BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Golden State Water Company on behalf of its Bear Valley Electric Service Division (U 913 E) for Approval of its 2017 Transportation Electrification Proposals.	Application 17-06-034 (Filed June 30, 2017)

PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES TO THE APPLICATION OF BEAR VALLEY ELECTRIC SERVICE DIVISION OF GOLDEN STATE WATER COMPANY FOR APPROVAL OF ITS 2017 TRANSPORTATION ELECTRIFICATION PROPOSALS

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I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's Rules of Practice and Procedure, the Office of Ratepayer Advocates ("ORA") protests Bear Valley Electric Service's ("Bear Valley") Application ("A.") 17-06-034, which seeks Commission authorization to establish and implement one "priority review"[1] transportation electrification ("TE") project to install make-ready infrastructure to support up to 50 Level 2 ("L2") chargers and one "standard review" TE project to pilot new electric vehicle ("EV") time-of-use ("TOU") rates. Bear Valley seeks approximately $607,500 for its make-ready pilot and $139,000 for the EV-TOU rates pilot.

II. BACKGROUND

On September 14, 2016, the Assigned Commissioner's Ruling Regarding the Filing of the Transportation Electrification Applications Pursuant to Senate Bill 350 ("ACR") required each of the three smaller electrical corporations, Liberty, Bear Valley, and PacifiCorp, to file

[1] The Assigned Commission's Ruling in Rulemaking ("R.") 13-11-007 ("ACR") set forth guidelines for priority review projects, including that the projects be non-controversial in nature, limited to no more than $4 million, and be less than one year in duration. ACR, pp. 31-32 (Sept. 14, 2016). All other proposed projects that do not meet these criteria will be reviewed using the normal timelines for application review and are considered standard review projects. *Id.* at 32.

their first TE applications by June 30, 2017.[2] Each utility timely submitted its TE application to the California Public Utilities Commission ("CPUC" or "Commission").

The ACR outlined the minimum statutory requirements for the applications, including the TE provisions of Senate Bill ("SB") 350[3] and sections of the California Public Utilities Code defining ratepayer interests.[4] The ACR also listed regulatory requirements such as addressing the multiple goals of widespread TE, seeking to leverage non-utility funding, and providing anonymous and aggregated data for evaluation, among others.[5] Additionally, the ACR provided guidelines for priority review projects.[6] ORA evaluated Bear Valleys' Application within this framework and, more broadly, for the reasonableness of Bear Valley's requests.

III. SUMMARY OF ORA'S PROTEST

ORA identified the following issues regarding Bear Valley's TE proposals:

- Bear Valley's proposal to install make-ready[7] infrastructure to support up to 50 L2 chargers may not be suited to the EV charging needs in the area and, therefore, may lead to stranded assets.
- Bear Valley's Destination Make-Ready Pilot should evaluate the viability of installing chargers at non-destination centers[8] to provide greater access to EV charging for all of Bear Valley's ratepayers and to increase patronage at such centers.
- ORA opposes Bear Valley's request to treat rebates as regulatory assets, included in rate base, and instead recommends that the Commission evaluate alternative ways to treat rebates which can incentivize the utility to invest in TE projects and also minimize costs to ratepayers.
- Bear Valley should clarify whether it is seeking a one-way or two-way balancing account. A one-way balancing account may be the most appropriate considering that TE is a developing market.

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[2] ACR, p. 2.

[3] Senate Bill 350 (De León, 2015) Chapter 547, Statutes of 2015.

[4] Pub. Util. Code § 740.3 and § 740.8.

[5] ACR, pp. 15-16.

[6] *Id*. at pp. 31-33.

[7] Make-ready infrastructure is all the infrastructure up to, but not including, the Electric Vehicle Service Equipment.

