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March 21, 2016

Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive S. W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Attention: Mr. Steven King, Executive Director & Secretary

**RE: Docket UE-160082 - Tariff WN U-28 (2<sup>nd</sup> Substitute Tariff Schedule 77)**

Dear Mr. King,

On January 14, 2016, Avista Corporation, doing business as Avista Utilities (“Avista” or “Company”), filed proposed tariff WN-U28, Schedule 77, Electric Vehicle Supply Equipment (“EVSE”) Pilot Program. The purpose of this tariff filing was to establish a new tariff for the Company’s proposed EVSE Pilot Program. The Company proposed an effective date of the tariff of March 14, 2016. After discussion at the Commission’s Open Meeting on March 10, 2016, the Company filed substitute tariff revisions to extend the proposed effective date of Schedule 77 to April 11, 2016.

After consideration of the discussion at the Commission’s Open Meeting on March 10, 2016 and further discussion with Commission Staff, Public Counsel, and the Northwest Energy Coalition, the Company provides the following clarifications and proposed modifications to its original filing included in the enclosed second substitute Schedule 77.

**1. Premises Wiring Reimbursements**

In its original filing the Company proposed to provide premises wiring reimbursements of 100% of premises wiring costs up to \$1,000 for residential customer EVSE installations and 100% of premises wiring costs up to \$2,000 per port connection of non-residential installations. The Company has revised the amount of proposed premises wiring reimbursements to the following amounts:

- a. 80% of premises wiring costs up to \$1,000 for residential EVSE installations.

- b. 80% of premises wiring costs up to \$2,000 per port for non-residential EVSE installations that do not include user payment capabilities.
- c. 65% of premises wiring costs up to \$2,000 per port for non-residential EVSE installations that include user payment capabilities.

The Company believes an 80% premises wiring reimbursement may result in satisfactory participation, as a survey performed by the Electric Power Research Institute (“EPRI”) in 2010 found of hybrid owners, “three in four say they would pay at least \$200” to upgrade to a 240 volt or AC Level 2 charger.<sup>1</sup> As an example, for residential installations with total premises wiring costs of \$1,000, the proposed reimbursement amount would require the customer to pay \$200. Similarly, workplace and public site hosts will incur some portion of installation costs, which gives the customer some “skin in the game” for participating in the pilot program.

The Company has proposed a 65% premises wiring reimbursement for EVSE installations that include user payment capabilities, rather than 80%, due to the fact that EVSE with user payment capabilities are more expensive to own and maintain and attract fewer users, compared to those that do not.<sup>2</sup> For example, in a California survey of over 4,300 EV drivers, 37% of respondents had workplace charging available at work, of which 82% reported it being for free. Of the 18% who paid to charge at work, 66% charged their vehicles less than once a week or not at all, and overall charged their vehicles significantly less frequently than those that had free access.<sup>3</sup> For non-residential customers who install EVSE in workplace, multi-unit dwellings (“MUDs”), and public locations, many will choose to offer charging with no user payments, while others may wish to do so for valid reasons. Accordingly, with this arrangement the Company is providing customer choice to the site-host, to have EVSE installed with or without user payment capability. For those customers that choose EVSE with user payments, they will receive a smaller reimbursement for installation of premises wiring, but on the other hand will receive revenue from user payments over the course of the pilot program, unlike those that opt to offer free charging. It is important to note that for customers that choose to install EVSE without user payment capability, that there are other means by which they can accept payment, for example, a monthly fee to use EVSE administered through company payroll systems, charging for the parking space and EVSE use as part of hourly or daily fees billed to a room charge at a hotel, fees included in the tenant lease for MUDs, etc.

## **2. Depreciable life of EVSE**

The Company confirms that it is not seeking approval of the depreciable life of EVSE it would install. The depreciable life will be addressed in a future general rate case when the Company seeks recovery of costs associated with the EVSE Pilot Program.

