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Jeff Killip, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

**Re: Relating to the Commission’s proceeding to develop a policy statement addressing alternatives to traditional cost of service rate making, Docket U-210590, Comments of Puget Sound Energy (May 17, 2024)**

Dear Executive Director Killip,

Puget Sound Energy (“PSE”) appreciates the opportunity to provide the following comments to the Washington Utilities and Transportation Commission (“Commission”) in response to the April 18, 2024, Notice of Workshop and Notice of Opportunity to Comment (“Notice”) issued in this Docket U-210590.

Docket U-210590 was opened in compliance with Section 1 of the Engrossed Substitute Senate Bill 5295 (codified as RCW 80.28.425), which directs the Commission “to conduct a proceeding to develop a policy statement addressing alternatives to traditional cost of service rate making, including performance measures or goals, targets, performance incentives, and penalty mechanisms.” Phase 1 of this proceeding seeks to establish design principles, regulatory goals, and outcomes related to performance-based regulation, as well as identify performance metrics.

Prior to issuing the Notice, on April 12, 2024, the Commission issued an Interim Policy Statement in this docket providing the Commission’s preferred set of metrics, principles, goals, and outcomes resulting from Phase 1 workshops with interested parties in 2022.

The Notice includes a list of questions on some of the Commission’s preferred metrics in Goals 1, 2, and 3, which the Notice stated will be prioritized for discussion during the workshop on Tuesday, May 28<sup>th</sup>, 2024.

PSE provides the following general comments, followed by comments on specific metrics and responses to specific questions in the Notice.

## **I. General Comments**

This proceeding has been ongoing since 2021, with some periods of inactivity due to Commission workload concerns. In the meantime, PSE completed a 2022 General Rate Case (GRC) with a multi-party settlement which resulted in an extensive list of performance metrics for PSE, on which PSE has been reporting annually for its 2023-2024 multi-year rate plan (MYRP) period. In PSE's 2022 GRC, the Commission in its order also assigned an additional set of 10 metrics, related to operational efficiency, company earnings, affordability, and energy burden.<sup>1</sup> In Avista's 2022 GRC, the Commission also assigned these additional 10 metrics for reporting.<sup>2</sup> However, many of the metrics assigned in those cases do not appear in the list of preferred MYRP metrics provided in the Notice. PSE requests that the Commission clarify whether these metrics continue to be useful to the Commission and whether they will be required going forward.

This question is indicative of a broader question that should be considered regarding the intent and purpose for the metrics being established in Phase 1 of this proceeding. Clearly, the metrics are intended to evaluate a utility's performance over the period of a MYRP. However, it is important to consider the target audience for these metrics. Is it the Commission, interested parties or customers of the utility? The Commission and parties to a GRC arguably need more information than a set of 10-20 metrics, but there are processes in place for additional discovery of data and information through testimony and data requests. In the Interim Policy Statement, the Commission expresses a preference "that all reported metrics be readily available, easily located, and presented in an organized and accessible fashion on the utilities' respective websites."<sup>3</sup> This indicates that the metrics are meant not only for the Commission and parties to a general rate case, but also, and perhaps more specifically, for customers and the general public to understand

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<sup>1</sup> UE-220066 et al. Commission Final Order 24/10 (December 22, 2022) on PSE's 2022 GRC. Table 4, MYRP Performance Measures and Outcomes, at p. 33.

<sup>2</sup> UE-220053 et al. Commission Final Order 10/04 (December 12, 2022) on Avista's 2022 GRC. Table 8, MYRP Performance Measures and Outcomes, at p. 70.

<sup>3</sup> U-210590, Commission's Interim Policy Statement Addressing Performance Measures and Goals, Targets, Performance Incentives, and Penalty Mechanisms (April 12, 2024), at p. 12, para 30.

utility performance. If this is the case, then the metrics must be simple, clear and easily understandable by the general public. Several of the metrics proposed in the notice do not meet this intent and do not seem suitable for customer-facing website display.

In the Interim Policy Statement's Table 1, the Commission provided a list of 12 guiding principles for metric development. The first principle is "directly related to policy goals and the public interest," and the description for this guiding principle starts with: "All metrics will clearly communicate the regulatory goal and desired outcome and describe how the public interest will be met." However, the list of preferred metrics that the Commission provided in its Interim Policy Statement in paragraphs 43-47, while they include regulatory goals, do not include descriptions of desired outcome and how the public interest will be met. Appendix A provides the list of 32 draft metrics with comments and concerns raised during the November 7, 2023 workshop. While Appendix A includes information about how draft metrics would be or could be calculated, it does not include information about metrics' outcomes and description of how the public interest will be met with the specific metric. PSE recommends that an amended policy statement should include clear communication about each metric's objectives (more specific than the overall larger goal section descriptions currently provided as Goals 1-4), each metric's desired outcome and a description regarding how the metric meets public interest, per the first guiding principle. Without an understanding of the desired outcome and how each metric is intended to help meet the public interest, PSE finds it challenging to provide suggestions for metric calculations in certain instances.

