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**SUBSTITUTE HOUSE BILL 1853**

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**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** House Technology & Economic Development (originally sponsored by Representatives Magendanz, Bergquist, Morris, Muri, Tarleton, Fitzgibbon, and Tharinger)

READ FIRST TIME 02/19/15.

1 AN ACT Relating to utility leadership in electric vehicle  
2 charging infrastructure build-out; adding a new section to chapter  
3 80.28 RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that the  
6 transportation sector is Washington's largest contributor to  
7 greenhouse emissions and hazardous air pollutants as defined by  
8 federal national ambient air quality standards and mobile source air  
9 toxics rules. The sector's portion is considerably higher than the  
10 national average because our state relies heavily on hydropower for  
11 electricity generation, unlike other states that rely on fossil fuels  
12 such as coal, petroleum, and natural gas to generate electricity.

13 (2) The legislature also finds that federal clean air act  
14 regulations and complementary Washington policies supporting  
15 renewable energy generation, energy efficiency, and energy  
16 conservation are likely to result in further reduction of emissions  
17 in the electricity and in the combined residential, commercial, and  
18 industrial sectors. The legislature finds that state policy can  
19 achieve the greatest return on investment in reducing greenhouse gas  
20 emissions and improving air quality by expediting the transition to  
21 alternative fuel vehicles, including electric vehicles.

1 (3) The legislature finds that utilities, who are traditionally  
2 responsible for understanding and engineering the electrical grid for  
3 safety and reliability, must be fully empowered and incentivized to  
4 be engaged in electrification of our transportation system. The  
5 legislature further finds that it has given utilities other policy  
6 directives to promote energy conservation which do not make the  
7 benefits of building out electric vehicle infrastructure, as well as  
8 any subsequent increase in energy consumption, readily apparent.  
9 Therefore the legislature intends to provide a clear policy directive  
10 and financial incentive to utilities for electric vehicle  
11 infrastructure build-out.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 80.28  
13 RCW to read as follows:

14 (1) In establishing rates for each electrical company regulated  
15 under this title, the commission may allow an incentive rate of  
16 return on investment on capital expenditures for electric vehicle  
17 supply equipment that is deployed for the benefit of ratepayers. The  
18 commission must consider and may adopt other policies to improve  
19 access to electric vehicle supply equipment.

20 (2) An incentive rate of return on investment under this section  
21 may be allowed only if the company chooses to pursue capital  
22 investment in electric vehicle supply equipment on a fully regulated  
23 basis similar to other capital investments behind a customer's meter.  
24 In the case of an incentive rate of return on investment allowed  
25 under this section, an increment of up to two percent must be added  
26 to the rate of return on common equity allowed on the company's other  
27 investments.

28 (3) The incentive rate of return on investment authorized in  
29 subsection (2) of this section applies only to projects which have  
30 been installed after July 1, 2015, and which are reasonably expected,  
31 at the time they are placed in the rate base, to result in real and  
32 tangible benefits for rate payers by being installed and located  
33 where electric vehicles are most likely to be parked for intervals  
34 longer than two hours.

35 (4) The incentive rate of return on investment increment pursuant  
36 to this section may be earned only for a period up to the depreciable  
37 life of the electric vehicle supply equipment as defined in the  
38 depreciation schedules developed by the company and submitted to the  
39 commission for review. When the capital investment has fully

1 depreciated, an electrical company may gift the electric vehicle  
2 supply equipment to the owner of the property on which it is located.

3 (5) By December 31, 2017, the commission must report to the  
4 appropriate committees of the legislature with regard to the use of  
5 any incentives allowed under this section, the quantifiable impacts  
6 of the incentives on actual electric vehicle deployment, and any  
7 recommendations to the legislature about utility participation in the  
8 electric vehicle market.

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