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Received
Records Management
Aug 8, 2025

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

RE: Docket U-210590 - Avista's Comments on the Commission's Proceeding to Develop a Policy Statement Addressing Alternatives to Traditional Cost of Service Rate Making

Dear Mr. Killip,

Avista Corporation, dba Avista Utilities (Avista or the Company), submits the following comments in accordance with the Washington Utilities and Transportation Commission's (Commission) Notice of Technical Workshop and Opportunity to File Written Comments (Notice) issued in Docket U-210590 on July 3, 2025, regarding the development of a "policy statement addressing alternatives to traditional cost of service ratemaking".

The following are the Company's responses to the questions #1-3 posed in the Notice. Avista provided responses to the additional questions as part of the comments filed by the Joint Utilities.

ESTABLISHED METRIC CLARIFICATION

1. **Please provide detailed information about any established metric, definition, or calculation you believe requires clarification. The established metrics are attached as Appendix A. Additionally, please provide detailed feedback for specific metrics based on the following questions:**
    a. **What challenges have you encountered in interpreting or implementing the established metrics? (*e.g.,* clarity of definitions, internal capacity, or technical barriers)**
    b. **Which types of data required under the established metrics are most difficult to obtain, process, or report accurately? Please consider factors including, but not limited to, data availability, security, standardization, reliability, and timeliness, and explain your response. Feel free to include other relevant considerations.**
    c. **What formats or tools for submitting compliance data have proven effective or challenging in practice?**

d. While the Commission is not committing to developing standardized templates, would format guidance or templates be helpful for reporting on the established metrics? If so, please specify which metrics would benefit from such resources and explain your response.

Response: The following are initial questions and/or comments Avista has identified with the established metrics:

- Equity in Reliability: length of power outages [E] – Should this be calculated as the average length of power outages for individual customers (Customer Average Interruption Duration Index or CAIDI) or the average length of power outage duration (i.e., incidents measured from the time the outage started to the time the outage was fully restored)? Avista assumes this metric is intended to be measured at the customer level or CAIDI, which can be measured for Named and Non-named Communities. Regarding the median length of outages, Avista assumes that this is the median length of outages for all individual customers. Is that correct and what is the purpose of providing median in addition to the average?
- Customers Experiencing Multiple Interruptions (CEMI) for Named and Non-Named Communities [E] – What do we do with customers that experienced 9 outages as they are not included in the 5-8 or more than 9 categories?
- Arrearages per Month [E], [NG] – providing arrearages separately for electric and natural gas for dual fuel customers does not align with how dual fuel customers are served. Dual fuel customers receive a single bill and if they are in arrears, their arrearage amounts are calculated, noticed, and due for the total combined amount. A departure from this methodology of providing arrearage data would cause inconstancies in how data has been reported and tracked.
- Average Energy Burden [E], [NG] – The Company approximates household income as closely as possible using available data. This data may be supplied directly by the customer, obtained through a third-party vendor (Acxiom), derived from census information, or identified if the customer has previously participated in an income-based assistance program. Avista acquires Area Median Income (AMI) through the HUD income limits portal[1] which provides the average annual AMI limits by county. Is there a standard repository of AMI data the utilities should be utilizing or is the U.S. Department of Housing and Urban Development (HUD) information sufficient? Additionally, the Department of Health (DOH) Health Disparities Map uses 2010 census data, which does not align with up-to-date AMI data, creating a misalignment in customer information.
- Average Energy Burden [E], [NG] – Customers receive energy assistance for their electric and/or natural gas bills through various sources, Avista's Low Income Rate Assistance Program (LIRAP), Low Income Home Energy Assistance Program (LIHEAP), Project Share, and through miscellaneous churches and organizations. Avista assumes all types of energy assistance should be included. Is this correct?

[1] https://www.huduser.gov/portal/datasets/il.html#2022

- Net Benefits of Distributed Energy Resources [E] – This metric says it measures the "Net present value of benefits and cost-effectiveness ratio of DERs as measured through a Commission approved cost-benefit analysis." The Commission has not approved a DER cost-benefit analysis, so what should be used for this metric?
- Distributed Energy Resource Availability and Utilization [E] – Should Avista use the DER definition in accordance with WAC 480-100-605 when determining programs to include in DER measures?

