

# SENATE BILL REPORT

## SHB 1853

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As of March 20, 2015

**Title:** An act relating to utility leadership in electric vehicle charging infrastructure build-out.

**Brief Description:** Encouraging utility leadership in electric vehicle charging infrastructure build-out.

**Sponsors:** House Committee on Technology & Economic Development (originally sponsored by Representatives Magendanz, Bergquist, Morris, Muri, Tarleton, Fitzgibbon and Tharinger).

**Brief History:** Passed House: 3/05/15, 71-27.

**Committee Activity:** Energy, Environment & Telecommunications: 3/18/15.

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### SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

**Staff:** Jeff Olsen (786-7428)

**Background:** The Utilities and Transportation Commission (UTC) regulates the rates, services, and practices of privately owned utilities and transportation companies. Among the companies under regulation by the UTC are electrical and natural gas companies. The UTC is required to ensure that rates charged by these companies are fair, just, and reasonable.

Under regulation by the UTC, the rates to be charged by privately owned utilities are calculated from a utility's rate base and rate of return allowed on its rate base. A utility's rate base is the total non-depreciated value of its property and equipment used to provide utility service to ratepayers. Rate of return is the level of profit and the cost of debt that a utility is allowed to return on its rate base through rates charged to utility customers. In establishing rates for gas and electrical companies, the UTC must allow an incentive rate of return on investment for certain programs or projects, including those to improve the efficiency of energy end-use or to generate renewable energy. The incentive rates of return on investment to be allowed under current law are established by adding an increment of 2 percent to the rate of return on common equity permitted on the company's other investments.

**Summary of Bill:** In establishing rates for gas and electrical companies, the UTC must consider policies to encourage electric vehicle supply equipment (EVSE) build-out. These policies may include, but are not limited to, allowing a rate of return on investment on capital expenditures for EVSE that is deployed for the benefit of ratepayers. A rate of return on

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investment for EVSE build-out may only be allowed if the company chooses to pursue capital investment in EVSE on a fully regulated basis similar to other capital investments behind a customer's meter. The incentive rate of return is established by adding an increment of 2 percent to the rate of return on common equity permitted on the company's other investments.

Eligible capital investments in EVSE are limited to those that are installed after July 1, 2015, and which are expected to result in real and tangible EVSE being installed and located where electric vehicles are most likely to be parked for intervals longer than two hours. A rate of return on investment for EVSE build-out may only be earned for a period up to the depreciable life of the asset. When the capital investment has fully depreciated, an electrical company may gift the EVSE to the owner of the property on which it is located.

By December 31, 2017, the UTC must report to the Legislature with regard to the use of any incentives allowed for EVSE, the quantifiable impacts of the incentives on actual electric vehicle deployment, and any recommendations to the Legislature about utility participation in the electric vehicle market.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill attempts to address barriers to entry for consumers seeking to purchase an electric vehicle by expanding the availability of electric vehicle charging stations. The concept has been worked on with the utilities and the UTC, and has been successfully used for the energy efficiency 2 percent rate of return program. Utilities will be able to provide a charging facility for a customer and recover the costs over time through rates. Electric utilities should be encouraged to build more charging facilities, it will result in savings to Washingtonians, reduce carbon emissions, and is an efficient fuel source for the transportation system. The bill only applies to investor-owned utilities and the Legislature should consider the role of consumer-owned utilities in building EVSE.

**Persons Testifying:** PRO: Representative Magendanz, prime sponsor.

**Persons Signed in to Testify But Not Testifying:** PRO: JJ McCoy, NW Energy Coalition, Seattle Electric Vehicle Assn.; John Rothlin, Avista; Lauren McCloy, UTC; Nancy Atwood, Puget Sound Energy.