

**NW Energy Coalition Response  
to Commission Notice of Opportunity to File Written Comments  
Docket U-180907  
April 30, 2019**

On November 7, 2018, the Washington Utilities and Transportation Commission (Commission) opened Docket U-180907 regarding the adequacy of traditional rate-based, rate-of-return regulation and the potential use of alternative frameworks, such as performance-based regulation, multi-year rate plans, or other flexible regulatory mechanisms. On March 21, 2019 the Commission issued a notice of opportunity to written comments after 2 subsequent rounds of comments and one public meeting.

The opportunity to file written comments issued on March 21, 2019 requests comments regarding policy guidance for expedited rate filings (ERFs), specifically regarding four distinct categories: policy issues, threshold criteria, methodology and general conclusions.

After puzzling for some time over the request for specific comments involving ERFs in this docket, the NW Energy Coalition offers the following general comments on this topic.

NW Energy Coalition reviewed all of the comments submitted thus far in this docket, which consisted primarily of opening suggestions for how the Commission should proceed with such a broad investigation and what topics might be included. A majority of commenters recommended that the process should be thorough and inclusive, and proceed in a manner that allows an open and informed deliberation and examination of changes that would be beneficial to the current utility business model.

*In the type of broadly defined docket the Commission has opened here, AWEC believes it is important to establish a clearly articulated scope and goal at the outset to ensure that stakeholders and the Commission can discuss and debate with each other under a common framework.* Alliance of Western Energy Consumers, January 17, 2019, Comments.

Several commenters suggested starting with a review of existing regulatory framework as a basis for discussing needed changes.

*Public Counsel recommends that the Commission should first develop a list of priority goals to guide its evaluation of the existing regulatory framework and any future changes to the regulatory framework.* Public Counsel, January 17, 2019, Comments.

The Coalition included the following recommendation in our comments from January 17:

*The goal of this process should be to conduct a thorough investigation of changes that are needed to better align utility regulatory processes with public policy goals and the*

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*realities of the electricity systems of today and the future. Such a public process will need to begin with a basic, level-setting introduction that provides an overview of existing utility regulation in Washington State to ensure that all participants start from a common base of understanding.*

A number of the utilities, as well as other commenters, did discuss regulatory lag and frequent rate cases as problematic issues that need to be addressed through this proceeding. Some of those commenters also mentioned ERFs. However, no commenters suggested beginning this docket with a specific examination of ERFs.

While the Coalition recognizes that frequent rate cases and regulatory lag are issues that should be examined and addressed through this docket, ERFs are just one of many tools that could be engaged in the regulatory process to address these issues, along with deferred accounting, cost recovery mechanisms, multiyear rate plans and other approaches. The Coalition also recognizes there are distinct differences of opinion between various parties in previous cases where ERFs were at issue. However, a specific examination of ERFs as a first step in this docket is certainly a case of putting the cart before the horse.

If the Commission is of the opinion that there is a short-term, immediate need to address aspects of ERFs given the longer term expected duration of this proceeding, the NW Energy Coalition respectfully suggests that the Commission initiate a workgroup to examine short-term “fixes” for ERFs, while at the same time proceeding with a more logical introduction of the existing regulatory model as the primary focus of this docket. Other commenters have mentioned processes in Hawaii and Oregon as examples the Commission may want to emulate or draw from in establishing the next steps. The NW Energy Coalition was involved in the Oregon process and could provide agendas, materials and insights regarding how that process was conducted if it were useful to the Commission.

These comments are not meant to diminish the importance of ERFs as one potential regulatory tool to accomplish multiple objectives in utility regulation. However, the discussion of ERFs should be conducted at a time and manner in conjunction with other related regulatory issues if the Commission wishes to address the utility regulatory model as a comprehensive topic.