

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION
COMMISSION,

Complainant,

v.

AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,

Respondent.

DOCKET UE-160082

ORDER 02

GRANTING PETITION; ALLOWING
TARIFF REVISIONS TO BECOME
EFFECTIVE

BACKGROUND

- 1 On April 28, 2016, the Washington Utilities and Transportation Commission (Commission) entered Order 01, Allowing Tariff Revisions to Become Effective Subject to Conditions (Order 01) in Docket UE-160082 approving Avista Corporation d/b/a Avista Utilities' (Avista or Company) tariff Schedule 77 for its Electric Vehicle Supply Equipment (EVSE) Pilot Program.
- 2 On August 1, 2016, the EVSE Pilot Program went into effect, allowing the Company to own and operate as part of its regulated services up to 265 Level 2 EV chargers and 7 DC Fast Chargers (DCFCs) throughout its service territory. Avista is required to report quarterly to the Commission its customer participation levels, expenditures, and revenues for each service offered under the Pilot Program, as well as the locations and utilization of the DC Fast Charging stations and the amount of overall fixed and variable costs recovered through user payments. The two-year pilot program was set to conclude on August 1, 2018.
- 3 On June 14, 2017, the Commission issued a Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Stations (Policy Statement).¹ The Policy Statement acknowledges that the Commission has allowed

¹ *Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services*, Docket UE-160799 (June 14, 2017).

limited pilot programs to proceed and notes: “The purpose of the currently authorized EV pilot programs is to obtain data to inform future program and rate design. As part of the evaluation at the conclusion of the current pilot programs, utilities should provide data on equipment utilization, demand, load shapes, and the amount of overall fixed and variable costs recovered through user payments.”²

- 4 On December 14, 2017, Avista filed with the Commission a petition to modify Order 01 to extend the Company’s electric tariff Schedule 77 (Petition). The Company seeks to extend its Pilot Program for 11 months, through June 30, 2019, which will allow the Company to: 1) collect and provide more operational cost data; 2) conduct more modeling for networked and non-networked AC Level 2 installations in residential, apartment, workplace, fleet, and public locations; and 3) complete DCFC installations. The Company further proposes to change its reporting from quarterly to semi-annual. As part of this filing, the Company submitted an *Interim Evaluation of the EVSE Pilot*, as requested by Commission staff (Staff).
- 5 On January 19, 2018, Avista filed revised work papers and proposed a new effective date of February 12, 2018.³ On January 26, 2018, the Company filed a revised Petition, which contained incorrect information. At the request of Staff, the Company submitted a revised Petition on February 2, 2018, summarizing the proposed tariff changes.
- 6 Staff reviewed the Company’s proposal and recommends that the Commission allow the tariff revisions to go into effect. Staff’s evaluation is set out in detail, below.
- 7 ***Port Installations.*** The two-year installation term of the program began with the first residential EVSE installation on July 20, 2016. Table 1 provides a summary of the installation status and the number of ports remaining to be installed.

² Docket UE-160799 at ¶29.

³ The Company also removed its request for a banded rate structure for its DCFC stations. Avista did not include with its Petition either the cost-of-service study (COSS) required by WAC 480-80-112 or request a rule waiver. Staff has agreed to work with Avista to develop the required COSS.

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Table 1: Installation Status (as of December 6, 2017)

	2-Year Goal of Port Installations	# Ports Installed	# Ports Scheduled for Installation	# Ports Remaining
Residential SFH	120	113	5	2
Workplace\Fleet\MUD	100	48	7	45
Public	45	19	9	17
DC Fast Chargers (DCFC)	7	2	3	2

9 Staff expressed concerns with the ongoing lack of DCFC participation. It appears that 30 charging sessions per month or less are expected at each DCFC station in the near term. In the last 30 days, 17 charging sessions occurred at Kendall Yards and 9 occurred in Rosalia. However, the Company *does not* propose additional DCFC port installations in the pilot extension, and Staff agrees this is appropriate in light of the data.