Furthermore, some of these reporting metrics as written currently and overall may not be appropriate to become performance incentive metrics for utilities. The Commission's Interim Policy Statement explains that:

"There are generally three levels of performance metrics: (1) reported metrics, (2) scorecard or target metrics, and (3) performance metrics."<sup>4</sup> and

"All Phase 1 metrics of this proceeding shall be considered reported metrics until such time that an adequate baseline of data is obtained, and the Commission determines, either through this proceeding or a MYRP, that

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<sup>4</sup> U-210590, Commission's Interim Policy Statement Addressing Performance Measures and Goals, Targets, Performance Incentives, and Penalty Mechanisms (April 12, 2024), at p. 12, para 26.

advancement to the target level is appropriate. The Commission also recognizes that not all metrics will advance beyond the reported metrics stage.”<sup>5</sup>

To this end, PSE reiterates the need for thoughtful consideration of the objectives of each of these reported metrics at this stage, especially given that some of them might advance to become performance incentive metrics. Clearly identified objectives of each metric would dictate how it should be calculated in order to establish a metric that is straightforward and clearly understood and whose baselines and trends would be meaningful to drive the desired outcomes.

Finally, regarding metrics that consider equity by looking at data for Named Communities, PSE suggests reporting on Named Communities by focusing on both highly impacted communities (HIC) and customers in high vulnerability (High VP) populations. By defining named communities via these two criteria, PSE will be reporting on the delivery of services and benefits to customers prioritized for energy equity efforts. PSE proposes defining and reporting on named communities through three independent subsets: HIC only, High VP only, and Both HIC and High VP. This breakdown will prevent double counting of participation or benefits for customers who are in both HIC and High VP because the individual group counts have overlap and cannot be added without potential double counting.

## **II. Specific Comments on Commission’s Recommended Metrics**

In this section, PSE provides comments on the recommended metrics from the Interim Policy Statement for which the Notice<sup>6</sup> has specific questions and one for which no questions were asked. PSE filed a 2024 GRC this year, in which PSE proposed a unique set of performance metrics based on learnings from reporting and interested party feedback on the 2022 GRC metrics. In many instances, PSE recommends these 2024 GRC proposed metrics as replacement metrics for the ones set forth in the Interim Policy Statement.

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<sup>5</sup> See *id.*, at para 30.

<sup>6</sup> Not all of the recommended metrics included in the Interim Policy Statement were enumerated in the Notice, so the numbers in the following section do not match the numbering in the Notice.

**A) Goal 1** *includes metrics to demonstrate resilient, reliable, and customer-focused utility distribution systems.*<sup>7</sup>

Overall, for Goal 1 metrics, PSE recommends using the SAIDI<sup>8</sup> and SAIFI<sup>9</sup> reliability metrics proposed in PSE's 2024 GRC.<sup>10</sup> These metrics provide more quality control than other metrics that rely on individual customer data at a device level location. Furthermore, PSE is able to report both SAIDI and SAIFI broken down for Named Communities and non-named communities, as some metrics in Goal 1 request, which would provide both higher quality reliability metrics and the ability for equity analysis.

**(1) Equity in Reliability: length of power outages (Metric 3)**

- 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.*

PSE agrees that this metric is not applicable to gas.

- 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.*

PSE agrees that this metric may be provided with and without major event days. Major event days should be determined consistently with the utility's method of SAIDI reporting, developed in accordance with IEEE Standard 1366.

However, PSE recommends reporting without major event days. PSE is proposing in its current 2024 GRC filing that exclusion criteria for metrics measuring reliability be modified to remove interruptions and durations associated with scheduled outages, prohibited access and Public Safety Power Shutoffs (PSPS) to better measure true

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<sup>7</sup> The Commission selected 4 preferred metrics for this goal in the Interim Policy Statement, but posed questions on three of these four in the Notice.

<sup>8</sup> PSE's proposed Service Quality Index (SQI) #3 in 2024 GRC is **SAIDI Excluding IEEE-Defined Major Events Adjusted to Exclude Catastrophic Days** (Annual average duration of sustained interruptions per customers for interruptions on outages five minutes or longer excluding major event and catastrophic days).

<sup>9</sup> PSE's proposed SQI #4 in 2024 GRC is **SAIFI Excluding IEEE-Defined Major Events Adjusted to Exclude Catastrophic Days** (Annual average frequency of sustained interruptions per customers for interruptions on outages five minutes or longer excluding major event and catastrophic days).

<sup>10</sup> For more information about PSE's proposed SQI#3 – SAIDI and SQI#4 - SAIFI, see the Revised Prefiled Direct Testimony of David J. Landers, Exh. DJL-1Tr, filed in PSE's 2024 GRC (UE-240004 et al) on March 4, 2024.

reliability performance during non-extreme unplanned events, not resilience during extreme events when PSE's ability to respond is encumbered.

PSE's additional comments on "Metric 3":

Even though it is not specified in the Notice or the Commission's list of preferred metrics on page 15 (paragraph 43) in the Interim Policy Statement, PSE is presuming that the Commission's intent is to require Metric 3 reporting in aggregate and separately for Named Communities and non-named communities, as the description of this metric states so in Appendix A: Draft Metrics of the Interim Policy Statement (at page 19).

