

IN THE MATTER OF THE  
APPLICATION OF ARIZONA  
PUBLIC SERVICE COMPANY FOR A  
HEARING TO DETERMINE THE FAIR  
VALUE OF THE UTILITY PROPERTY  
OF THE COMPANY FOR  
RATEMAKING PURPOSES, TO FIX A  
JUST AND REASONABLE RATE OF  
RETURN THEREON, TO APPROVE  
RATE SCHEDULES DESIGNED TO  
DEVELOP SUCH RETURN.

Docket No. E-01345A-19-0236

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**Surrebuttal Testimony of  
Cheryl Roberto**

**On Behalf of  
Sierra Club**

**On the Topic of:**

**Reporting Requirements (Metrics)**

**November 20, 2020**

1 INTRODUCTION AND QUALIFICATIONS

2 **Q Please state your name, title, and employer.**

3 **A** My name is Cheryl Roberto. I am employed by Synapse Energy Economics, Inc.  
4 as a Senior Principal. My business address is 485 Massachusetts Avenue,  
5 Cambridge, MA 02139.

6 **Q Have you previously submitted testimony in this matter?**

7 **A** Yes. On behalf of Sierra Club, I submitted direct testimony in this proceeding on  
8 October 2, 2020.

9 **Q What is the purpose of your surrebuttal testimony?**

10 **A** The purpose of my surrebuttal testimony is to respond to rebuttal testimony  
11 submitted on behalf of Arizona Public Service (APS) related to APS-  
12 recommended reporting requirements. My surrebuttal testimony supports  
13 elements of the APS-recommended reporting requirements as described by APS  
14 witnesses Lockwood and Whiting, but it also identifies key shortcomings in APS-  
15 recommended reporting metrics. My testimony suggests enhancements to the  
16 APS-recommended reporting metrics, together with an explanation for why these  
17 improvements should be adopted. My testimony, however, does not attempt to  
18 address every instance of disagreement between my direct testimony and that  
19 filed by APS witnesses. Thus, silence on any issue should not be interpreted as  
20 agreement.

21 **Q What materials did you rely on to develop your testimony?**

22 **A** The sources for my testimony and exhibits are public documents, industry  
23 literature, and responses to discovery requests, as well as my personal knowledge  
24 and experience.

1 **Q Did you prepare or direct the preparation of this testimony?**

2 **A** Yes.

3 **Q What is the APS recommendation regarding reporting requirements?**

4 **A** As outlined by APS Witness Lockwood and as supplemented by APS Witnesses  
5 Whiting and Tetlow, APS recommends tracking and reporting the following  
6 metrics:<sup>1</sup>

- 7 • Customer rate selection statistics
  - 8 ○ Residential customer rate plan distribution
  - 9 ○ Number of customers on MEP
- 10 • Customer Care Center Performance
  - 11 ○ Percent of service calls answered within 30 seconds
- 12 • Customer satisfaction, as measured by J.D. Power’s customer satisfaction
- 13 survey
- 14 • Customer complaints made to the ACC
- 15 • Overall distribution system performance
- 16 • Performance by geographical region
- 17 • System analysis and reliability impact by top outage cause code types
- 18 • Description of planned reliability maintenance programs
- 19 • Fire mitigation impacts on reliability statistics

20 Witness Whiting expressed her understanding that APS-recommended reporting  
21 requirements were generally supported by Staff, Sierra Club, and RUCO.<sup>2</sup>

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<sup>1</sup> APS Witness Lockwood Rebuttal Testimony, p. 26; APS Witness Whiting Rebuttal Testimony, pp. 26-27; APS Witness Tetlow Rebuttal Testimony, p. 25.

1 **Q Do you find the APS-recommended reporting metrics to be worthwhile?**

2 **A** Yes. The recommended metrics should be useful indicators of APS performance  
3 in the areas of customer service and reliability. In fact, three of the customer  
4 service metrics are the same or similar to those which I proposed in my direct  
5 testimony. Unfortunately, however, the APS recommended metrics are unduly  
6 constrained and not comprehensive enough.

7 **Q Did APS explain why it rejected the reporting metrics proposed in your**  
8 **direct testimony?**

9 **A** No. None of the APS Witnesses directly addressed metrics that I proposed but  
10 which they did not recommend. APS Witness Whiting stated that she rejected  
11 recommended metrics proposed by intervenors because the recommendations “are  
12 too detailed and specific to very narrow issues.”<sup>3</sup> She suggested that “tying  
13 customer service too stringently to any specific metric can hamper overall  
14 progress.”<sup>4</sup> Although APS Witness Whiting did discuss why she rejected metrics  
15 proposed by Staff related to disconnects and payment arrangements, which are  
16 similar to those I proposed related to key indicia of credit and collection activities,  
17 no other rejected metric was discussed. Witness Whiting explained she rejected  
18 the credit and collection metrics because “APS already reports on these items in a  
19 number of places.” APS Witness Whiting additionally suggested that establishing  
20 “these kinds of reporting requirements” should be accomplished by rule in a  
21 generic proceeding.<sup>5</sup>

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<sup>2</sup> APS Witness Whiting Rebuttal Testimony, p. 26.

<sup>3</sup> APS Witness Whiting Rebuttal Testimony, p. 24.

<sup>4</sup> APS Witness Whiting Rebuttal Testimony, p. 26.