  "Distributed energy resource" means a none mitting 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."
- Utility Assistance Program Effectiveness [E], [NG] – How should Avista calculate the percent of <u>estimated</u> low-income needs, is this coming from a third-party low-income needs assessment? Additionally, what should be included in "customer funded assistance funds"? Is customer funded assistance funds intended to have the same meaning as energy assistance defined per WAC 480-100-605, which includes low-income weatherization?[2] Or, should this be based on bill assistance program funding only?
- Customers who participate in one or more bill assistance programs [E], [NG] – this refers to customers who participate in customer-funded energy assistance programs that actively lowers energy burden. Like the previous metric, does energy assistance have the same meaning as defined per WAC 480-100-605, which includes low-income weatherization?

a. Because 2025 will be the first year of reporting on the established metrics, Avista has not yet encountered any challenges in implementing the established metrics, however, in preparing to begin reporting on the established metrics, the Company has found issues with certain metrics and their definitions as identified above.

b. There are many challenges and complexities to PBR metrics which the Company provides detailed information for below.

<u>Household Income and Demographic Data</u>
Income data is foundational to calculating energy burden metrics. However, it is sourced from a mix of customer-provided information, third-parties, and census data, each with varying levels of accuracy and availability. The collection and integration of data that is not inherently

[2] "Energy assistance" means a program undertaken by a utility to reduce the household energy burden of its customers.
- Energy assistance includes, but is not limited to, weatherization, conservation and efficiency services, and monetary assistance, such as a grant program or discounts for lower income households, intended to lower a household's energy burden.
- Energy assistance may include direct customer ownership in distributed energy resources or other strategies if such strategies achieve a reduction in energy burden for the customer above other available conservation and demand-side measures.

Avista's data is rather challenging. Demographic and income data obtained by the Company from a third-party vendor can be difficult to validate and integrate with Avista customer data. The Company does not collect or store its customers' income or demographic information directly. Instead, this information is acquired from a third party that primarily sources it from credit applications. As a result, the data may not always be fully accurate and mainly reflects customers who apply for and are approved for credit, which may not include many low-income customers.

Census Tract Data

The census tract data presented in the DOH map is sourced from 2010 and therefore does not correspond with the annually updated AMI data. A notable issue arises when comparing 2010 census data to Avista's service territory, as the census figures do not reflect customer growth. Consequently, the DOH map may omit those who have obtained electric or natural gas service since 2010. Moreover, Avista monitors reliability metrics based on feeder or Avista infrastructure boundaries, which do not typically correspond with census tracts. This discrepancy necessitates complex manual data manipulation.

Terms and Definitions

Terms and definitions do not always align when reporting PBR measures when the measure uses CETA terms, such as highly impacted communities or vulnerable populations. These terms are electric only terms and PBR metrics are measured for both electric and natural gas customers.

c. Avista submits information to the Commission and posts to its website in a report-based format, accompanied by Excel files for metrics that contain large amounts of data. This format seems to work well.

d. If the Commission desires a consistent format amongst utilities, Avista would be open to submitting data on such a template. At this time, Avista does not believe a standardized template may be necessary though.

GOAL 4 AND GETs METRIC PROPOSALS

2. **Interested parties proposed metrics for Goal 4 – *Environmental Improvements* during the policy-making process that led to the Interim Policy Statement. While the Commission did not reject the proposed metrics, it determined that further discussion was needed to evaluate utility performance in a meaningful way. The proposed Goal 4 metrics are attached as Appendix B.**
    a. **Do any parties currently propose adopting any of the proposed Goal 4 metrics? Please explain your response.**
    b. **Please provide any recommended modifications to the proposed Goal 4 metrics or submit proposals for other metric language, including calculation methodology and any necessary definitions.**

Response: Avista is potentially open to the adoption of certain Goal 4 metrics after further discussion

on the metrics included in Appendix B and offer the following comments on each metric:

Metric #27 – Energy-related Air Quality Emissions: one of Avista's Customer Benefit Indicators (CBIs) from its 2021 Clean Energy Implementation Plan (CEIP), and proposed to be continued in its 2025 CEIP, relating to greenhouse gas emissions (GHG) is Avista-owned generation plan air emissions. Avista conducts periodic plant-level emission testing; amongst the variety of pollutants that are analyzed during each test, four pollutants are used to compare emissions amongst each plant. These include Sulfur Dioxide (SO2), Nitrogen Oxides (NOX), Mercury (Hg), and Volatile Organic Compounds (VOC). While Avista provides this data in its CEIP, the data shows that plant air emissions really do not affect air quality in a meaningful way. And with CETA goals requiring retail electric sales to be carbon neutral by 2030 and carbon free by 2025, this potential metric may not provide much value in addition to existing requirements and would be duplicative to emissions reporting that is already required.