Additional clarification is needed for what is intended by "average length (in minutes) of power outages per year." In trying to understand how this metric differs from industry standard SAIDI reporting, is it intended that this metric will track the duration of each system outage event, which may impact a variable number of customers that could be large or small, to enable comparison of system outage events between Named Communities and non-named communities, or is the intent to track the length of every unique outage experienced by each individual customer, from which an average is calculated and median identified? If the intent is the later, existing SAIDI metrics reported per IEEE Standard 1366 provide an average interruption duration (length in minutes) per customer and can be calculated separately for customers in Named Communities and customers in non-named communities.

Standard SAIDI reporting includes only sustained interruptions, which are interruptions longer than five minutes. Is there an intent for this metric to include momentary interruptions as well, defined as an interruption of five minutes or less in duration? If so, PSE does not currently track outages less than five minutes or less in duration. PSE does not currently track outages less than five minutes or calculate MAIFI (momentary average interruption frequency index) therefore additional investment in outage tracking methods would be required to include momentary interruptions.

If analyzing outage events for comparison, the average length of outage events alone, without consideration of the quantity of customers impacted, provides limited insight into the impact of outage events on net customer experiences. A system “outage length” is calculated from time of first customer out to time of last customer restored; some customers impacted by the outage event may have different experiences as partial restorations may occur.

It is also important to note that electric distribution circuits commonly cross boundaries of identified Named Communities. Therefore, circuit-level analysis and reporting of reliability metrics that distinguish between Named Communities and non-named communities will have an inherent level of inaccuracy as customers of both classifications will often be served by a common circuit. The spatial nature of the circuit and named community adds distortion to the goal of equitable service. Disaggregation at the customer level (CAIDI/CEMI) provides more clarity in the measurement around equitable and reliable service for Named Communities. For example, if CIR-11 serves 100 customers, and 10 of them are in high vulnerability but the rest are in low vulnerability, does the SAIDI/SAIFI for that circuit populate towards high or low vulnerability SAIDI/SAIFI metrics? Conversely if CIR-12 has 100 customers and 90 are high vulnerability and 10 are low vulnerability, how is this metric allowing us to compare the level of service to our Named Communities?

Finally, calculation of a new metric in addition to current standard SAIDI reporting that involves analysis of each individual customer’s experience for each outage occurrence throughout the reporting period is data intensive.

***(2) Historically Worst Performing Circuits (Metric 4)***

- 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.*

PSE agrees that this metric is not applicable to gas.

PSE's additional questions and comments regarding "Metric 4":

PSE has a number of questions for the calculation methodology of this metric:

- Are the 10 worst performing circuits, reported separately by frequency and duration, to be identified by results of analysis at the circuit-level performed following IEEE Standard 1366 SAIFI (frequency) and SAIDI (duration) calculations consistent with the utility's current SAIFI and SAIFI reporting methodology?
- Should the top 10 lists be developed excluding major event days?
- Is there a benefit to indicating whether circuits on the top 10 lists serve customers within Named Communities?
- If so, some circuits cross the boundaries of Named Communities and non-named communities, therefore would a percent of customers in Named Communities served by each of the identified circuits be necessary as well?
- Changes in methodology over time may influence which circuits appear on the list. Is it intended performance reported over the five-year period will be calculated for each year utilizing the most-recent reporting methodology, i.e. calculations performed in previous years under a differing methodology would be repeated with current methodology to enable consistent analysis and review of performance trends?

***(3) Customers Experiencing Multiple Interruptions (CEMI) for Named and Non-named Communities (Metric 8);***

PSE recommends use of the following a standard reliability metric in place of metric 8: SQI #3 – SAIDI Excluding IEEE-Defined Major Events Adjusted to Exclude Catastrophic Days, calculated as: annual average duration of sustained interruptions per customers for interruptions on outages five minutes or longer excluding major event and catastrophic days.<sup>11</sup> PSE proposed this metric in its 2024 GRC.

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<sup>11</sup> For more information about PSE's proposed SQI#3 – SAIDI, see the Revised Prefiled Direct Testimony of David J. Landers, Exh. DJL-1Tr, filed in PSE's 2024 GRC (UE-240004 et al) on March 4, 2024, pp. 48-52.



- a. *Please provide your supported range of values and why that range is supported and the benefit(s) of that data.*

As agreed to in Order 29 of consolidated Dockets UE-072300 and UG-07230, in 2018, PSE began tracking and reporting CEMI for a range of 0 to 11 or more sustained Non-Major Event Day (“Non-MED”) interruptions. The quantity of customers experiencing more than 10 outages per year is very low (<1%), therefore, a range beyond 11 outages per year provides little additional insight. This reporting can be modified to provide results for both named and non-named communities.

