

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

INQUIRY INTO ISSUING A  
POLICY-INTERPRETATIVE STATEMENT  
DESCRIBING COMMISSION POLICY  
RELATED TO UTILITY INVESTMENT IN  
ELECTRIC VEHICLE SUPPLY EQUIPMENT  
PURSUANT TO RCW 80.28.360.

DOCKET NO. UE-160799

**COMMENTS OF PUBLIC COUNSEL**

**August 16, 2016**

**I. INTRODUCTION**

1. Pursuant to the Commission’s August 16, 2016, Notice of Opportunity to File Written Comments, the Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel) respectfully submits these comments in advance of the Commission’s September 13, 2016, Recessed Open Meeting. These comments address the policy and implementation questions on electric utility investment in electric vehicle supply equipment (EVSE), while also remaining in compliance with RCW 80.28.360 and other statutes.
2. RCW 80.28.360 states that the Commission “may allow an incentive rate of return on investments on capital expenditures for electric vehicle supply equipment that is deployed for the benefit of ratepayers.”<sup>1</sup> However, the statute is generally silent on the specific elements that might substantiate “real and tangible benefits for ratepayers,” aside from a reference to projects “installed and located where electric vehicles are most likely to be parked for intervals longer

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<sup>1</sup> RCW 80.28.360(1).

than two hours.”<sup>2</sup> Thus, the Commission has requested interested parties to submit comments regarding the unresolved policy and implementation inquiries for EVSE raised by RCW 80.28.360. Some issues were identified during Avista Corporation’s (Avista) filing of an adjustment to Schedule 77, Electric Vehicle Supply Equipment Pilot Program, in Docket UE-160082.<sup>3</sup> The unresolved issues include the evidence, methods and criteria the Commission may consider prior to potential approval of an incentive rate of return, such as: (1) achieving qualifications under RCW 80.28.360, (2) demonstration and quantification of “real and tangible benefits to ratepayers,”<sup>4</sup> (3) deciphering which EVSE investments qualify, and (4) what evaluation test is suitable for measuring benefits to ratepayers, as well as (5) policies promoting fair competition of EVSE in the market.

3. The comments Public Counsel provides at this time are somewhat preliminary. We highlight and raise issues for the Commission’s consideration, and we look forward to reviewing the comments provided by other stakeholders.

## **II. INCENTIVE RATE OF RETURN**

4. As outlined in the Notice, RCW 80.28.360 contains restrictions for capital investments qualifying for an incentive rate of return, specifying the following: (1) capital expenditures do not increase costs to ratepayers in excess of one-quarter of one percent, (2) the utility pursues the EVSE capital investments on a fully-regulated basis similar to other capital investments, and (3) projects shall be installed after July 1, 2015, and shall be “reasonably expected, at the time they are placed in the rate base, to result in real and tangible benefits for ratepayers by being installed

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<sup>2</sup> RCW 80.28.360(3).

<sup>3</sup> Docket UE-160082, *Wash. Utils. & Transp. Comm’n v. Avista Corp. d.b.a Avista Utils.*, Order 01, Order Allowing Tariff Revisions to Become Effective Subject to Conditions ¶ 25 (Apr. 28, 2016) (hereafter, “Order 01”).

<sup>4</sup> Notice at 2.

and located where electric vehicles are most likely to be parked for intervals longer than two hours.”<sup>5</sup> The next section of our comments will discuss potential reporting requirements the Commission may consider to determine whether a utility’s EVSE investments meet the qualifying criteria for an electric utility company’s incentive rate of return on capital investments.

### **A. Demonstrating Qualifications**

5. Because of the limitation that capital expenditures shall not increase costs to ratepayers in excess of one-quarter of one percent, the Commission will need to determine the appropriate means of calculating whether this limitation has been reached. We do not recommend a specific approach at this time, but recognize this determination can likely be calculated in a few different ways.
6. Public Counsel believes the performance and reporting metrics adopted by the Commission in the Avista EVSE pilot proceeding in Docket UE-160082 are a useful starting point for reporting and data collection considerations. We agree with Commission Staff’s proposed reporting requirements in Docket UE-160082, which were adopted by the Commission, and we believe those requirements should be applicable to all electric companies offering an EVSE program.<sup>6</sup> Such reporting should document the program participation levels, expenditures, and revenues of a proposed EVSE program.<sup>7</sup> Second, to the extent the utility EVSE program includes direct current (DC) fast chargers, the location of the DC fast chargers, their utilization rates, and their revenue contribution to fixed and variable costs should be

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<sup>5</sup> RCW 80.28.360(3).

<sup>6</sup> Order 01 ¶¶ 5-8.

<sup>7</sup> Docket UE-160082, *Wash. Utils. & Transp. Comm’n v. Avista Corp. d.b.a Avista Utils.*, Open Meeting Memo at 3 (Apr. 28, 2016).

reported, consistent with the requirements for the Avista EVSE pilot.<sup>8</sup> These two metrics, and other proposed metrics identified during this proceeding, will help provide the Commission with a record of expenditures and revenues related to EVSE.