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<sup>1</sup> Electric Research Power Institute (2010). *Characterizing Consumers’ Interest in and Infrastructure Expectations for Electric Vehicles: Research Design and Survey Results, 2010*.

<http://www.epri.com/abstracts/pages/productabstract.aspx?ProductID=00000000001021285>

<sup>2</sup> Berman, Brad (2014). *Electric Vehicle Charging for Businesses*. PlugInCars, September, 2014.

<sup>3</sup> California Center for Sustainable Energy (2013). *California Plug-in Vehicle Driver Survey Results*. May, 2013.

### **3. Ownership of equipment**

Avista maintains the ownership model proposed in its original filing, such that the Company will own all EVSE installed. The Company continues to believe this ownership framework is the best option given the limited scope and duration of the pilot program installations. Also, it is clear that RCW 80.28.360 allows for ownership of EVSE as proposed by the Company. Lastly, the Company recognizes that alternative models of EVSE ownership may be considered for future programs.

### **4. Competitive bidding process for EVSE and installations**

Avista agrees that healthy competition in the marketplace is necessary, thus it is using a competitive Request for Proposals (“RFP”) process to select the vendor or vendors that will provide the EVSE, network and installation services for the pilot program. The Company will select the vendor or vendors that meet the requirements of the RFP and whose proposals provide the most value to its customers and helps the Company achieve the learning objectives discussed. The Company will use separate RFP processes for equipment vendor or vendors and installation contractors. The initial RFP for equipment was sent out in February, with responses due March 22nd. The RFP for installation contractors is also already sent out with responses due March 29<sup>th</sup>. The Company commits to considering the selection of more than one vendor for EVSE and for installation contractors.

### **5. AC Level 2 Chargers**

As proposed, the Company plans to install up to 120 residential and 145 non-residential AC Level 2 EVSE port connections. For non-residential installations, each EVSE is expected to have an average of 2 port connections.<sup>4</sup> Each EVSE installation will be done behind a customer’s meter. This means that any energy used by the EVSE will be included on the customer’s existing monthly bill. As mentioned above, the Company will provide customers who install EVSE in workplace, MUD, or public locations the option of EVSE with user payment capability. If a customer chooses to charge users for the AC Level 2 EVSE service they are providing, the Company will work with the customer to understand the framework for the rate structure and applicable rates to be charged as the Company wants to ensure that the rates being charged to not deter the use of the EVSE.

### **6. DC Fast Chargers (“DCFC”)**

At the Commission’s Open Meeting held on March 10, 2016, there was a great deal of discussion regarding the inclusion of DCFC in the Company’s proposed pilot program. There were many questions and concerns raised about DCFC, as well as support provided for why DCFC is needed in the Company’s pilot program. As a result of the discussion the Company maintains its proposal to install up to seven DCFC as part of the pilot program.

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<sup>4</sup> In total the Company will install up to approximately 193 AC Level 2 EVSE at customer locations based on the total number of port connections proposed, 120 installations and ports at residential locations and 73 installations at non-residential locations (145 ports / average of 2 ports per installation = 72.5 installations).

The installation of DCFC can have an impact on an individual's decision to purchase an EV. Studies completed by EPRI, Cornell University, EVgo, CA Plug-In Vehicle Collaborative, and others have all come to a similar conclusion – that DCFC has a significant impact on the adoption of EVs. Per a preliminary Avista study, each EV may provide a net present value contribution of \$500 to \$2,000, resulting in negative rate pressure, as well as other benefits such as an 80% reduction in CO<sub>2</sub> emissions. The availability of DCFC has a direct impact on EV adoption, and the increased adoption benefits all customers. It is important to look at the importance of DCFC in the context of the overall pilot and benefits that accrue as described in the Company's original filing.