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

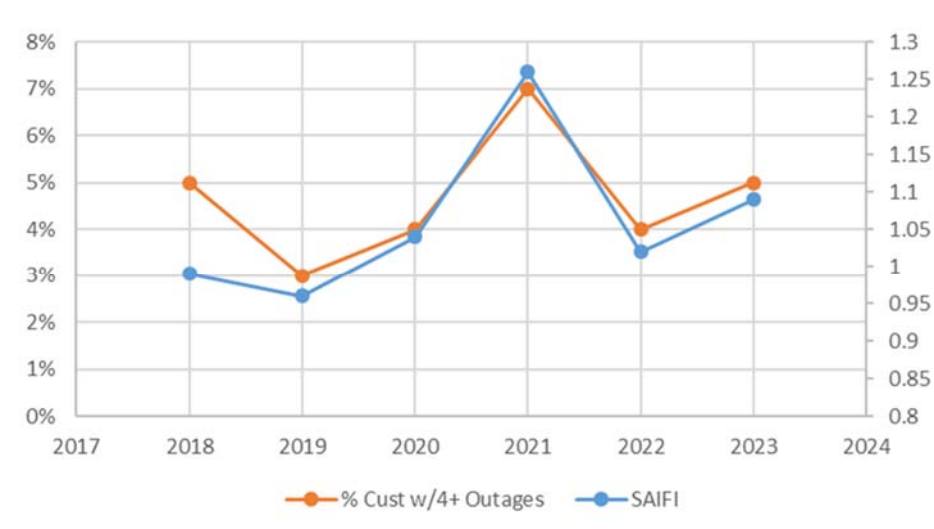
The values indicate the ratio of individual customers experiencing zero to 11 or more sustained non-MED outages in a year. As discussed in PSE’s 2023 Service Quality Program and Electric Service Reliability Filing on March 28, 2024 under docket UE-072300, this metric is primarily used to identify specific pockets of customers experiencing poor reliability that might not surface at system-wide or circuit level metrics.

CEMI is one of the Poorest Performing Circuits (“PPC”) criteria PSE uses in planning electric service reliability projects. In this process, the latest three-year span of circuits with customers experiencing 6 or more interruptions in a single year are flagged for review. The CEMI data, along with other PPC information, helps identify projects that will improve reliability for customers experiencing multiple interruptions.

PSE utilizes a CEMI range versus a threshold for conducting reliability reviews. This provides additional insight that could be masked if reviewing only a single CEMI value, such as quantity of customers experiencing more than three sustained interruptions during an annual reporting period. For example, a large number of customers experiencing a few outages, or a few customers

experiencing a lot of outages can produce the same metric result when looking at a single point value of CEMI.

In reviewing outage data spanning 2018-2023, a CEMI metric of customers experiencing more than three interruptions has a 90% correlation with reported non-MED SAIFI, as shown in the table below. Therefore, a single-threshold CEMI metric may provide little additional insight over existing SAIFI reporting.



The graph above shows correlation between SAIFI and CEMI reporting for customers experiencing more than three sustained interruptions. PSE considers “multiple” outages to be unique interruptions that have occurred with more than five minutes of separation from a previous outage event.

- 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.*

PSE agrees that this metric is not applicable to gas.

***(4) Customers Experiencing Long Duration Outages (CELID) for Named and Non-named Communities (Metric 9)***

This metric did not have specific questions in the Notice, but it was in the list of Commission’s four (4) preferred metrics for Goal 1.<sup>12</sup> PSE recommends replacing metric 9 with the comparable metric proposed in PSE’s 2024 GRC: SQI #4 – SAIFI Excluding IEEE-Defined Major Events Adjusted to Exclude Catastrophic Days, calculated as the annual average frequency of sustained interruptions per customers for interruptions on outages five minutes or longer excluding major event and catastrophic days.

Metric 9 as proposed in the Interim Policy Statement has not been previously utilized by PSE, therefore, data to support a recommended range of reporting is not readily available. Similar to the CEMI metric range of reporting, once the upper end of the range contains a small percentage of customers, little additional insight is provided from additional increments. Per IEEE Standard 1366, CELID can be calculated based on total annual outage duration per customer or based on duration of each sustained outage experienced by a customer within the reporting period.

***B) Goal 2 includes metrics related to customer affordability.***

PSE supports the use of Census Tract or Census Block Group rather than ZIP code for all arrearage data reporting (specifically, “Metric 10” and “Metric 11” below). In its 2022 GRC MYRP annual reporting, PSE is required to provide some environmental, affordability, energy burden, and equity data at ZIP code level and at census tract levels. Some of PSE’s arrearage reporting in U-200281 also uses ZIP code level. However, ZIP code is not a meaningful geographic feature by which to examine arrearage differences. In addition, ZIP codes are differing population sizes due to different population density.

However, reporting arrearages by time-period bins and by census tract or census block group is a large amount of data. PSE questions whether this level of detail is useful for the general public or posting on a website and recommends aggregating totals rather than geographic breakdowns for general reporting (e.g., customer-facing utility website).

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<sup>12</sup> U-210590, Commission’s Interim Policy Statement Addressing Performance Measures and Goals, Targets, Performance Incentives, and Penalty Mechanisms (April 12, 2024), at p. 15, para 43.

***(1) Arrearages by month (Metric 10)***

- 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.*

Currently, PSE reports (per U-200281) monthly past-due balance amounts broken down by customer class and by low-income status for the following time spans of: 31-60 days, 61-90 days, 91+ days, and total arrearages.<sup>13</sup> Therefore, PSE confirms that reporting by total number of customers per period is completed at the highest interval (e.g., customer that is 61 days late would be only reported in the 60+ data, or in PSE's reporting in U-200281 – in the 61-90 days). PSE also confirms that reporting for 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; or in PSE's reporting in U-200281 that would be in the 31-60 days and 61-90 days reporting). Moving forward, PSE advocates for reporting arrearage metrics through the time-period bins structure found in U-200281, but at Census Tract or Census Block Group level instead of ZIP Code. PSE requests that the Commission select one place/docket for reporting of Arrearages by month reporting metric data.