Metric #28 – Utility Fleet Tailpipe Emission Reductions: Avista is concerned with this proposed metric as utility fleet tailpipe emissions fluctuate for factors that are outside of the Company's control (i.e., responding to outages caused by weather) that may increase vehicle use and correspondingly increase emissions from year to year. Further, it is difficult to accurately determine which vehicles operate in whole or in part within Named Communities. If the Commission desires a fleet tailpipe emissions metric, Avista would suggest a simpler metric be used, such as average or total miles traveled by vehicle type or total fuel burned, which could then be translated into emissions impact.

Metric #29 – Utility Electric Load Management Success: Avista is open to the Commission adopting this metric for electric only as it does not seem applicable to natural gas. In terms of reporting, Avista would suggest including both the capacity (MW) available for load shifting and the actual energy shifted by load management (MWh). Avista also suggest removing energy efficiency from consideration in this potential metric as energy efficiency savings are related to conservation not shifting of load through demand response and/or storage.

Metric #30 – DER GHG Reductions: Due to the difficulty of measuring GHG reductions for the various types of DER programs, Avista suggests the Commission focus on total GHG as proposed in Metric #32 instead. If the Commission further entertains adopting a metric along these lines, clarity will be needed on which types of DERs should be included and the expectations for how GHG reductions may be calculated.

Metric #31 – Greenhouse Gas Reductions per Dollar: comparing the costs of programs and investments that reduce GHG may not actually result in the cost reductions that are expected to be seen when compared to a linear glidepath. For example, Avista has seen this happen in the Energy & Emissions Intensity (EEI) report for I-937 – the expected emissions reductions from increased requirements of qualified renewable energy do not result in lower overall GHG emissions because the emissions reductions are not the primary focus of I-937, which is to incent qualified incremental renewable generation. Actual GHG emissions are driven by other forces such as bad hydro years resulting in more thermal generation used when intermittent generation, such as solar and wind, is not available. The incremental renewables add generation at zero GHG emissions, but they may not be available when needed. It may be better to compare the GHG reduction costs for specific programs against annual Climate Commitment Act (CCA) allowance costs since that would highlight the value

and cost against each of other programs at the time the GHG emissions reductions took place. So, a program that reduces GHG emissions may be a high cost but still provide relatively good value when the market for CCA allowances is higher, such as low hydro or high load events.

Metric #32 – Total Greenhouse Gas Emissions: for the electric portion of this potential metric, the calculations are currently required in the annual EEI report mentioned above. For Avista, the annual EEI report shows CO2e emissions from all known generation including Power Purchasing Agreements (PPA) and applies the Company's Production/Transmission (P/T) ratio to only show the Washington portion of GHG emissions. Known source PPAs, such as Palouse Wind or Lancaster, are included as actual emissions. Other unknown sources are considered on a counterparty-by-counterparty basis. If Avista is a net exporter with a counterparty, the average GHG emissions per MWh of Avista's known resources is applied times the net emissions. If we are a net importer with the counterparty, the default 0.437 metric tons CO2e default factor from Ecology is applied. While this information has been provided for many years, the usefulness of the report has dissipated since the GHG data being submitted under the CCA is much more detailed and is audited by a third party. As such, it seems more useful to align the required CCA emissions reporting with any potential metric the Commission adopts here. There are several ways to calculate this metric and as noted above in the comments on metric #30, a metric tracking total GHG emissions makes the most sense, so long as it is clear on how the metric should be calculated.

3. **Interested parties proposed metrics regarding GETs during the policy-making process that led to the Policy Statement Addressing Initial Reported Performance Metrics. The Commission declined to include these metrics in the policy statement, in favor of fully developing GETs metrics through a collaborative process. The proposed GETs metrics are attached as Appendix C.**
    a. **Which Goal would be best suited to incorporate GETs metrics? Current Goals are: (1) Resilient, reliable, and customer-focused distribution system, (2) Customer affordability, (3) Advancing equity in utility operations, and (4) Environmental improvements.**
    b. **Do any parties currently propose adopting any of the proposed GETs metrics as provided in Appendix C? Please explain your response.**
    c. **Please provide any recommended modifications to the proposed GETs or submit proposals for other metric language, including calculation methodology and any necessary definitions.**

Response:

a. If the Commission were to adopt the proposed metrics regarding GETs, they seem to fit under Goal 2, Customer Affordability, along with the metrics 1) Net Benefits of Distributed Energy Resources, and 2) Distributed Energy Resource Availability and Utilization.

b. Avista does not propose adopting either of the proposed metrics regarding GETs as they seem similar in nature to the DER metrics already established.

c. Avista does not propose any alternative metrics regarding GETs at this time.

If you have any questions regarding this filing, you can contact me at 509-495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ *Shawn Bonfield*

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy