FINAL BILL REPORT
SHB 1853

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Synopsis as Enacted

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).

House Committee on Technology & Economic Development
Senate Committee on Energy, Environment & Telecommunications

Background:

The Utilities and Transportation Commission.

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."

Rate of Return on Investment.

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 nondepreciated 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 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:

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.

In establishing rates for gas and electrical companies, the 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.

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.

Votes on Final Passage:

House	71	27	
Senate	33	16	(Senate amended)
House	67	31	(House concurred)

Effective: July 24, 2015