



U-210590

Avista Corp.

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June 10, 2022

Ms. Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

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UTIL. AND TRANSP.
COMMISSION

RE: Docket U-210590 - Avista’s Responses Related to Performance Metrics – Phase 1

Dear Ms. Maxwell:

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 Opportunity to File Written Comments (Notice) issued in Docket U-210590 on May 2, 2022, regarding the development of a “policy statement addressing alternatives to traditional cost of service ratemaking”.

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.

In our comments filed on April 22, 2022, Avista provided a list of several areas of our operations that should be at the forefront of performance metrics. Below are just a handful of regulatory goals, desired outcomes, and rationale, for consideration:

<u>Regulatory Goal</u>	<u>Desired Outcome</u>	<u>Rationale</u>
Improve Utility Performance	Improved or Maintained Reliability (SAIFI, SAIDI, CAIDI)	Good data and metrics exist Core function of the utility Under performance is negative for customers Improvement may be unnecessary or cost prohibitive
Affordability	Deployment of All Energy Assistance annually	Too many funds unused

		Too many unserved potential customers
Service Quality Measures	Enhance Customer Experience	Robust Set of Measures coupled together to better serve customers Good data and metrics exist Core function of the utility
Reduce Commission Complaints	Keep Commission Complaints Low	Good data and metrics exist Core function of the utility
Customer Experience	Example - Achieve Satisfied/Very Satisfied above 90% for customer interactions with utility employees, or other Customer Experience Metric	Good data and metrics exist Core function of the utility
Wildfire Resiliency	Improvement in resiliency, both vegetation management and grid hardening	Community Safety
Technology Usage	Ensure usage of substantial technology investments for benefit of customers (AMI)	Core function of the utility
Response Time for Emergencies	Meet or exceed stated response times for electric/natural gas emergency calls	Customer Safety Core function of the utility

Those are just a handful of regulatory goals and desired outcomes. It will be important in this process, though, to truly test the desired outcomes to see how they actually might conflict with the regulatory goal, rather than support it, and/or how the desired outcome may actually harm other regulatory goals. Avista mentioned this issue in previous comments and at the most recent April workshop, specifically to the example provided in the Notice regarding Reliable Service. Realizing that the example in the Notice is just that, an example, it highlights an issue that we see as a utility. A regulatory goal of Reliable Service is, of course, incredibly important. That said, a desired outcome of “improved reliability” might actually go too far for the direct regulatory outcome, and actually go against other regulatory outcomes, such as “affordability”. In some cases, maintaining existing levels of reliability is reasonable for customer’s expectations of service levels, and any improvement may come at a higher cost, for little or no customer perceived benefit. Further, the rationale may not make sense, such as “all IOUs should be held to a similar standard”. That is just not possible, given the unique characteristics of the IOUs service territory, customer mix and density, and other non-homogenous issues.

So what then might be a path forward? Avista believes that perhaps a more truncated list of critical regulatory goals should be set forth. Those are set forth above, and are a meaningful, yet limited, set of goals. Perhaps then just one desired outcome is anchored to that goal, also as shown above. Thereby we have a meaningful start to this process, that gives some focus in Phase 1, knowing that additional goals and desired outcomes (and metrics) can be layered on over time.

2. How well do current regulatory mechanisms accomplish goals and outcomes you listed above? Please share specific reasons for your answer.

Broadly, current regulatory mechanisms already influence utility performance. For example, a utility's performance is a function of growth in customers and loads, management of investment and expenditures, and when those get out of balance, the current regulatory model influences the utility to file a general rate case, in an attempt to get those items back in balance such that the utility is properly incentivized to earn its allowed rate of return. Further, whether in general rate cases or other venues, over time almost all areas of the utility have been examined for efficiency and effectiveness. Those efforts have led to certain hedging practices, customer service measures, reliability reporting, best practices on power supply baseline determinations, and the like. Further in Avista's last general rate case the Commission focused on new metrics associated with "newer" regulatory items – namely metrics and reporting on wildfire resiliency, and usage of advanced metering infrastructure for the benefit of customers.

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. 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.**
- d. Evaluated regularly: revisit the effectiveness of metrics and incentives on regular intervals with the expectation that adjustments may be made.**

Avista supports the design metrics noted above, with a caveat. As noted in prior comments, the utilities already provide a plethora of data to the Commission. There is a trove of baseline data that could be used in support of certain goals or outcomes.

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?

Avista has nothing further to raise at this time. If you have any questions regarding this filing, you can contact me at 509-495-8620 or patrick.ehrbar@avistacorp.com.

Sincerely,

/s/ Patrick Ehrbar

Patrick Ehrbar
Director of Regulatory Affairs