10 The Company’s request to extend the installation period to June 30, 2019, will allow it to complete planned port installations and allow a greater number of participants for residential and public/workplace installations. Staff believes that extending the Pilot Program will allow the Company to continue to test EVSE from multiple hardware vendors; competition from multiple vendors will provide valuable information about different forms of EVSE. In terms of cost, the original estimate for the program was \$3,096,000. With the proposed additional port installation expenses, including \$743,000 in capital costs and \$345,000 in O&M costs, the total EVSE pilot program cost estimate is \$4,184,000 through June 30, 2019.

11 Staff notes that Avista appropriately discussed this Petition and its proposed tariff revisions with the newly-formed Joint Investor Owned Utility (IOU) EV Stakeholder Group and provided the proposal to the group prior to submitting its filing.⁴

12 As shown in Table 2, below, Avista proposes to install additional residential and workplace/fleet/MUD port connections with non-networked EVSE and test different manufacturers’ EVSE hardware.

⁴ Avista discussed the changes to the pilot with the Joint IOU EV Stakeholder Group on October 9, 2017, and updated its proposal on November 7, 2017, after receiving additional feedback.

13 **Table 2: Pilot Program Extension Proposal and Total Port Installations**

	Original Targeted # Port Installations	Additional Port Installations (Max Allowed)	Cumulative Total Port Installations (Max Allowed)
Residential SFH	120	120	240
Workplace/Fleet/MUD	100	75	175
Public	45	15	60
DCFC	7	0	7
Total	272	210	482

14 The extension of time will allow the Company to install the additional 7 DCFC ports along the I-90 and US-395 corridors, and to install public and workplace level 2 chargers across the region. The Pilot Program extension will also allow for more robust cost comparisons and provide more demand response experiment data. In addition, Avista proposes to request that customers participate in a time-of-use rate structure for EV charging in the future.

15 ***DCFC Fee Modification.*** Staff agrees with the Company’s proposal to move from a time-based fee of \$0.30 per minute to an energy-based fee of \$0.35/kWh.⁵ In this last year, many of the vehicles were not charging at the rated power of the unit, which resulted in much higher costs for certain customers.⁶ The new energy-based \$0.35/kWh fee is commensurate with gas prices, resulting in an equivalent charge of \$2.76/gallon. The effect on utility revenues is expected to be relatively small over the course of the Pilot Program.

16 ***Incentive Changes.*** Avista also plans to decrease its premises-wiring reimbursement to 50 percent of premises wiring costs, up to \$1,000 for residential customers and \$2,000 per port for non-residential customers. Decreasing the reimbursement will allow the Company to understand the impact that differing levels of premises-wiring reimbursements have on customer participation levels.

⁵ With the previous time-based per minute rate, a high number of charging sessions resulted in fuel costs equivalent to more than \$5 per gallon of gasoline, with some over \$10 per gallon. Avista’s discussions with several customers indicated that the DCFC usage fee of \$0.30/minute is not competitive with a gasoline powered vehicle.

⁶ Avista’s proposed energy-based fee (per kWh rate) will be independent of the *state of charge* and *age of battery*. As batteries approach full charge the charge rate slows down—typically around 80 percent. As a battery ages over time and completes a higher number of charge and discharge cycles, its energy capacity (overall health) becomes degraded and the allowable power delivered to the battery may be reduced.

17 For automobile dealers, Avista indicated that it has experienced little to no interest in participation and will test an increased incentive, from \$100 to \$200. This increase is intended to spur more participation from dealers; however, the cumulative cap for dealer incentives will remain at \$25,000. Overall, Staff agrees that more time to develop and analyze existing data is warranted and will ultimately be beneficial to evaluating the Pilot Program as a whole.

18 ***New Reporting Schedule.*** The Company also proposes to file semi-annual, rather than quarterly, reports, and will continue to update the Commission on the port installation status, Pilot Program costs, and utilization of DCFCs. Staff supports the change to semi-annual reporting, with reports filed on or before May 1, 2018 (data through March 31, 2018), November 1, 2018 (data through September 30, 2018), and May 1, 2019 (data through March 31, 2019). No later than December 31, 2019, Avista will provide a final evaluation report of the EVSE Pilot Program.⁷ The Company has also agreed to provide informal quarterly updates to Staff and other interested parties.

19 ***EVSE Low-income Pilot Modifications.*** The Commission's Policy Statement instructs utilities to provide *direct services* to low-income customers as part of the public interest and fairness determination for EV charging service programs.⁸ Further, RCW 80.28.068 authorizes the Commission to approve discounted or preferential services to low-income and low-income senior customers.⁹

20 Consistent with the Commission's EV policy statement, Avista's tariff revision includes a carve-out for a new low-income initiative that allocates up to \$100,000 to low-income services. In early 2018, the Company plans to solicit proposals from agencies supporting low-income customers and select proposals that will benefit low-income customers, including but not limited to:

- Providing an electric vehicle to a Community Action Agency that uses the vehicle for outreach events, weatherization audits, and transportation services.
- Providing an electric vehicle and EVSE to an agency that provides transportation and/or grocery delivery service for low-income customers unable to access groceries.

⁷ The reports will contain the information specified in Order 01.

⁸ UE-160799. The Commission's *Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services* (June 14, 2017) at ¶ 86.

⁹ RCW 80.28.068 provides that, "Upon request by an electrical or gas company, or other party to a general rate case hearing, the commission may approve rates, charges, services, and/or physical facilities at a discount for low-income senior customers and low-income customers. Expenses and lost revenues as a result of these discounts shall be included in the company's cost of service and recovered in rates to other customers."

- Education and outreach opportunities for agencies that serve low-income customers.

Staff supports the Company's efforts related to low-income preferential services, including providing discounts for an electric vehicle, supply equipment, and premises wiring for community action agencies providing direct services to low-income customers. Staff will work with the Company during the review process for low-income EV proposal review and awards.

- 21 ***Advanced Meter Infrastructure (AMI) and EVSE.*** Avista's AMI project schedule proposes a 3-year installation period beginning in August 2018, when a limited number of meters will be deployed, followed by a 6-month period to ensure all systems are working as planned. Avista indicated that a full deployment of AMI is planned in early 2019. The Company plans to augment EVSE to allow it to communicate with AMI systems, as well as conduct field tests, and assess the reliability, costs, and benefits associated with using AMI communications as compared to other methods such as owner Wi-Fi and cellular.
- 22 ***Conclusion.*** The Company is still in the installation phase of its EVSE Pilot Program and the early stages of demand response (load management) experiments. Given the Program's limited progress thus far, Staff supports an extension of the EVSE Pilot Program for the purpose of collecting additional data to determine the cost-effectiveness of the Program and potential benefits to customers. Avista has indicated that it may propose a long-term EVSE program beginning in mid-2019.
- 23 As such, Staff recommends the Commission grant Avista's revised Petition filed on February 2, 2018, and issue an order modifying Order 01 to extend the effective date of Tariff WN U-28 Schedule 77 through June 30, 2019, allowing the proposed tariff revisions to become effective on February 12, 2018.

DISCUSSION

- 24 We agree with Staff's recommendation and authorize tariff Schedule 77, as revised on February 2, 2018, to become effective on February 12, 2018.
- 25 The purpose of the currently authorized EVSE Pilot Program is to obtain data to inform future program and rate design. In Order 01, we recognized "that the primary purpose of the Pilot Program is to allow Avista to better understand EV charging behavior and the impacts of EV charging on its system."¹⁰ Our approval of the program was "primarily based on the benefits associated with collecting information on EV charging behavior and

¹⁰ Order 01 at □13.

the potential for ratepayer benefits associated with shifting EV charging to off-peak.”¹¹ Accordingly, it is essential that Avista be able to collect adequate data to assess charging behavior. To this end, Order 01 imposed quarterly reporting requirements and directed Staff to review the reports and recommend the collection and reporting of additional data, if required, to provide adequate information to evaluate accurately the program’s success upon its completion.

