



Bob Ferguson
ATTORNEY GENERAL OF WASHINGTON
800 Fifth Avenue #2000 • Seattle WA 98104-3188

March 3, 2016

FILED VIA WEB PORTAL

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P.O. Box 47250
Olympia, WA 98504-7250

**Re: Avista's Proposed Electric Vehicle Supply Equipment (EVSE) Pilot Program,
Docket UE-160082.**

Dear Mr. King:

Public Counsel submits this letter in advance of the Commission's March 10, 2016, Open Meeting. These comments address Avista's proposed EVSE pilot program, filed as Schedule 77.

Public Counsel Recommendation:

Public Counsel recommends that the Commission suspend the tariff in order to allow for additional time to examine the appropriate incentive amount for EVSE. In addition, Public Counsel recommends that the issue of the depreciable life of EVSE not be approved in this filing and should be considered if/when Avista proposes to seek an incentive rate of return on EVSE equipment in a future filing. However, if the Commission deems it necessary to decide the issue in this filing, Avista should be directed to develop and file depreciation schedules with the Commission for EVSE equipment and provide additional support for the ten-year depreciable life proposed in its filing.

I. BACKGROUND AND SUMMARY OF FILING

House Bill 1853 which became law on July 24, 2015, provides a clear policy directive and financial incentive for electric utilities to participate in electric vehicle infrastructure build-out.¹ Public Counsel acknowledges this directive and supports the goal of reducing greenhouse gas emissions through electrification of the transportation system. Public Counsel also believes that any utility involvement in accelerating the EV market through utility-run programs must be

¹ House Bill 1853, Section 1(3).



ATTORNEY GENERAL OF WASHINGTON

To: Steven V. King
Re: Docket UE-160082, Avista EVSE Pilot Program
Public Counsel Comments
March 3, 2016
Page 2 of 4

carefully designed to ensure benefits to ratepayers and consider impacts to the utility system. Public Counsel's comments are directed at two specific design elements of Avista's pilot program proposal that we believe deserve further review and consideration. There may be other technical and/or policy issues raised by other parties that merit consideration as well.

Avista proposes a two year pilot program to install 120 AC Level 2 EVSE at residential single-family homes, 100 AC Level 2 EVSE at workplace/fleet/multi-dwelling locations and 45 AC Level 2 EVSE at public locations. It also proposes to install DC Fast Charging EVSE at seven locations. Of the Level 2 EVSE installations, "smartchargers" will be planned for 100 of 120 residential installations, and 90 of 145 other Level 2 EVSE locations. "Smartchargers" will allow for utility demand response experiments.²

According to Avista, the purpose of the pilot is to enable greater EV adoption which will result in benefits to all customers. Avista states that greater numbers of EVs benefit all utility customers when the billed revenue from EV customers exceeds the cost to serve them.³ Whether these benefits are realized may depend on EV charging occurring during system off-peak times, which could allow for avoidance of grid upgrades and reduced costs to all customers.⁴ The demand response component of the pilot program is designed to explore the impact of off-peak charging. However, Avista acknowledges that depending on different assumptions, even with off-peak charging, rate impacts associated with increased EV adoption could range from slight reductions to slight increases for all customers.⁵

Total costs for the pilot are estimated at \$3,095,675 and the Company proposes to fund the pilot through its normal capital funding program and seek recovery in a rate case.⁶

II. PILOT DESIGN ISSUES

A. Incentive Levels.

Avista's pilot program is designed to reimburse 100 percent of all participant costs for EVSE for all charging categories with the exception of Public Level 2 EVSE. Costs include EVSE equipment, installation, required utility distribution upgrades, and site property and premise wiring.⁷ Public Counsel is concerned that providing a reimbursement of 100 percent of customer costs is more generous than is necessary to incent customer participation in this pilot. The costs for Avista's pilot program will be borne by all of Avista's customers, including those that do not

² Avista tariff filing, Re: Tariff WN U-28 (New Tariff Schedule 77), Docket UE-160082, at 1-2 (January 14, 2016) (hereafter "Avista tariff filing").

³ Avista tariff filing at 12.

⁴ Avista tariff filing at 12.

⁵ Avista tariff filing at 12-13.

⁶ Avista tariff filing at 3.

⁷ For property premise wiring, Avista intends to reimburse 100 percent of costs, up to a cap. The cap is designed to be higher than the estimated costs for all charging categories with the exception of Public Level 2. The cap for Public Level 2 charging is \$2,000 and estimated property premise wiring costs are \$3,000.