***(2) Percent of Customers in Arrears with Arrearage Management Plans (Metric 11)***

In its Commerce Biennial Energy Assistance (EA) reports (pursuant RCW 19.405.120 and filed in Docket UE-200269), PSE reports on the number of electric customers (electric only and combined-electric) who participate in each of PSE's energy assistance programs, and the program costs (direct benefits to electric customers and administrative costs). In PSE's 2024 EA report, which covered calendar years 2022 and 2023, PSE reported on two (out of six) energy assistance programs that provided assistance

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<sup>13</sup> See for example PSE's latest arrearage report for March 2024 in Docket U-200781, filed on April 30, 2024.

with arrearage balances: PSE Temporary Arrearage Management Plan (AMP) and Warm Home Fund (WHF). The Commerce Biennial EA report also includes information about participation rate of these programs as a percentage of eligible (income-qualified) customer population. As PSE noted in its general comments to Goal 2 regarding arrearage metrics with a geographic component, PSE recommends using census tract or census block group instead of ZIP code, and to aggregate to totals for general reporting.

- 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)?*

Currently, PSE reports (per U-200281) monthly past-due balance amounts broken down by customer class and by low-income status for the following time spans of: 31-60 days, 61-90 days, 91+ days, and total arrearages.<sup>14</sup>

However, for this Metric 11, PSE would recommend reporting a singular value specific to PSE's arrearage management program (AMP) eligibility without having to break down by time periods of arrearages. For example, for a reporting period (e.g., calendar year or program year), PSE could report one number for the percent of customers in arrears who also participated in PSE's AMP program, instead of reporting by past-due balances' time period. Reporting this particular metric by "vintage" of arrearages would be more complicated than reporting a single metric value, as when a customer joins an AMP, their arrearage vintage composition would change over the period of participation in the AMP.

- i. *Utilities: What are the threshold criteria for eligibility in your arrearage management plan?*

PSE's Temporary Arrearage Management Plan (AMP), which has been in effect since October 1, 2023, and PSE's long-term AMP program, which is planned to launch on October 1, 2024, have the same income eligibility as PSE's Home Energy Lifeline Program (HELP) energy assistance program. HELP's eligibility is based on a household's gross monthly income (income before any deductions or taxes), number

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<sup>14</sup> See for example PSE's latest arrearage report for March 2024 in Docket U-200781, filed on April 30, 2024.

of people in the household and where the customer resides. To qualify, the customer's household income needs to be equal to or less than 200% Federal Poverty Level or 80% of area (county) median income, whichever is higher.<sup>15</sup> This income eligibility reflects the CETA definition of low-income (RCW 19.405.020 and administrative rule WAC 194-40-030): household incomes that do not exceed the higher of eighty percent of area median income or two hundred percent of federal poverty level, adjusted for household size.

PSE's Temporary AMP program currently in effect does not have any specific threshold criteria based on the size of past-due balances or their time periods. The Temporary AMP benefit is limited to \$500 per customer, with no minimum.

PSE's long-term AMP program, which is currently still under development, has a draft element that the minimum arrearage amount must be \$300 because less than this amount would not make sense for a 12-month program. This minimum could change during the final stages of program development. PSE's planned AMP program has a draft element that the arrearage must be at least 30 days old. To qualify, a customer must also have received PSE HELP in the current program year and be enrolled in PSE's Bill Discount Rate.

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

Not applicable, as PSE recommends reporting this metric as a singular value specific to PSE's customers participating in PSE's AMP.

### ***(3) Average Energy Burden (Metric 13)***

If reporting energy burden as a stand-alone metric, PSE recommends reporting the median energy burden rather than "annual average residential bill / average area median income," as is currently requested per Table 4 (MYRP Performance Metrics) in PSE's 2022

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<sup>15</sup> See PSE's Assistance Programs Home Energy Lifeline Program (HELP) program webpage, last accessed May 17, 2024, available at <https://www.pse.com/en/account-and-billing/assistance-programs/HELP>.

GRC MYRP annual reporting.<sup>16</sup> PSE would also recommend using the same methodology for all fuel types, since PSE's energy burden estimation<sup>17</sup> applies to all fuel types.

- 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.*

Please see the information contained in PSE's 2022 Energy Burden Analysis<sup>18</sup> for a discussion of how PSE calculates energy burden for single-fuel customers.

- 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.*

PSE advocates reporting energy burden the same way for all our customers, regardless of fuel type, since PSE's Energy Burden Analysis methodology takes fuel type into account.<sup>19</sup>

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

PSE advocates for reporting the percentage of customers who are energy-burdened (i.e., with energy burden greater than 6%, as established by the Washington Department of Commerce<sup>20</sup>). PSE's customer count fluctuates, and therefore the number of energy-burdened customers could increase or decrease accordingly even if the percentage of energy-burdened customers stays constant.

- 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.*

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<sup>16</sup> UE-220066 et al. Commission Final Order 24/10 (December 22, 2022) on PSE's 2022 GRC. Table 4, MYRP Performance Measures and Outcomes, at p. 33.

<sup>17</sup> See PSE's 2022 Energy Burden Analysis, filed as the Revised Second Exhibit to Revised Prefiled Direct Testimony of Birud D. Jhaveri, Exh. BDJ-3r, in PSE's 2024 GRC (UE-240004 et al.) on March 4, 2024.

<sup>18</sup> See *id.*

<sup>19</sup> See *id.*

<sup>20</sup> Washington Department of Commerce, *Guidelines for RCW 19.405.120*, Version 03.09.202, available at <https://www.commerce.wa.gov/wp-content/uploads/2020/03/Guidelines-for-19.405.120.pdf>.

PSE's proposed (in PSE's 2024 GRC) **energy burden efficacy metric**<sup>21</sup> would take into account the pre- versus post-assistance energy burden.

- 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.*

Yes, PSE can report excess energy burden. PSE proposes to report this as PSE's proportion of energy assistance need (EAN), defined in RCW 19.405.020. Pursuant RCW 19.405.120, PSE already reports PSE's proportion of EAN in its biennial energy assistance reports to the Washington State Department of Commerce, and PSE files these reports with the UTC in Docket UE-200269.

#### ***(4) Net Benefits of DERs and GETs (Metric 14)***

Currently, in PSE's 2024 GRC, PSE proposed the metric Number of Customers Served by PSE's DER programs,<sup>22</sup> calculated as the annual number of customers served by PSE's DER Programs. PSE recommends using this metric in place of Metric 14, at least until net benefits can be defined. PSE is also supportive of the Commission identifying a standardized methodology for calculating net present value (NPV) or other non-energy indicators for DERs.

- 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?*

PSE agrees we need a definition of what is included as a Grid Enhancing Technology and more time to develop a thoughtful metric. PSE supports removing the GETs portion of metric 14 at this time.

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<sup>21</sup> For more information about PSE's proposed energy burden efficacy metric, see the Prefiled Direct Testimony of Troy A. Hutson, Exh. TAH-1T, filed in PSE's 2024 GRC (UE-240004 et al) on February 15, 2024.

<sup>22</sup> For more information, see the Prefiled Direct Testimony of Aaron A. August, Exh. AAA-1T, filed in PSE's 2024 GRC (UE-240004 et al) on February 15, 2024, at pp. 28-30.



*b. How should “benefits” be defined?*

For DERs, PSE suggests benefits come in the form of reduced energy burden/monetary credit and/or greater reliability for an individual or organization. They can also come from a greater sense of energy autonomy. However, it is clear that more thought is required to determine how these benefits would be identified, tracked and measured.

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

PSE is not aware of any. PSE would also be concerned about what would be deemed a reasonable cost effectiveness test in the context of this metric development rather than within the fuller scope of Docket UE-210804.

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

The metric should be one portfolio-level or summation-level aggregate metric. Any calculations should be consistent metrics that disaggregate by Named Communities as well. Utility Clean Energy Implementation Plans (CEIPs) and Biennial Conservation Potential (BCP) reports include more detailed metrics.

*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.*

PSE confirms that this metric is not applicable to natural gas utilities.

**(5) DER Utilization (Metric 15)**

*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.*

PSE needs more clarification regarding “utilization”. Whose utilization is being counted? Is this MWh just the sum of net metered energy? If not, how would PSE account for production from community solar, battery storage, electric vehicles, etc.? PSE cannot measure how much of a behind-the-meter solar project was utilized by the customer. PSE can

only measure total system capacity, expected annual output based on location, and energy exported to the grid. For front of the meter projects (e.g., community solar), PSE can measure installed capacity, total MWh output, and total subscribed MWhs.

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

DERs installed for equity purposes should be measured as total installed capacity dedicated to serving members of a Named Community, and providing direct benefit.

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

Same as participation metric, above – PSE recommends one portfolio-level or summation-level aggregate metric.

*d. Do you agree with Northwest Energy Coalition’s (NWECC) recommendation to revise the title to “DER Availability and Utilization” to better capture the intent of the metric design?*

PSE agrees.

*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.*

PSE agrees.

**(6) Percent of Utility Assistance Funds Dispersed (Metric 16)**

PSE has questions regarding how metric 16 is calculated. Utility programs do not all align with a calendar year for enrollment or budget. Will utilities be able to report based on their program years? Also, will this be reported by program and/or total? Will this be reported for electric and gas customers separately or together?

PSE recommends utilization of the metric Energy Burden Efficacy instead of the currently proposed Metric 16. PSE proposes in its 2024 GRC to calculate the Energy Burden Efficacy metric as median percentage reduction in energy burden from energy assistance,

among high energy burden customers who receive energy assistance.<sup>23</sup> This would measure PSE's performance in reducing the energy burden of customers provided the benefit of energy assistance. PSE considers this a sentinel metric in assessing whether PSE is equitably distributing this energy benefit and helping to lessen the economic pressure of being in an energy-burdened status.

- a. *Please confirm agreement with the revised language from “rate based” to “customer-funded” within the metric calculation. If not, please provide your rationale.*

Yes, PSE agrees as “customer-funded” captures more program types and would be easier for customers to understand. Additionally, the phrase change to “customer-funded” would be more inclusive of assistance programs. PSE has programs that are funded through rates and also has a customer donation funded program.