26 Currently, the Company is still in the installation phase of its EVSE Pilot Program and in the early stages of demand response (load management) experiments. Extending the program through June 30, 2019, will allow the Company to provide additional operational cost data and more modeling for networked and non-networked AC Level 2 installations in residential, apartment, workplace, fleet, and public locations, and allow the completion of DCFC installations. We agree that extending the program is necessary to obtain sufficient data to inform future program and rate design and achieve the goals of the pilot.

27 We also agree with the Company’s proposal to change its reporting frequency from quarterly to semi-annual. As part of this filing, the Company submitted an *Interim Evaluation of the EVSE Pilot*, as requested by Staff. Staff has reviewed the *Interim Evaluation* and is satisfied the Company is collecting enough information to evaluate the Program’s success, and that semi-annual reporting followed by a final report is sufficient for the remainder of the Pilot.

28 Finally, we find that the Company’s proposed changes to its DCFC fee structure, incentive programs, and low-income direct services, as well as its planned integration with AMI technology, are reasonable adjustments made appropriately in response to the data obtained thus far. These modifications will enhance the Company’s ability to measure customer participation and the Program’s overall benefits to consumers.

29 We reiterate our position in Order 01 that approval of Avista’s Pilot Program does not constitute pre-approval of the inclusion of capital or program costs in general rates, nor does it serve as a precedent for any future implementation of RCW 80.28.360. Avista has indicated that it will propose to recover the costs of the Pilot Program in a future proceeding. At that time, Avista must demonstrate that the Pilot Program benefits ratepayers, the facilities are used and useful, and the investments are prudent for inclusion in rates.

¹¹ Order 01 at ¶23.

FINDINGS AND CONCLUSIONS

- 30 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, regulations, practices, and accounts of public service companies, including electric companies.
- 31 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 32 (3) On April 28, 2016, the Commission entered Order 01, Allowing Tariff Revisions to Become Effective Subject to Conditions, approving Avista's tariff schedule 77 for its Electric Vehicle Supply Equipment (EVSE) Pilot Program.
- 33 (4) On December 14, 2017, Avista filed a Petition to modify Order 01 to extend the Company's electric Tariff WN U-28 Schedule 77, Electric Vehicle Supply Equipment Pilot Program, through June 30, 2019, and making certain program and reporting changes.
- 34 (5) On January 19, 2018, Avista filed revised work papers and proposed a new effective date of February 12, 2018.
- 35 (6) On January 26, 2018, Avista filed a revised Petition, which contained incorrect information.
- 36 (7) On February 2, 2018, at Staff's request, the Company filed replacement pages and summarized its proposed modifications to Order 01.
- 37 (8) This matter came before the Commission at its regularly scheduled open meeting on February 8, 2018.
- 38 (9) Staff reviewed Avista's filing and determined that the Company's Petition to Modify Order 01 should be granted. Accordingly, the tariff revisions originally filed on December 14, 2017, as revised on February 2, 2018, should be allowed to go into effect on February 12, 2018.
- 39 (10) After reviewing the revised tariff pages Avista filed in Docket UE-160082 and giving due consideration, the Commission finds it is consistent with the public interest to grant Avista's Petition to modify Order 01 and allow the tariff revisions originally filed on December 14, 2017, and revised on February 2, 2018, to become effective on February 12, 2018.

ORDER

THE COMMISSION ORDERS:

- 40 (1) Avista Corporation d/b/a Avista Utilities' Petition to Modify Order 01 in this
Docket is granted. Order 01 is modified as described in the body of this Order.
- 41 (2) Order 01 otherwise remains in full force and effect.
- 42 (3) The tariff revisions filed by Avista Corporation d/b/a Avista Utilities on
February 2, 2018, shall become effective on February 12, 2018, allowing the
Electric Vehicle Supply Equipment Pilot Program to be extended through June 30,
2019.
- 43 (4) The Commission Secretary is authorized to accept or approve a filing that
complies with the requirements of this Order.

DATED at Olympia, Washington, and effective February 8, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner