

August 16, 2016

VIA ELECTRONIC FILING

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

RE: Docket UE-160799—Pacific Power & Light Company's Comments

In response to the Notice of Opportunity to File Written Comments issued by the Washington Utilities and Transportation Commission (Commission) on June 24, 2016, Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, submits the following written comments.

1. RCW 80.28.360 authorizes the Commission to allow an incentive rate of return on investment on capital expenditures for electric vehicle supply equipment under certain circumstances. In addition to being installed after July 1, 2015, the law identifies several criteria for the capital expenditures to qualify for the incentive rate of return. How should an electrical company demonstrate that capital expenditures for EVSE meet each of the following criteria in the law:
 - a) The capital expenditures do not increase costs to ratepayers in excess of one-quarter of one percent,
 - b) The EVSE investments are pursued on a fully regulated basis similar to other capital investments behind a customer's meter, and
 - c) The projects are installed and located where electric vehicles are most likely to be parked for intervals longer than two hours.

Response:

Pacific Power proposes that all of the components of an EVSE investment be reviewed as part of a formal filing with the Commission. As part of that filing, utilities could provide the estimated rate impact and other relevant information demonstrating that the proposed EVSE investment meets the requirements provided under RCW 80.28.360. This would enable the Commission to review the details of the utility's proposal and ensure that the proposed projects meet the criteria outlined in the statute.

If the Commission decides to open a rulemaking to address the application of the statute, Pacific Power recommends that the new rules outline a clear and standard process for utilities to seek approval of EVSE projects.

While the requirements in RCW 80.28.360 provide guidance for projects that qualify for the incentive rate of return, Pacific Power views that it does not preclude a utility from seeking recovery of other EVSE investments with a rate impact in excess of one-quarter of one percent at its approved overall rate of return.

2. What real and tangible benefits to ratepayers should electrical companies be required to quantify and demonstrate in order for the Commission to:
 - a) Make a prudence determination, and
 - b) Authorize an incentive rate of return?

Response:

The Company notes the language in RCW 80.28.360(3) that states that the incentive rate of return applies to projects "...which are reasonably expected, at the time they are placed in the rate base, to result in real and tangible benefits for ratepayers by being installed and located where electric vehicles are most likely to be parked for intervals longer than two hours." The Company interprets this language to say that EVSE placed in a location where vehicles are reasonably expected to be parked for intervals of longer than two hours will result in a real and tangible benefit for ratepayers. As such, no quantification of benefits is required, only a demonstration that the equipment is installed in a location where electric vehicles are reasonably expected to be parked for intervals longer than two hours. If the utility is able to meet this requirement, in addition to meeting the Commission's traditional standards for prudence review, the utility will have met the requirement to show real and tangible benefits.

3. Should the incentive rate of return authorized in RCW 80.28.360(2) apply to EVSE investments that serve the public at large, or only to investments in infrastructure that serve the company's electric customers?

Response:

A utility's investment in EVSE should be reasonably expected to serve its electric customers, but should not be required to serve the utility's electric customers exclusively. In addition to enabling local day-to-day use, public EVSE can reduce range anxiety for long-range travel to advance EV adoption. Rather than attempting to analyze transportation patterns to estimate the extent to which a particular EVSE installation will be used by an electric utility's customers, Pacific Power suggests that the incentive rate of return should apply to any EVSE investment within a utility's electric service area.

4. While EVSE increases electrical load, existing tests used by the Commission to determine the cost-effectiveness of energy efficiency investments may be applied or adapted for EVSE. Is the Total Resource Cost (TRC) an appropriate measure of whether EVSE investments provide benefits to ratepayers?

Response:

The statute provides clear guidance on the criteria that must be met to receive an incentive rate of return, which does not include cost-effectiveness. The Company does not believe attempting to quantify benefits in this nascent market is appropriate, but programs should be designed to gather information that could inform future cost-effectiveness analysis.

Washington currently relies on the Total Resource Cost test to determine whether investment in reducing load through end use energy efficiency provides a net benefit to a

utility and its customers. While transportation electrification is a form of energy efficiency, Pacific Power is not certain this is the appropriate measure for testing its value. For example, when applying the TRC test to vehicle electrification, the majority of benefits are derived from drivers' avoided gasoline purchases, which may not be an appropriate consideration when evaluating the prudence of a utility's investment. The Company is not prepared to propose an alternative evaluation method at this time, but looks forward to working with its stakeholders and the Commission to determine the appropriate way to assess future EVSE investments.

5. What, if any, modifications to traditional cost-effectiveness tests are necessary or appropriate to use for investments in EVSE?

Response:

Please see response to Question 4. The Company is not prepared to propose modifications to traditional cost-effectiveness tests at this time, but looks forward to working with its stakeholders and the Commission to determine the appropriate way to assess future EVSE investments.

6. What policies should the Commission consider to improve access to, and promote fair competition within the market? Please comment separately on how the Commission should address the following:
- a) Improve access to EV charging as a regulated public service
 - b) Ensure that the utility procurement process for charging equipment is fair and competitive
 - c) Allow a competitive market for charging services to develop

Response:

As discussed in the Company's response to 1 above, Pacific Power recommends the Commission to encourage utilities to improve access to EV charging by providing clear and standard processes to seek approval and recovery of EVSE programs.

To encourage a fair and competitive procurement process for charging equipment, the Commission could require that the utility provide documentation supporting its equipment selection and procurement process as part of a formal filing. Whether by a formal request for proposal (RFP) process or another standard Company procurement process, the Commission would be able to review the decision-making process similar to other types of prudent utility investments before they are placed in rates.

7. Considering RCW 80.12-020, when would it be appropriate for an electrical company to "gift" EVSE to a customer, as provided in RCW 80.28.360(4)? What notice should be given?

Response:

Pacific Power has no comments on this issue at this time.

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8. Considering RCW 80.28.320, what other factors should the Commission consider in order to approve investor-owned utility proposals to own and operate EVSE as a regulated service?

Response:

Pacific Power has no comments on this issue at this time.

Please direct inquiries to Ariel Son, Regulatory Projects Manager, at (503) 813-5410.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bryce Dalley", with a long horizontal flourish extending to the right.

R. Bryce Dalley
Vice President, Regulation