The Company's proposal of 7 DCFC was determined based on the number of DCFC needed to enable travel from Colville to Clarkston, which represents travel from the northern part of the Company's service territory to the southern part. Potential locations of the DCFC are Colville, Chewelah, Deer Park or North Spokane, downtown Spokane, Rosalia, Pullman, and Clarkston. These installations are proposed to complement the existing and planned I-90 DCFC infrastructure by the Washington Department of Transportation ("WADOT"). When determining the locations for where the DCFC will be installed, the Company will utilize the siting specifications and review proposed DCFC locations with WADOT to ensure DCFC are in locations that can be best utilized by EV drivers and provide the most overall benefit.

All DCFC installations will be installed to allow for multiple port connections. Initially the Company will install a single DCFC with dual CHAdeMO/SAE combination connectors and an AC Level 2 backup. The Company will monitor utilization of the DCFC over time to determine if a second DCFC is needed at each location and/or if other connector types are required in the future.

In its original filing the Company did not include a rate to be charged for the use of the DCFC. After reviewing the market rates for other DCFC located in WA State and analyzing a number of scenarios for utilization rates of the DCFC and accompanying variable charges required to operate the DCFC, the Company now includes a proposed rate of \$0.30 per minute. The proposed rate is equivalent to approximately \$3.25 per gallon of gasoline based on a DCFC providing a charge at an average of 40 kW output. If each user on average charges up to 80% of a 24 kWh battery (19.2 kWh) it would take approximately 29 minutes per charging session based on an average of 40kW output and cost the user \$8.70. Including DCFC as part of the program will help the Company understand utilization rates of the DCFC, average charging time per session, and what portion of fixed and variable costs will be offset by revenues from user payments at the proposed rate of \$0.30 per minute. The full details of this analysis and other scenarios can be found in the workpapers accompanying this filing.

The Company proposes charging a per minute rate as it helps to encourage users to complete their charging session without spending unnecessary time charging, unlike a flat fee per session, where users have little or no motivation to complete their charging session quickly and move the vehicle, allowing another user access.

A summary of DCFC rates in WA State can be found in the following table:

Source	# of DCFC in WA	Cost per Session	Cost per Minute	10 Min	15 Min	20 Min	25 Min	30 Min	35 Min	40 Min
Aerovironment	13	\$7.50	\$0.00	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50
Blink*	26	\$0.00	\$0.26	\$2.60	\$3.90	\$5.20	\$6.50	\$7.80	\$9.10	\$10.40
eVgo	1	\$4.95	\$0.20	\$6.95	\$7.95	\$8.95	\$9.95	\$10.95	\$11.95	\$12.95
Avista DCFC (proposed)	7	\$0.00	\$0.30	<b>\$3.00</b>	<b>\$4.50</b>	<b>\$6.00</b>	<b>\$7.50</b>	<b>\$9.00</b>	<b>\$10.50</b>	<b>\$12.00</b>

\*Blink charges \$0.39 per kWh for Blink network members. At 40 kW output the rate per minute is equivalent to \$0.26 for Blink network participants.

The Company proposes to review its proposed rate every three to six months to determine if it is still competitive with the market in WA and how much of the overall fixed and variable costs are being covered by user payments. If a change in the rate is necessary the Company will seek approval from the Commission to make the change.

#### 7. Dealer Incentives

During the Open Meeting on March 10, 2016, questions were raised as to the Company's ability to recover expenses associated with the dealer incentives it proposes to provide as part of the pilot program. The Company confirms it is not seeking recovery of any expenses at this time, so any questions related to cost recovery can be dealt with when the Company seeks recovery of expenses through a future general rate case.

Due to the proposed modifications to the originally filed Schedule 77, an additional tariff page was required, Original Sheet 77c. Also, the Company has modified the term for installations as part of the pilot program described in Schedule 77 from May 1, 2016 through May 1, 2018 to June 1, 2016 through June 1, 2018.

The Company proposes that the second substitute tariff revisions take effect on April 11, 2016. If you have any questions regarding this filing please call me at 509-495-2782.

Sincerely,

*Shawn Bonfield*

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 Avista Utilities  
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Enclosures