<sup>5</sup> APS Witness Whiting Rebuttal Testimony, pp. 29-30.

1 **Q How did APS describe its process for selecting these reporting metrics?**

2 **A** Witness Lockwood explained that these metrics represent what “APS believes  
3 will provide an appropriate overview of the Company’s performance in the areas  
4 of greatest interest: customer service and reliability.”<sup>6</sup> Witness Whiting testified,  
5 “I agree that transparency is vital to continued improvement in customer service;  
6 however, not all recommended reporting requirements are appropriate.”<sup>7</sup> She  
7 defines “appropriate” as “an appropriate set of reporting requirements should  
8 provide meaningful insight into APS’s customer service and help track the  
9 Company’s performance over time.”<sup>8</sup> Witness Tetlow testified that, in responding  
10 to proposals for increased reporting requirements, he recommends “an alternative  
11 set of prudent and useful reports that balance the interest of stakeholders.”<sup>9</sup>

12 **Q Do you find the APS Witness reasoning regarding the selection and rejection**  
13 **of metrics to be persuasive?**

14 **A** No. While customer service and reliability are important outcomes and an  
15 excellent place to start with reporting metrics, electric utilities must be more  
16 ambitious in the outcomes they deliver for customers. As described in the *Utility*  
17 *Performance Incentive Mechanisms Handbook*, in order to address evolving  
18 industry challenges, regulators are focusing on new aspects of utility performance,  
19 including system efficiency, customer empowerment, the degree to which the  
20 utility supports customers and service providers access to the grid, and  
21 environmental goals.<sup>10</sup> Reported metrics are a low-cost, low-risk way to monitor  
22 many aspects of utility performance, and in the face of much uncertainty about

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<sup>6</sup> APS Witness Lockwood Rebuttal Testimony, p. 26.

<sup>7</sup> APS Witness Whiting Rebuttal Testimony, p. 3.

<sup>8</sup> APS Witness Whiting Rebuttal Testimony, p. 24.

<sup>9</sup> APS Witness Tetlow Rebuttal Testimony, p. 2.

<sup>10</sup> Whited, Melissa, Tim Woolf, and Alice Napoleon, *Utility Performance Incentive Mechanisms: A Handbook for Regulators* (Prepared for the Western Interstate Energy Board, March 9, 2015) Available at [https://www.synapse-energy.com/sites/default/files/Utility%20Performance%20Incentive%20Mechanisms%2014-098\\_0.pdf](https://www.synapse-energy.com/sites/default/files/Utility%20Performance%20Incentive%20Mechanisms%2014-098_0.pdf)

1 future grid challenges and priorities, erring on the side of reporting more, rather  
2 than less, information is the sensible choice. APS’ characterization of the selected  
3 metrics as “appropriate” adds little transparency or justification as to why and  
4 how these are the only metrics worth tracking.

5 Metric reporting practices within other jurisdictions and utilities support  
6 collecting a broad range of reported metrics. Most states that have implemented  
7 performance-based regulation or performance incentives in recent years have  
8 considered and established a much broader range of metrics than customer service  
9 and reliability. Table 1 presents a summary of the number of outcomes and  
10 metrics adopted in a few jurisdictions recently.

11 **Table 1 – Numbers of Metrics Adopted in Other States**

Jurisdiction	# Outcomes	# Metrics	Average # Metrics/Outcome
New York	6	19	3.2
Rhode Island	3	12	4.0
United Kingdom	6	21	3.5
Ontario	9	23	2.6
Puerto Rico	8	43	17.9

12 *Sources: Staff Concept Paper #3, Prioritized Outcomes, Regulatory Options, and Metric Development for*  
13 *Performance-Based Regulation in Hawaii, Appendix A, November 14, 2018. The Puerto Rico information*  
14 *is from Puerto Rico Energy Bureau, In RE: the Performance of the Puerto Rico Electric Power Authority,*  
15 *Case No: NEPR-MI 2019-0007, Resolution and Order, May 14, 2019. Note that Synapse assisted the PREB*  
16 *with this topic and this order. Note that some of these may be out of date.*

17 The Minnesota PUC issued an order on performance incentive mechanisms after a  
18 stakeholder process. The order describes the number of metrics proposed by the  
19 stakeholders and adopts several of those metrics. Table 2 summarizes the number  
20 of metrics proposed and adopted by the Minnesota commission.

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**Table 2 – Metrics in Recent Minnesota Order**

<b>Outcome</b>	<b>Metrics Proposed</b>	<b>Metrics Adopted Now</b>	<b>Potential Future Metrics</b>
Affordability	31	4	0
Reliability	33	7	4
Customer service quality	32	1	6
Environmental performance	44	6	0
Cost-effective alignment of generation and load	52	5	0
Workforce diversity	na	0	1
Total	192	23	11

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*Source: Minnesota Public Utility Commission, Order Establishing Performance Metrics, Docket No. E-0002/CI-17-401, September 18, 2019.*

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**Q Do you have a recommendation to enhance the APS-recommended reporting metrics?**

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**A** Yes. I stand by my direct testimony in which I recommended that the Commission direct APS to begin tracking additional metrics. This data will inform the investigation regarding performance incentive mechanisms and will provide the Commission and stakeholders with valuable information over time. APS Witnesses have offered no reason to reject my recommendation.

11

**Q Does this conclude your testimony?**

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**A** Yes, it does.