- b. *Please provide feedback on the recommendation to include a narrative discussing year-over-year variances.*

PSE agrees that including a narrative would be a good opportunity to provide context.

- iii. *Is a threshold variance for the required narrative appropriate? If so, what is your recommendation?*

Setting a threshold so that it does not have to be provided regardless of the year over year change seems appropriate but PSE does not have a proposed threshold.

**(7) Customers Who Participate in One or More Bill Assistance Programs (Metric 20)**

- 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)?*

In its Commerce biennial energy assistance (EA) reports (pursuant RCW 19.405.120 and filed in Docket UE-200269), PSE reports on the number of electric customers (electric only and combined-electric) who participate in each of PSE's energy assistance programs, and the program costs (direct benefits to electric customers and

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<sup>23</sup> For more information about PSE's proposed energy burden efficacy metric, see the Prefiled Direct Testimony of Troy A. Hutson, Exh. TAH-1T, filed in PSE's 2024 GRC (UE-240004 et al) on February 15, 2024, at pp. 41-46.

administrative costs). In PSE’s 2024 EA report which covered calendar years 2022 and 2023, PSE reported on its six energy assistance programs:

1. PSE Home Weatherization Assistance Program (WAP)
2. PSE Home Energy Lifeline Program (HELP)
3. PSE Temporary Arrearage Management Plan (AMP)
4. PSE Warm Home Fund (WHF)
5. PSE Bill Discount Rate (BDR)
6. PSE Income-Eligible Community Solar

The Commerce biennial report also includes information about funding source of each EA program.

This “Metric 20” uses the term “bill assistance program” – does it mean PSE would not include its low-income weatherization assistance program, even though it provides benefits for income-qualified customers and reduces their energy burdens long-term? Additionally, would this metric capture the energy assistance direct benefits related to arrearage balance reduction? PSE’s Temporary AMP and WHF programs provide arrearage assistance.

For this “Metric 20,” PSE recommends reporting on the aggregate of all energy assistance programs because most of PSE’s customers who participate in one energy assistance program will participate in more than one. Dividing by program means that a single customer could be represented in those counts more than once. With aggregation – the metric would count a customer once even if they participated in multiple programs, and even if they received a discount on both their electric and gas bills.

- 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?*

Yes. Instead of looking at just a number of customers in energy assistance programs, PSE recommends the Energy Assistance Delivery Depth metric proposed in its 2024 GRC, calculated as percentage of high energy burden customers who received

energy assistance. The higher the value for this metric, the greater the success PSE is achieving at directing its energy assistance resources to its customers most in need of economic benefits. Conversely, a lower score indicates PSE should consider adjustments in its energy assistance delivery in order to be in alignment with Clean Energy Transformation Act (CETA) goals.<sup>24</sup>

**(8) Revenues associated with riders or other mechanisms outside of the MYRP (TEP Proposed)**

- 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.*

PSE questions this metric's utility for the Commission due to the inherent link between revenue amounts and the utility's size. Consequently, conducting a meaningful comparative analysis may pose challenges. A more insightful approach might involve framing the calculation as a percentage of total revenues and benchmarking against other utilities. Additionally, achieving consistency in the calculation requires clarification on what constitutes rider versus MYRP and base revenues. It's important to note that power costs are embedded in MYRP rates, so determining how to consider PCORC (which is ultimately absorbed into base rates) or PCA imbalances is crucial. Unlike power cost, PGA on the gas side is not included in base rates, leading to a larger portion of revenues outside of MYRP and base revenues resulting in increased volatility in the metric. Without standardization and clear definitions, comparing and contrasting utilities may prove very difficult.

Regarding the second aspect, the concept of calculating a percentage of customers' rate increase outside the MYRP is confusing. The statement mentions dividing the incremental revenue attributed to riders and mechanisms outside of the MYRP by the total incremental revenue collected through the MYRP. However, this calculation's purpose and the insights it aims to provide are not entirely clear. It seems disconnected from the recommended concept of determining the percentage of customers' rate increase

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<sup>24</sup>

*See id.*

occurring outside the MYRP. PSE does not believe revenue received through tracker/rider tariff schedules that were approved by the Commission in a MYRP should be treated differently than any other cost recovering tariff schedules approved by the Commission in a MYRP. All the tariff schedules were approved by the Commission; and all the tariff schedules were approved in the context of the MYRP, they should be viewed and treated the same. In most cases the tracker/rider tariff schedules were proposed and agreed upon by multiple parties in the MYRP or ordered by the Commission to track programs/costs separate from base rates. Any subsequent changes to those tracker/rider tariff schedules are also subject to Commission approval and customer noticing rules. Clarification on this calculation would be helpful for better understanding.

**C) Goal 3 promotes metrics to evaluate equity in utility operations.**

**(1) Workplace Diversity (Metric 21)**

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

PSE can support this metric as written, but PSE would recommend also adding category “(c) the remaining workforce” for the workplace diversity metric in order to provide this information for all employees. The following is how PSE would categorize metric 21 calculations:

- (a) C-suite employees (for PSE this would be all Officers which are Vice President and above) who identify as:
  - (i) a person of color, %; and/or
  - (ii) a woman or non-binary, %.
  
