

Montana Public Service Commission



June 27, 2022

Senator Diane Sands, Chair
Transportation Interim Committee
P.O. Box 201706
Helena, MT 59620-1706

Dear Senator Sands:

I am writing in response to your letter dated June 14, 2022 regarding the Transportation Interim Committee's current study of electric vehicles. Your letter indicated that the Committee is seeking information as to how electric vehicle charging station rates are approved and as to what considerations go into setting a rate to provide electric services to a charging station. You also expressed concern that out-of-state travelers using electric vehicles would not contribute to the state highway fund.

The short answer to your questions is that the Commission has not undertaken a process for setting a rate for the provision of electric services to charging stations. This is because no utility regulated by the Montana PSC has requested this type of rate review and setting. See MCA Section 69-8-802. Further, the manner of contributions made to the state highway fund is not within the scope of the Commission's regulatory purview.

The existing statutory process for this Commission to approve rates for regulated public utilities involves the Commission's review of an application submitted by a public utility using the contested case procedures established in the Montana Administrative Procedures Act (MAPA). The utility bears the burden of demonstrating that its proposed rates are just and reasonable. The primary considerations affecting rates for electric services, including rates that may be set for charging stations, are the usage characteristics of customers and the associated costs, including a reasonable profit, incurred by the utility to provide the services. Since demand for electric vehicle charging services is new and evolving, the Commission is aware that Montana utilities face data limitations in developing specific rate proposals.

To date, regulated public utilities have not proposed, and the Public Service Commission has not approved, rates specifically for the provision of electric services to electric vehicle charging stations. To the extent residential and/or commercial electric vehicle charging infrastructure is currently being deployed in the service territories of regulated utilities in Montana, the electricity

services are being provided under traditional residential and commercial rate schedules.

However, you have identified an area of public policy that the Commission intends to address later this year. This is due to the fact that The Infrastructure Investment and Jobs Act of 2021 (“IIJA”) amended Section 111(d) of the Federal Public Utility Regulatory Policies Act (“PURPA”) to require all states, including Montana, consider measures to promote greater electrification of the transportation sector. Such state consideration must include the establishment of utility rates that:

- Promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
- Improve the customer experience associated with electric vehicle charging, including by reducing charging times;
- Accelerate third-party investment in electric vehicle charging; and
- Appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

Pursuant to Section 112 of PURPA, state regulatory authorities, such as the Commission, must commence consideration of these potential measures by November 2022. Consequently, given the newly imposed federal mandate, the PSC will initiate a public proceeding prior to the November deadline. Through this proceeding, the Commission will obtain information and opinions from regulated utilities, as well as obtain input from the public relevant to the Commission’s consideration of utility rates that meet the IIJA criteria.

Finally, the objective of ensuring out-of-state travelers contribute to the state highway fund, if such is the objective of the Interim Committee, falls outside the scope of the Commission’s regulatory responsibilities. The Commission is not tasked with collecting revenue for either the general fund or the state highway fund. Even so, there are ways of achieving that objective. One such avenue would be to require that electric rates for electric vehicle charging stations account for and recover state highway fund contributions. However, the Commission is unable to opine on the benefits and costs of that approach. As such, the Committee may find it beneficial to study the benefits and drawbacks of that regulatory approach.

Thank you again for reaching out to the agency to garner ‘our’ input. Please let me know if the Commission can provide further information to assist the Committee in studying electric vehicles. We stand ready to help.

Sincerely,
James Brown, Esq.
President
Montana Public Service Commission