same cost-effectiveness parameters and requirements as DERs and whether that level of granularity is even applicable for grid enhancing technologies.

d. *Please confirm your support for this metric as written.*

PacifiCorp has concerns that this metric may not capture all the benefits to named and non-named communities, or that separating those benefits may be difficult to convey in a quantitative metric. DER benefits could accrue to specific distribution circuits which may not easily be delineated into names and non-named communities. These difficulties make creating a definable metric administratively complex and difficult to maintain.

III. Additional Comments on Metrics

Metric 5 – Wildfire Avoidance

This metric should not be described as Number of Utility-caused wildfires, but it should be utility-impacted ignitions. Causation information is often not available. PacifiCorp suggests that ignition metrics used by Oregon and California could be used here. PacifiCorp recommends a review of Oregon Administrative Rule 860-024-0050(3)(b), which describes reporting for fires associated with utility facilities.

IV. Conclusion

PacifiCorp has continually supported the core principle of providing safe and reliable service with affordable rates. PacifiCorp supports the use of new regulatory mechanisms to the extent they help the Company meet these goals.

PacifiCorp remains committed to extensively participating in this proceeding and working with the Commission and stakeholders through this process. PacifiCorp further appreciates the continued opportunity to provide written comments as this proceeding continues.

Sincerely,

/s/

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