7. Third, to assist the Commission's review of the impacts of EVSE deployment on the utility distribution system, it will also be helpful for utilities to collect and report data regarding the time and duration that EVSE is utilized. For example, this may include reporting metrics of amperage, voltage, date, time, and battery state attained from the participants in an EVSE program.<sup>9</sup> Public Counsel also recommends a supplementary metric, the reporting of incidents and costs related to rewiring for the installation of any EVSE, to be included in the required reporting metrics. Public Counsel considers these suggested metrics as a suitable and necessary starting point for consideration of appropriate tracking mechanisms for monitoring: (1) participant behavior, (2) reliability of the grid and infrastructure, and (3) costs associated with EVSE.
8. In addition, any utility charging a retail rate to participants using public charging stations, such as Avista's DC fast charging stations, should report to the Commission regularly to review and revise the retail rate as appropriate.<sup>10</sup> As utilization rates of EVSE become available, it will be crucial to ensure that the cost-of-service rate for utilizing the EVSE exceeds the costs of serving the new load in both supply and infrastructure costs.<sup>11</sup> This report can be employed to

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<sup>8</sup> Order 01 ¶ 5; Docket UE-160082, *Wash. Utils. & Transp. Comm'n v. Avista Corp. d.b.a Avista Utils.*, Open Meeting Memo at 3 (Apr. 28, 2016).

<sup>9</sup> *See, e.g.* Docket UE-160082, *Wash. Utils. & Transp. Comm'n v. Avista Corp. d.b.a Avista Utils.*, Avista Cover Letter at 16 (Jan. 14, 2016).

<sup>10</sup> Order 01 ¶ 6.

<sup>11</sup> Nancy E. Ryan & Luke Lavin, Energy & Environmental Economics, *Engaging Utilities and Regulators on Transportation Electrification* (Mar. 1, 2015).

monitor costs, as well as the need for programs with elements of behavior change, such as demand response or tiered pricing. Many other jurisdictions have shown these behavior change features as a necessity for decreasing costs by encouraging off-peak use.<sup>12</sup> With these reporting requirements, the Commission and stakeholders can review the trends and impacts of EVSE.

9. Lastly, a proposed schedule for the depreciable life of the EVSE capital investment should be developed and filed with the Commission, along with supporting documentation, prior to Commission authorization of an incentive rate of return. This is consistent with the requirements of RCW 80.28.360(4).

**B. Demonstration of Real and Tangible Benefits for Ratepayers.**

10. The Notice poses a critical question, as to whether an electric company may receive an incentive rate of return on capital investments intended for the public at large, or only those investments intended for the electric utility's customers. We recognize there may well be multiple lenses through which to consider the question of who benefits from the EVSE investments. For example, do benefits largely accrue to those owning or operating electric vehicles, or are there any benefits to the utility's distribution system?
11. While Public Counsel is supportive of EVSE investments, we do not have a specific recommendation at this time regarding the methods or criteria the Commission should employ to make a determination as to what may constitute "real or tangible benefits for rate payers." Preferably, utility investment in EVSE would result in benefits to all ratepayers, not only to those owning electric vehicles or participating in EVSE programs, as all ratepayers will bear the capital and implementation costs of EVSE deployment. We believe the Total Resource Cost

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<sup>12</sup> *Id.*

(TRC) is worth strong consideration as a potential measure of whether EVSE investments provide benefits to ratepayers. We are hopeful that further information will be gleaned from the Avista pilot, and also possibly from the PSE level two charger program, regarding costs, lessons learned, and participant and system benefits from the EVSE deployment.

### **III. FAIR COMPETITION IN THE EVSE MARKET**

12. It will be important to ensure that any utility investments in EVSE promote fair competition and consumer choice, as specified in RCW 80.28.360(1). The Commission may wish to coordinate and consult with state, regional, and local agencies working to support electric vehicle infrastructure, including the Washington State Department of Transportation (WSDOT). There may be a role for Commission Staff in the review of utility procurement for charging equipment, possibly in consultation with other agencies, to ensure the process is fair and competitive. Public Counsel looks forward to discussions with stakeholders regarding the best means of achieving compliance with this requirement.

### **IV. CONCLUSION**

13. Public Counsel supports thoughtful and timely reporting of EVSE associated metrics, which can be employed to document the trends associated with the increased implementation of EVSE, but may also demonstrate compliance with RCW 80.28.360 and help determine ratepayer benefits. Establishing comprehensive and regular reporting of EVSE metrics will enable the Commission to proactively review issues related to EVSE infrastructure deployment, and monitor whether any revisions are needed.<sup>13</sup>

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<sup>13</sup> Garrett Fitzgerald, Chris Nelder & James Newcomb, Electricity Innovation Lab Rocky Mountain Institute, *Electric Vehicles as Distributed Energy Resources* (retrieved from: [http://www.rmi.org/Content/Files/RMI\\_Electric\\_Vehicles\\_as\\_DERs\\_Final\\_V2.pdf](http://www.rmi.org/Content/Files/RMI_Electric_Vehicles_as_DERs_Final_V2.pdf)).

14. Public Counsel appreciates the opportunity to submit these comments. We will attend the Recessed Open Meeting on September 13, 2016, and look forward to reviewing comments of other stakeholders.