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Via UTC Web Portal

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

Re: Docket U-210590, The Energy Project's Ninth Comments on Performance Based Regulation (PBR) and the UTC's Interim Policy Statement

Dear Jeff Killip:

On April 12, 2024, the Washington Utilities and Transportation Commission (Commission) issued its Interim Policy Statement on a Set of Performance Measures that will be Used to Assess a Utility Operating Under a Multiyear Rate Plan (Interim Policy Statement). The Interim Policy Statement provided "general guidance and opinions of PBR [and] established guiding principles, goals, and a preferred set of metrics."[1] On April 18, 2024, the Commission issued a Notice of Workshop and Opportunity to Comment on the Interim Policy Statement (Notice). The Notice requested comments on the metric calculations and definitions for metrics identified in Goals 1 – 3. The Energy Project submitted its Eighth Comments to the Commission on May 17, 2024, and participated in the Commission's workshop on May 28, 2024. At the workshop, the Commission gave notice that parties could submit additional comments by June 4, 2024.

The Energy Project (TEP) appreciates the opportunity to respond to comments and questions made at the workshop on June 4, 2024. Rather than reiterate the points that we made during the workshop and in previous comments, in these comments we respond to issues and questions that arose during the workshop.

[1] Notice of Workshop and Opportunity to Comment (April 18, 2024).

I. Customers Enrolled in Arrearage Management Plans

The Commission's Interim Policy Statement, Goal 2, Customer Affordability, included draft Metric 11, "Percent of Customers in Arrears with Arrearage Management Plans." In its comments to the Commission, TEP recommended that the Commission measure 1. The percentage of low-income customers in arrears not enrolled in an Arrearage Management Plan (AMP), separately identifying estimated low-income and known low-income and 2, The number low-income customers not enrolled in an AMP with arrears aged 30-60, 60-90, and 90+ days, separately identifying estimated low-income and known low-income.[2] At the workshop, there was a discussion about when should the measurement begin. For example, when a customer is in arrears, when a customer initiates an AMP process, or some other indicator. TEP understands the Commission also asked over what time horizons should the metric be measured.

TEP recommends that the Commission measure the time it takes an estimated low-income customer to enroll in an AMP once that customer in is arrears. TEP also recommends that the Commission measure at 30-day intervals (30-60, 60-90, 90+). At this time, TEP does not suggest that the Commission set a target for customers enrolled after 30 days. Regardless, there is value in tracking customers who are in arrears after 30 days, as it is an indication of the number of customers who may need to be enrolled in an AMP in the near future.

II. Average Customer Bill

TEP continues to advocate for the Commission to include average customer bill as an affordability metric. TEP believes that the best metric for understanding if a customer's energy service is affordable is to measure the customer's bill from year-to-year and as compared to peer utilities. At the workshop, the Commission asked if the metrics the Commission required in the most recent Avista, Puget Sound Energy, and PacifiCorp general rate cases would be reasonable substitutes. TEP understands that the Commission was referring to "average annual bill impacts (by census tract)" and "average annual bill divided by average median income."

The Energy Project appreciates the Commission asking TEP for feedback on this important issue. We recognize that our preferred metric, average customer bill, is an input into one of the two identified metrics. We nevertheless believe that the utilities should be reporting the average customer bill as a metric for two reasons. First, including average

[2] The Energy Project's Eighth Comments on Performance-Based Regulation (May 17, 2024).

annual bill as input, in this case the numerator of an equation, does not appropriately emphasize the value of the metric. The output of the metric, energy burden, is measured as a percentage of median income by census tract. Depending on how the utility presents the data, the public may not easily see the inputs, average customer bill and median income. Second, there is value in the utility reporting from a more global perspective, average customer bill (by customer class), rather than by census tract. The number provides a quick snapshot for peer utility comparisons and enables measurement of bills over time.

Further, if the Commission decides to restate its metrics, TEP recommends the following changes:

> The annual residential bill divided by average census tract ~~area median~~ income by ~~zip code~~ census tract for all customers, comparing outcomes in non-named communities with ~~Named Communities~~, highly impacted communities, vulnerable populations, and low-income customers, with electric and natural gas service stated separately for dual fuel utilities.

The first modification replaces "area median" and "zip code" with census tract. This modification is appropriate because the Commission expressed a preference for census-tract reporting. In addition, the Census bureau reports average income by census tract, which makes this a straightforward calculation. The second change replaces "Named Communities" with "highly impacted communities, vulnerable populations, and low-income customers." TEP encourages the Commission to adopt this modification so it can separately track impacts on low-income customers, among other Named Communities.

III. Customers Who Participate in One or More Bill Assistance Programs

At the workshop, the Commission asked the parties to comment on which of the two proposed metrics is preferred. The options were:

- The number of customers who have participated in a customer funded energy assistance program, separately identifying the number of customers actively enrolled in a bill discount program and the total number of unique customers that have received benefits from a customer-funded energy assistance program.

- The number and eligible low-income customers who participate in one or more ratepayer-funded energy assistance programs that actively lowers energy burden, both aggregated and by census tract.

TEP supports the second metric with one addition. TEP recommends that the metric read "The number and percentage of eligible low-income customers…" TEP does not recommend adopting the first measurement because we do not believe it is necessary to separately track assistance programs, particularly because different utilities have different program offerings. It is simpler to track one metric that covers all programs.

IV. Measuring Energy Burden for Single-Fuel Utilities

In its Notice of a Workshop, the Commission asked for comments on how a single-fuel utility should measure energy burden. Specifically, the Commission asked if it is appropriate to use a 3% measurement for a single-fuel utility. TEP appreciates the Commission's commitment to measuring energy burden and balancing the need for using best available information and minimizing administrative burden.

In earlier comments, TEP recommended that utilities work with their peer utilities to collect average customer bills, or if that was not possible, to use the Department of Energy's Low-Income Energy Affordability Data (LEAD) tool as a proxy. TEP recommended this because it is the methodology that TEP suggests utilities use in preparing low-income needs assessments. However, upon further reflection TEP acknowledges that this level of precision, while appropriate for a needs assessment, may not be necessary in the Commission's metrics. While the LEAD tool is the best available proxy data, it is not updated regularly. Thus, at this time, TEP is open to other approaches for measuring energy burden for single-fuel utilities.

TEP can accept single-fuel utilities reporting high energy burden based on a 6% energy burden for customers with electric heating, or a 2% gas burden and 4% electric burden for customers with natural gas heat. TEP selected a 2% gas burden and 4% electric burden instead of 3% because natural gas bills typically make up slightly less than half of total energy burden, and electric bills typically make up slightly more than half of total energy burden.[3] Further, TEP consulted with affordability expert Roger Colton, who recommends performing energy burden assessments using the 2% gas and 4% electric thresholds when considering an overall energy burden of 6%. Should the Commission so request, TEP is amenable to reevaluating and iterating on the correct way to measure high energy burden for dual-fuel customers.

[3] This can be seen in average annual bill metrics reported by Puget Sound Energy and Avista.

V. Conclusion

TEP appreciates the opportunity to respond to the Commission's Notice. If you have any questions, please contact Brad Cebulko at bcebulko@currentenergy.group or (317) 519-365.

Very truly yours,

/s/Yochanan Zakai
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