

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the matter of the

Proceeding to Develop a Policy Statement
Addressing Alternatives to Traditional Cost of
Service Rate Making

Docket U-210590

**COMMENTS OF THE ENERGY PROJECT ON
GOALS AND OUTCOMES FOR REGULATION IN WASHINGTON**

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I. Introduction

On December 30, 2021 the Commission issued a work plan (Work Plan) to develop a policy statement addressing alternatives to traditional cost of service rate making. The Work Plan establishes five phases and runs three years. In the first phase, which covers 15 months, the Commission aims to articulate regulatory goals, desired outcomes, and performance metrics. Most recently, on April 7, 2022 the Commission noticed a virtual workshop to be held on April 19, 2022 and invited comments by April 27, 2022 on five questions identified in the notice. Pursuant to the notice, The Energy Project (TEP) respectfully submits these comments.

TEP represents low-income customers and vulnerable populations in Washington state, as well as organizations funded by the Washington State Department of Commerce to provide low-income services including Community Action Partnership agencies that provide low-income energy efficiency and bill payment assistance to customers. The Energy Project is a frequent party in general rate cases and other significant dockets before the Commission involving Washington investor-owned utilities when energy affordability, energy efficiency, and customer service policies are at issue.

TEP thanks the Commission for establishing a deliberate approach to developing a policy statement. TEP attended the April 19, 2022 virtual workshop and appreciated hearing the

participants' perspectives. TEP focuses these written comments on the first question in the notice: What goals and outcomes should be pursued through regulation in Washington?

The ultimate purpose of regulation is to protect customers and the public interest. TEP's recommended goals for regulation address customers' needs, including affordability, and the public interest. The Legislature recently expanded the definition of public interest to encompass societal outcomes, including "environmental health and greenhouse gas emissions reductions, health and safety concerns, economic development, and equity."¹ In these comments TEP provides a short description of its proposed goals and recommended outcomes.

II. Regulatory Goal: Provide Affordable Service

A key pillar of regulation is the provision of affordable service to customers. Therefore, TEP recommends that the Commission adopt this as the first goal for regulation in Washington.

A. Outcome: Reasonable bills for all customers

Regulation should result in reasonable bills. While this outcome applies to all customers, unreasonable bills disproportionately impact low-income customers.

B. Outcome: Reasonable energy burdens for all customers.

Paying for energy should present a reasonable burden for customers. Low-income customers who spend a disproportionate share of their income on energy bills should see an energy burden reduction.

¹ RCW 80.28.425(1) ("In determining the public interest, the commission may consider such factors including, but not limited to, environmental health and greenhouse gas emissions reductions, health and safety concerns, economic development, and equity, to the extent such factors affect the rates, services, and practices of a gas or electrical company regulated by the commission.").

C. Outcome: Provision of service does not result in economic harm to customers.

Accessing utility service should not cause economic harm to customers, particularly vulnerable customers who would be acutely impaired by any additional impacts. In addition to the overall impact of a high energy burden, a low-income customers could experience economic harm from fees, a deposit requirement, or a negative mark on their credit report. To the extent possible, regulation should prevent these harms, which perpetuate inequality.

D. Outcome: Efficient use of grid investments and distributed energy resources.

Utilities invest significant amounts of money in building, maintaining, and modernizing their distribution systems. Similarly, customers and utilities invest significant amounts money in building and maintaining distributed energy resources (DERs). Regulation should ensure that utilities efficiently use all available assets (including DERs) to provide customers service.

III. Regulatory Goal: Provide Equitable Service

The Commission should establish that equity is a central goal for regulation in Washington. RCW 80.28.425 definitively establishes that societal outcomes, including equity, are part of the public interest that the Commission is charged with protecting and promoting.²

A. Outcome: No disparity in the quality of service provided to named communities.

Named communities, which include vulnerable populations and highly impacted communities,³ should receive the same quality of service as other customers. Preventing or reducing this disparity could require providing customers in named communities a different or more expensive form of service. As TEP explained at the April 19 workshop, tracking disparities

² RCW 80.28.425(1).

