

Appendix A

Updated Work Plan

Phase 2 – Principles and Expectations for Performance Incentive Mechanisms (PIMs)

Event	Anticipated Date
Notice of Workshop and Opportunity to Comment	May 2, 2025
Written comments from the public due	June 6, 2025
Workshop	June 17, 2025
Notice of Workshop and Opportunity to Comment with multiple rounds of comments (Topics to be determined based on previous feedback and the workshop)	July 7, 2025
First round of written comments from the public due	August 29, 2025
Second round of written comments from the public due	October 10, 2025
Workshop	December 2025
Issue Policy Statement	January/February, 2026

Work Plan – Phases 1 – 5

Phase and Scope	Anticipated Dates
Phase 1 – Performance Metrics A. Identify regulatory goals, desired outcomes, and principles for metric design B. Identify performance metrics	Completed
Phase 2 - Principles and Expectations for Performance Incentive Mechanisms (PIMs) A. PBR docket review B. Identify best practices and establish the basis for designing PIMs	April 2025 – February 2026
Phase 3 – Cost containment strategies A. Reexamine and identify structural adjustments to existing PBR reporting mechanisms based on lessons learned from filings B. Identify cost containment strategies C. Establish the extent to which utilities revenues should be subject to PBR (base rates vs. regulatory mechanisms and PIMs)	TBD
Phase 4 – Performance Incentive Mechanisms (PIMs) A. Establish metrics for Outcomes and Goals with no current metrics (potentially reexamining those Outcomes and Goals for revision) B. Analyze the need for utility-specific metrics C. Revise the existing metrics and reporting process as necessary D. Identify performance baselines, performance targets, and PIMs if or where appropriate E. Examine the interplay between existing mechanisms, MYRPs, metrics, and PIMs	TBD
Phase 5 – Program Evaluation A. Evaluate PBR tools and process (including objectives, goals, metrics, targets, and PIMs) B. Establish a continuous process for evaluation and improvement and close the PBR docket. Going forward, the PBR process, paired with traditional cost-of-service regulation, will be a hybrid model	TBD

*The workplan will be reexamined after each phase.

Original Work Plan

Phase 1 – Performance Metrics

Event	Anticipated Date
Notice for Written Comment: Draft Work Plan	October 11, 2021
Written Comments due	November 29, 2021
UTC Report to the Legislature – Work plan and progress to-date	December 31, 2021
Regulatory Assistance Project report on Performance-based regulation (PBR) – literature review and best practices	January 2022
Stakeholder Workshop: Proceeding Scope and Expectations; Preliminary Discussion of Phase 1 Topics and Expectations for Stakeholder Input	March 2022
Notice for Written Comment – (Tentative Topics) Articulation of Regulatory Goals and Desired Outcomes; Principles for Metric Design	April 2022
Written Comments Due	June 2022
Stakeholder Workshop: (Tentative Topics) Articulation of Regulatory Goals and Desired Outcomes; Principles for Metric Design; Discussion of Written Stakeholder Comments	July 2022
Notice for Written Comment – (Tentative Topics) Identifying Performance Metrics (consistent with Articulated Goals, Desired Outcomes, and Metric Design Principles)	August 2022
Written Comments Due	October 2022
Stakeholder Workshop: (Tentative Topics) Identifying Performance Metrics, Discussion of Written Stakeholder Comments	November 2022
Policy Statement (Phase 1) – Anticipated Issue Date	March 2023

Work Plan – Phases 1 – 5

Phase and Scope	Anticipated Date
Phase 1 – Performance Metrics A. Identify regulatory goals, desired outcomes, and principles for metric design B. Identify performance metrics	October 2021 – March 2023
Phase 2A – Reporting and Review A. Establish utility-specific performance metrics B. Establish reporting and review process	April 2023 – December 2023
Phase 2B – Multi-year Rate Plans (MYRP) Revenue Adjustment Mechanisms A. Identify approaches to utility cost containment B. Identify principles for designing revenue adjustments within multiyear rate plans C. Reexamine existing mechanisms (e.g., decoupling mechanisms, power cost adjustments, cost recovery mechanisms, etc.)	April 2023 – March 2024
Phase 3 – Performance Incentive Mechanisms (PIMs) A. Identify performance baselines, performance targets B. Identify guidelines for PIM development C. Establish incentive and penalty mechanisms D. Examine interplay between existing mechanisms, MYRPs, performance metrics, and PIMs	January 2024 – December 2024
Phase 4 – Alternatives to Traditional Cost-of-Service Regulation A. Educational and level-setting webinar alternatives to traditional cost-of-service regulation B. Identify alternatives to traditional cost-of-service regulation C. Consider the merits and prospects for alternative forms of regulation for regulated utilities in Washington State	January 2025 – December 2025
Phase 5 – Continuous Policy Process A. Establish a continuous process for re-evaluating and improving Commission policy on performance-based ratemaking and other alternative forms of regulation B. Continuously reevaluate regulatory objectives C. Continuously reevaluate metrics, targets, and incentive mechanisms	January 2025 – ongoing

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