



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
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May 2, 2022

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By 5 p.m. Monday, June 13, 2022)

Re: Commission proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking (Phase 1 – Performance Metrics),
Docket U-210590

TO ALL INTERESTED PERSONS:

Pursuant to Revised Code of Washington (RCW) 80.28.425, the Washington Utilities and Transportation Commission (Commission) is required to “conduct a proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking, including performance measures or goals, targets, performance incentives, and penalty mechanisms.”¹

Phase 1 of this proceeding will establish regulatory goals, outcomes, and design principles related to performance-based regulation. A subsequent stage of Phase 1 will identify performance metrics. At the end of Phase 1, the Commission anticipates it will issue a policy statement by March 2023 that incorporates stakeholder feedback on these issues.

Subsequent phases (Phases 2-5) are described in the performance-based regulation [workplan](#).

The Commission is seeking public comments related to developing and articulating regulatory goals, desired outcomes, and design principles. Additionally, the Commission seeks public comments related to stakeholders’ understanding of Washington’s regulatory regime, status quo and its shortcomings.² Specifically, the Commission seeks comments to the following questions:

¹ Legislative directive - Laws of 2021 ch. 188.

² As stated at the April 19th workshop, the Commission uses a hybrid traditional cost of service regulatory regime that includes performance-based regulatory mechanisms like decoupling.

1. Please provide a list of your priority regulatory goals, desired outcomes, and a rationale for including those, using the table format illustrated below. Your suggested regulatory goals should align to the Commission’s statutory authority with respect to utility regulation in Washington. For each Regulatory Goal, there should be one or more desired outcomes that reflect what is desired from utility performance to achieve that goal. Please include a rationale for the goals and the outcomes, as applicable.

Regulatory Goal	Desired Outcome	Rationale
e.g. Reliable Service	e.g. Improved Reliability through reduced customer outages e.g. Equitable reliability through reduced restoration times for marginalized communities	e.g. - good data and metrics exist currently, and many stakeholders already understand the metrics - reliability is a core function of the electric system and we want to make sure it is maintained even while accomplishing other goals -equity must be an element added to everything we do in Washington state - under-performance has strong negative outcomes for society - all IOUs should be held to a similar standard

2. How well do current regulatory mechanisms accomplish goals and outcomes you listed above? Please share specific reasons for your answer.
3. Workshop 1, held on April 19, 2022, featured some discussion of metric design principles, which would be used as guidance to develop metrics to measure utility performance against the goals and outcomes.³ Please provide any specific metric design principles you would like the Commission to use when it adopts metrics, and why. Please also comment on whether the Commission should use the metric design principles listed below:
 - a. **Outcomes-based:** track outputs or outcomes, not inputs.
 - b. **Non-duplicative:** avoid any overlap of reward or penalty for legal or regulatory requirements
 - c. **Clear, measurable, and verifiable:** base metrics on easy-to-acquire data that can be verified — or even collected — by a third party.

³ The Regulatory Assistance Project (RAP) created a level-setting and literature report for this proceeding and it can be found using this link:

<https://apiproxy.utc.wa.gov/cases/GetDocument?docID=35&year=2021&docketNumber=210590>

- d. **Evaluated regularly:** revisit the effectiveness of metrics and incentives on regular intervals with the expectation that adjustments may be made.
4. Are there any additional considerations you would like to raise for the Commission related to regulatory goals, desired outcomes, and metric design principles, beyond what you have already shared in Workshop 1, held on April 19, 2022, and in response to the questions above?

WRITTEN COMMENTS

The Commission provides notice that interested persons may file comments in this Docket by 5 p.m. on Monday, June 13, 2022.

Pursuant to WAC 480-07-250(3), written comments must be submitted in electronic form, specifically in searchable .pdf format (Adobe Acrobat or comparable software). As provided in WAC 480-07-140(5), those comments must be submitted via the Commission's web portal at www.utc.wa.gov/e-filing. If you are unable to submit documents via the portal, you may submit your comments by email to the Commission's Records Center at records@utc.wa.gov or by mailing an electronic copy to the Commission's Records Center on a flash drive, DVD, or compact disc that includes the filed document(s). Comment submissions should include:

- The docket number of this proceeding (Docket U-210590).
- The commenting party's name.
- The title and date of the comment or comments.

The Commission will post on its website all comments that are provided in electronic format. The website is located at <https://www.utc.wa.gov/casedocket/2021/210590>.

If you are unable to file your comments electronically the Commission will accept a paper document by mail.

If you need translated materials, please contact records@utc.wa.gov or call (360) 664-1234.

STAY INFORMED OF THIS PROCEEDING

Information related to this proceeding, including stakeholder comments, will be posted on the Commission's website as it becomes available. Persons filing comments in response to this Notice will receive future communications the Commission issues in this Docket. If you do not file comments but wish to receive such information you may contact the Commission's Records Center by telephone at (360) 664-1139 or by email at records@utc.wa.gov and ask to be included on the mailing list for Docket U-210590.

When contacting the Commission, please refer to Docket U-210590 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

If you have questions regarding this workshop, you may contact Senior Accounting and Policy Advisor, Melissa Cheesman, at melissa.cheesman@utc.wa.gov or (360) 489-5270.

AMANDA MAXWELL
Executive Director and Secretary