[8] Bear Valley defines "destination center" to include "resorts, hotels, visitor center, ski resorts, marinas, coffee shops, bike/ski rental shops, other retail, etc." Bear Valley Application, p. 14, fn. 31. ORA uses the term "non-destination centers" to encompass businesses that do not necessarily derive the majority of their business from seasonal or recreational visitors, but rather are primarily frequented by permanent residents of the Bear Valley area.

- Bear Valley's request to recover program costs with a Tier 1 advice letter should be evaluated for reasonableness.
- Although ORA generally supports Bear Valley's EV-TOU rate proposals, further evaluation is warranted to determine whether the TOU periods generally align with costs and grid conditions and whether the rates produce positive contribution to margin.

II. DISCUSSION

A. Bear Valley's proposal to install make-ready infrastructure to support up to 50 L2 chargers should be evaluated to ensure there is a need for up to 50 L2 chargers.

Bear Valley proposes a make-ready rebate program called the Destination Make-Ready Rebate pilot.[9] The pilot aims to install the make-ready infrastructure to support up to 50 public L2 chargers on the property of commercial customers serving visitors (e.g., hotels, restaurants, retail stores, marinas or ski resorts).[10] Eligibility is contingent upon, among other things, a customer commitment to purchase EV charging equipment for each of the make-ready locations and to maintain the equipment for 24 months.[11]

Bear Valley's Application identifies that 60% of its customers are part-time residents, meaning they travel between their primary residences in surrounding counties to their second homes in the Big Bear region.[12] In addition, the Big Bear region sees over 6 million visitors annually, with approximately 70% of visitors coming from the surrounding counties of Los Angeles, Orange, San Diego, Riverside, and other areas within San Bernardino County.[13]

Bear Valley states that "EV ownership is growing within the Big Bear visitor shed, with more than 80,000 [California Clean Vehicle Rebate Project] rebates issued in the South Coast Basin since 2010."[14] However, Bear Valley also acknowledges that "EV adoption by Big Bear

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[9] Bear Valley Application, p. 12.

[10] *Id*. at pp. 12, 14.

[11] *Id*. at p. 15.

[12] *Id*. at p. 9.

[13] *Id*. at p. 9.

[14] *Id*. at p. 9.

residents is low and is estimated to remain low until automakers develop larger EVs such as four-wheel drive … [and] until EVs with longer range batteries … increase[].”[15]

The lack of granular data on the number of EV drivers in the Bear Valley area and the barriers to EV adoption in Bear Valley's service territory raise some concerns about the utility's proposal to install up to 50 L2 chargers. First, although the number of Clean Vehicle Rebate Project rebates in the South Coast Basin has some correlation to charging needs in Bear Valley's service territory, parties and Bear Valley should determine whether more detailed estimates of Bear Valley's public charging needs can be identified in this proceeding. For example, data on the number of EV drivers who either permanently reside or have second homes in Bear Valley's service territory and the number EV drivers who annually visit the Bear Valley area could better help determine Bear Valley's public charging needs.

Second, L2 chargers may be inadequate to charge the types of vehicles Bear Valley claims are needed to accelerate TE adoption in its service territory. Bear Valley states that EV adoption is predicted to remain low until longer range battery EVs increase. If this is true, although the L2 chargers would be installed at commercial properties which would allow longer charging periods, charging needs for long range EVs may not be met even with these longer charging times. For example, the 2017 Chevy Bolt EV, with an estimated range of 238 miles,[16] charges at approximately 25 miles per hour on an L2 charger.[17] On a direct current fast charging (“DCFC”) station, the Bolt EV charges at about 90 miles per half hour.[18] The limitations of L2 chargers also may be compounded by the fact that “inclement weather and steep terrain into Big Bear rapidly reduce battery charge.”[19] Thus, L2 chargers may be too slow to meet the charging needs of longer range battery cars in Bear Valley's geographical and weather conditions in order to increase EV adoption among its customers and visitors.

In addition, Bear Valley identified the lack of four-wheel drive EVs as a barrier to EV adoption in its service territory. As with longer range battery EVs, the charging needs of four-

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[15] *Id*. at p. 6.