- (b) Directors and employees more senior than directors (for PSE this would be Director and Officer level employees combined) who identify as:
  - (i) a person of color, %; and/or
  - (ii) a woman or non-binary, %.
  
- (c) The remaining workforce (Manager and below) who identify as:
  - (i) a person of color, %; and/or
  - (ii) a woman or non-binary, %.

**(2) Supplier Diversity (Metric 22)**

- 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.*

PSE confirms support for the revised Supplier Diversity metric, as proposed in the Notice. However, PSE requests clarification language on “other marginalized groups” in order to accurately report on the data. PSE assumes any supplier that is certified by a council or third party agency that aligns to the OMWBE’s “other marginalized group” definitions would be included in the self-identification label and will not exclude certified suppliers from the calculation. If the Commission prefers a narrower scope to include only those “other marginalized group” suppliers that are certified by the OMWBE, PSE has the ability to focus reporting in that way.

PSE recommends that there is also a benefit in capturing the number or percentage of suppliers out of total count of suppliers with spend in a reporting year that identify as owned by people of color, other marginalized groups and veterans, not solely spend with those suppliers.

Therefore, PSE recommends the following for to the Supplier Diversity metrics:

- 1. *Percentage of total annual spend dollars to suppliers that self-identify as owned by people of color, other marginalized groups eligible for certification with the Washington State Office of Minority and Women’s Business Enterprises, and veterans.***

Calculation: SUM of SPEND for the reporting year with suppliers that self-identify as owned by people of color, other marginalized groups eligible for certification with the OMWBE, and veterans divided by the TOTAL AMOUNT of SPEND in the reporting year with suppliers, multiplied by 100.

- 2. *Percentage of suppliers that self-identify as owned by people of color, other marginalized groups eligible for certification with the Washington State Office of Minority and Women’s Business Enterprises, and veterans with spend in the reporting year.***

Calculation: SUM of COUNT of suppliers with spend in the reporting year that self-identify as owned by people of color, other marginalized groups eligible for

certification with the OMWBE, and veterans divided by the TOTAL COUNT of suppliers with spend in the reporting year, multiplied by 100.

PSE recommends avoiding and eliminating any metric requiring reporting on “awarded” spend to any suppliers. “Awarded” does not represent actual spend, and could be subject to change depending on the circumstances of the scope of work and life of the project. The system PSE utilizes for our Procure-to-Pay (P2P) activities does not allow for tracking and reporting of “awarded” contract amounts, and reporting on actual spend would be more representative of dollars directly supporting the economic development of suppliers that self-identify as owned by people of color, other marginalized groups, and veterans.

### ***(3) Equity in DER Program Enrollment (Metric 25)***

PSE recommends the following metric to measure equity in DER programs in place of “Metric 25”: Percentage of Utility Spending on DR, DER, and Renewable Energy Programs that Benefits Named Communities. This metric is calculated as the sum of gas and electric CAPEX and OPEX spent on DR, DER, and renewable energy programs that are sited in or customers participate from Named Communities, divided by the annual gas and electric CAPEX and OPEX spent on DR, DER, and renewable energy programs multiplied by 100. These metrics are proposed in PSE’s 2024 GRC.

- a. Do you support the recommendation to change “electric vehicle” to “electric transportation”?*

PSE agrees with changing to “electric transportation,” so long as there is understanding that it is meant to include the broader spectrum of transportation options including school buses, transit buses, electric bikes and electric scooters, etc.

- b. Do you support changing “enrolled” to “directly benefiting from”?*

PSE recommends to continue using “enrolled.” PSE believes “directly benefiting from” would be difficult to quantify. For example, PSE can tell how many customers are enrolled in PSE’s home charging program. However, PSE would not know how many people use/directly benefit from the charger (friends, family, etc.).



If changed to “directly benefitting from,” how will that be defined? For example, if a food pantry is benefitting from a DER would utilities create metrics to measure the number of customers that food pantry serves vs. utility customers under contract at the location?

- 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.*

PSE believes the Commission should start by referencing the definition(s) from the Clean Energy Transformation Act<sup>25</sup>.

***(4) Equity in DER Program Spending (Metric 26)***

- a. Please confirm your support for this metric as written.*<sup>26</sup>

As proposed in its 2024 GRC, PSE instead recommends the following metric: Percentage of Utility Spending on DR, DER, and Renewable Energy Programs that Benefits Named Communities. This metric is calculated as the sum of gas and electric CAPEX and OPEX spent on DR, DER, and renewable energy programs that are sited in or customers participate from Named Communities, divided by the annual gas and electric CAPEX and OPEX spent on DR, DER, and renewable energy programs multiplied by 100.

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<sup>25</sup> RCW 19.405.020(13)

<sup>26</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.

### **III. Conclusion and Contacts**

PSE appreciates the opportunity to provide comments and responses to the questions identified in the Commission's Notice. Please contact Kelima Yakupova, State and Regional Policy Consultant, at [Kelima.Yakupova@pse.com](mailto:Kelima.Yakupova@pse.com) or (425) 462-3051, for additional information about these comments. If you have other questions, please contact me.

Sincerely,

**/s/ Wendy Gerlitz**

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