ATTORNEY GENERAL OF WASHINGTON

To: Steven V. King
Re: Docket UE-160082, Avista EVSE Pilot Program
Public Counsel Comments
March 3, 2016
Page 3 of 4

participate in the pilot, so it is important to ensure that the incentives are appropriately scaled such that unnecessary costs are not passed onto ratepayers. Avista states in its filing that its proposed incentive levels are necessary to gain adequate participation levels and ensure a successful pilot program.⁸ However, Avista provides no compelling support for this statement.⁹ In addition, the Company was unable to provide any examples of other utility EVSE programs that provide 100 percent reimbursement of total EVSE costs, with the limited exception of the Southern California Edison EVSE program that provides 100 percent reimbursement for EV charging sites located in disadvantaged communities.¹⁰ All other market segments in the SCE program receive 78 percent – 85 percent total reimbursement for overall EV charging infrastructure costs.¹¹

Puget Sound Energy (PSE) also has a pilot EV charging equipment program underway which provides a rebate for charging equipment only that is capped at \$500. The estimated total customer costs for chargers and installation range from \$650-\$1500 according to Company estimates.¹² PSE's program is limited to residential customers and does not include the same customer commitments required under Avista's pilot program for participation in demand-response experiments and surveys. However, it is notable that PSE's program, which offers a \$500 rebate (or approximately 33 percent – 77 percent of total estimated customer EVSE costs), has had approximately 1,000 participants since the pilot program was established in 2014.¹³ The number of participants Avista is seeking in its pilot is substantially lower than this.

Public Counsel supports a meaningful incentive that also requires participants to pay for some portion of EVSE costs. Requiring participants to have "skin in the game" has a two-fold benefit of encouraging participant engagement in the pilot as well as reducing overall pilot costs passed on to ratepayers. It also recognizes that participants have a direct benefit from involvement in the pilot through reduced EV charging time.

B. Depreciable Life of Equipment.

⁸ Avista tariff filing at 17.

⁹ In a memo provided to Public Counsel Avista refers to its "small pool of potential customers to draw from" as well as the required demand response component of its pilot as challenges to drawing customer participation. Public Counsel does not agree with the Company's assumption that the demand response component will be a strong barrier to customer participation. On the contrary, Public Counsel can easily envision a scenario where EV owners would voluntarily participate in the demand response pilot program, especially given the ability to opt-out of specific demand-response events, as is allowed under Avista's proposed pilot program.

¹⁰ Avista memo provided to Public Counsel on March 1, 2016, titled "Avista Support and Rationale for Premises Wiring Reimbursement."

¹¹ California Public Utilities Commission, Application 14-100014, Decision 16-01-023, at 8-9 (January 14 2016).

¹² Email conversation with Puget Sound Energy representative (February 17, 2016).

¹³ Email conversation with Puget Sound Energy representative (February 17, 2016).

ATTORNEY GENERAL OF WASHINGTON

To: Steven V. King
Re: Docket UE-160082, Avista EVSE Pilot Program
Public Counsel Comments
March 3, 2016
Page 4 of 4

Avista proposes a ten-year depreciable life for all EVSE equipment, regardless of charging type.¹⁴ In response to queries from Public Counsel, Avista states that the ten-year depreciable life is a “reasonable assumption” based on discussions with equipment manufacturers and peer utilities.¹⁵ Avista provides no evidence or further support for the depreciable life time period it proposes. Avista has not met its burden of proof to support the ten-year depreciable life proposed in this filing. Moreover, Public Counsel does not believe the issue of depreciable life of equipment is ripe for determination at this time. The issue of depreciable life is only relevant with respect to the incentive rate of return that HB 1853 authorizes the Commission to consider. Under the law, the incentive rate of return may be earned for a period based on the depreciable life of the EVSE equipment as defined by the depreciation schedules developed by the Company and submitted to the Commission for review.¹⁶ The Company has not sought Commission approval for an incentive rate of return on EVSE equipment in this filing, nor has it developed and filed depreciation schedules with the Commission. As a result, Public Counsel recommends that the issue of depreciable life not be decided in this filing. However, should the Commission decide to set the depreciable life for EVSE equipment in this filing, Public Counsel recommends that Avista be directed to provide additional support for the ten-year depreciable life it proposes and file depreciation schedules with the Commission.

Thank you for your consideration of these comments. Public Counsel will attend the March 10, 2016, Open Meeting regarding this proposal.

Sincerely,



Lea Fisher
Regulatory Analyst
206-464-6380

cc: Chris McGuire, Commission Staff (E-mail)
Shawn Bonfield, Avista Utilities (E-mail)

¹⁴ Avista tariff filing at 16.

¹⁵ Avista’s Response to Public Counsel Request for Information No. 11.

¹⁶ HB 1853, Section 2(4).