³ See RCW 19.405.020(23); RCW 19.405.020(40).

in service will likely involve separately tracking performance metrics for geographic areas including named communities whenever possible.

B. Outcome: Distributed energy resources serve hard-to-reach customers, including named communities, as well as customers who are low-income, are renters, or have limited access to telecommunications.

Regulation should ensure that hard-to-reach customers and named communities have access to, and are served by, DERs in the same way as other customers. TEP defines DERs to include conservation, weatherization, demand response, electric vehicles, and distributed generation. For example, today utilities offer weatherization programs that separately target conservation investments for low-income customers. In the future similar programs that target other DER investments, including demand response, electric vehicle, and distributed generation, for hard-to-reach customers may allow utilities to achieve this outcome.

C. Outcome: Universal access to affordable clean energy.

Another key pillar of regulation is universal access.⁴ Regulation should ensure that all homes in Washington have access to affordable clean energy.

D. Outcome: Utility operations and investments promote equity.

In providing service to customers, utilities make investments, manage human resources, hire contractors, and interact with their community. Through these activities, utilities can promote equity.

IV. Regulatory Goal: Advance Societal Outcomes

The Commission should establish that advancing societal outcomes is a central goal of regulation in Washington. As explained above, RCW 80.28.425 establishes that societal

⁴ For example, regulated monopolies have an obligation to serve. RCW 80.28.110.

outcomes, including “environmental health and greenhouse gas emissions reductions, health and safety concerns, [and] economic development” are part of the public interest that the Commission is charged with protecting and promoting.⁵

A. Outcome: Utility plant and facilities do not adversely impact residents’ health.

Put simply, utility operations should not harm Washingtonians or our neighbors.

B. Outcome: Reduced pollution burden and pollution exposure.

In addition to eliminating pollution exposure directly attributable to utility operations where possible, regulation in Washington should track pollution burdens in our communities and promote the reduction of those burdens.

C. Outcome: Reduction of greenhouse gas emissions.

The Legislature set reducing greenhouse gas emissions as a goal of state regulatory policy and established various programs to effectuate that goal.⁶

V. Regulatory Goal: Satisfy Customer Needs

Regulation in Washington should aim to satisfy customers’ needs, which builds upon the Legislature’s requirement that utilities provide service in a “safe, adequate and efficient, and in all respects just and reasonable” manner.⁷

⁵ RCW 80.28.425(1).

⁶ See, e.g., RCW 80.28.425(1); RCW 19.405.040(1) (“It is the policy of the state that all retail sales of electricity to Washington retail electric customers be greenhouse gas neutral by January 1, 2030.”); Senate Bill 5092 (2021), Sec. 143(4) (funding the commission to examine pathways for investor-owned utilities to reduce greenhouse gas emissions, including “How natural gas utilities can decarbonize”); RCW 70A.45.020.

⁷ RCW 80.28.010(2).

A. Outcome: Provide reliable service.

Regulation can work to provide customers reliable service; for example, reliability metrics are often used to grade utility service.⁸

B. Outcome: Positive customer service interactions.

Regulation can work to provide customers positive experiences when interacting with utilities; for example, customer service metrics are often used to grade utility service.⁹

VI. Conclusion

TEP thanks the Commission for the opportunity to submit these comments. In addition, we welcome furtherer discussion of the rationale supporting these goals and outcomes in the next set of written comments or at subsequent workshops.

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⁸ See, e.g., WA Util. and Transp. Comm., *Annual Reliability Reports of Electric Companies*, <https://www.utc.wa.gov/regulated-industries/utilities/energy/infrastructure-and-energy-planning/annual-reliability-reports-electric-companies> (accessed April 25, 2022).

⁹ See, e.g., Dkt. UE-072300, Puget Sound Energy 2021 Service Quality and Electric Service Reliability Report, at 19-42 (March 29, 2022) (discussing customer satisfaction metrics).

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