

# HOUSE BILL REPORT

## ESSB 6187

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**As Reported by House Committee On:**  
Technology & Economic Development

**Title:** An act relating to the electrification of transportation.

**Brief Description:** Concerning the electrification of transportation.

**Sponsors:** Senate Committee on Energy, Environment & Technology (originally sponsored by Senators Palumbo, Carlyle, McCoy, Hobbs, Wellman, Sheldon, Hawkins, Mullet, Conway and Brown).

**Brief History:**

**Committee Activity:**

Technology & Economic Development: 3/1/18 [DPA].

**Brief Summary of Engrossed Substitute Bill  
(As Amended by Committee)**

- Authorizes the governing authority of a municipal electric utility or the commission of a public utility district to adopt an electrification of transportation plan.
- Authorizes the governing authority of a municipal electric utility or the commission of a public utility district to offer incentive programs in the electrification of transportation for its customers.
- Requires the Department of Commerce to arrange for a study of utility capital expenditures projected to be driven by growth in distributed resources.

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### HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass as amended. Signed by 16 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Doglio, Fey, Harmsworth, Hudgins, Manweller, McDonald, Nealey, Santos, Slatter, Steele and Wylie.

**Staff:** Nikkole Hughes (786-7156).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## **Background:**

### Municipal Electric Utilities and Public Utility Districts.

Municipalities are authorized to operate as utilities and set the rates and charges for the provision of water, sewer, electric power, heating fuel, solid waste removal, and transportation facility services. Public utility districts (PUDs) are a type of special purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. A PUD may operate on a countywide basis or may encompass a smaller jurisdiction. A PUD is governed by a board of either three or five elected commissioners.

### Investor-Owned Utility Investment in Electric Vehicle Supply Equipment.

In establishing rates for privately owned gas and electrical companies, the Utilities and Transportation Commission (UTC) must consider policies to improve access to, and promote fair competition in the provision of, 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, provided that the capital expenditures do not increase costs to ratepayers in excess of 0.25 percent.

A rate of return on 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 up to 2 percent to the rate of return on common equity permitted on the company's other investments.

The UTC was required to report to the Legislature by December 31, 2017 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.

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## **Summary of Amended Bill:**

The governing board of a municipal electric utility or public utility district may adopt an electrification of transportation plan that, at a minimum, establishes a finding that:

- if the electric utility is acquiring new resources as indicated in its most recent resource plan or integrated resource plan, utility outreach and investment in the electrification of transportation infrastructure is cost-effective, as determined using a methodology that assesses both the expected system benefits and expected costs to ratepayers; or
- if the electric utility is not acquiring new resources, utility outreach and investment in the electrification of transportation infrastructure is cost-effective, as determined using a methodology that assesses both the expected system benefits and expected costs to ratepayers and the long-term contracted wholesale electricity supply that will result in a greater ratepayer benefit than the individual benefit from the program cost.

In adopting an electrification of transportation plan, a governing board may consider some or all of the following:

- the applicability of multiple options for electrification of transportation across all customer classes;
- the impact of electrification on the utility's load;
- system reliability and distribution system efficiencies;
- interoperability concerns; and
- overall customer experience.

The governing board may, upon making a cost-effectiveness determination, offer incentive programs in the electrification of transportation for its customers.

The Department of Commerce (Department), subject to appropriations, must arrange for a study of utility capital expenditures projected to be driven by growth in distributed resources, including photovoltaic systems, electric vehicles, and any other customer-owned technologies identified as likely to cause a shift in capital expenditures. The study must survey each of the state's utilities and must include a low and high adoption scenario for each resource.

#### **Amended Bill Compared to Engrossed Substitute Bill:**

The amendment to the bill:

- removes the cost-cap provision;
- requires a municipal electric utility or PUDs transportation electrification plan to, at a minimum, establish certain cost-effectiveness and ratepayer benefit findings;
- requires a study by the Department, subject to appropriations, of utility capital expenditures driven by growth in distributed resources; and
- defines "system benefit" and "distribution system."

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

#### **Staff Summary of Public Testimony:**

(In support) This bill would enable municipal electric utilities and PUDs to develop plans for offering a range of services related to transportation electrification to their customers, including incentives and rebates. This bill would alleviate some of the uncertainty in the marketplace right now about how consumer-owned utilities are able to participate in the electrification of the transportation sector.

(Opposed) None.

(Other) This bill should include cost-benefit language that is more specific in regards to how it limits or prevents increases in costs borne by ratepayers.

**Persons Testifying:** (In support) Marcus Courtney, Rogue Power; Caron Cargill, City of Seattle; Glenn Blackmon, Washington Department of Commerce–State Energy Office; Marian Dacca, Tacoma Public Utilities; Michael Mann, EVgo Services LLC; and Isaac Kastama, Benton Public Utility District and Franklin Public Utility District.

(Other) Tim Boyd, Industrial Customers of Northwest Utilities.

**Persons Signed In To Testify But Not Testifying:** None.