[16] Chevy Bolt EV, *Overview*, http://www.chevrolet.com/bolt-ev-electric-vehicle.

[17] Chevy Bolt EV, *Charging is no Big Deal*, https://www.chevyevlife.com/bolt-ev-charging-guide.

[18] *Id.*

[19] Bear Valley Application, p. 6.

wheel drive EVs may also be greater than practical for L2 chargers. L2 chargers may be insufficient to provide a timely charge to these vehicles because it is likely these larger, and therefore heavier and higher powered, EVs will require higher powered chargers to charge in a timely manner.[20] Thus, L2 chargers may end up as stranded assets if longer range battery EVs and four-wheel drive EVs are the most likely types of vehicles to be adopted in Bear Valley's service territory.

For these reasons, the Commission should evaluate whether the proposed 50 L2 chargers and associated make-ready infrastructure is too high.

B. Bear Valley's Destination Make-Ready Pilot should evaluate whether chargers should be installed at non-destination centers to provide greater access for all of its ratepayers and encourage patronage at these centers.

Bear Valley's Destination Make-Ready Pilot, as proposed, may not provide fair and equitable access for all of its ratepayers. As stated above, Bear Valley proposes to build the make-ready infrastructure to support the installation of up to 50 public L2 chargers at major destination centers within its service territory, including "resorts, hotels, visitor center, ski resorts, marinas, coffee shops, bike/ski rental shops, other retail, etc."[21] Destination centers likely serve mostly seasonal residents[22] and visitors to the Big Bear region who pursue recreational activities, such as skiing, hiking, biking, and boating. While Bear Valley estimates that "sixty percent of BVES customers are classified as part-time or seasonal residents,"[23] such a targeted pilot proposal could exclude local businesses and residents that make up the remaining forty percent of customers who permanently reside in the region, some who may be low-to-moderate income customers.

Bear Valley's Application identifies that its service territory does not include any CalEnviroScreen disadvantaged communities ("DACs"), but opines that DACs would benefit

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[20] *See* Battery University, *BU-1003: Electric Vehicle*, http://batteryuniversity.com/learn/article/electric_vehicle_ev ("When the size is increased, batteries simply get too heavy, negatively affecting travel economics and driving range.); *see also id.* at Figure 1 (comparing EV by battery type, range, charge time, and some by weight).

[21] Bear Valley Application, pp. 12, 14, fn. 31.

[22] Seasonal residents are those whose primary residences are located in surrounding counties but having their vacation or second homes in the Big Bear region.

[23] Bear Valley Application, p. 9.

from the programs because "most of Big Bear's 6 million annual visitors travel from within the heavily polluted [South Coast Air Basin], passing through many disadvantaged communities before arriving."[24] The Application also claims that the TOU pilot "would provide economic rates for all [Bear Valley] customers, especially benefiting low-to-moderate income individuals."[25] While ORA appreciates that DACs and low-to-moderate income customers may realize some of the benefits of Bear Valley's TE proposals, ORA recommends further evaluation as to whether these customers also can benefit more directly.

One of the key objectives for Bear Valley's Destination Pilot is to gain a greater understanding of the EV market in its service territory and to collect data to generate learning to inform an eventual full-scale rollout.[26] As such, Bear Valley's pilot proposal should be broad enough to provide benefits to all customer classes. A holistic approach would enable gathering of more comprehensive data to ensure greater success in the long-term TE deployment. Therefore, Bear Valley should not limit potential site hosts only to destination centers but also include those public site hosts that serve the local communities, including any low-to-moderate customers who may reside in those communities.

C. The Commission should thoroughly evaluate and only approve alternatives to Bear Valley's proposal to rate base rebates.

For the Destination Make-Ready Rebate pilot, Bear Valley intends to provide rebates to cover all make-ready installation costs up to $7300 per site to support up to 5 L2 chargers at one location.[27] In addition, although Bear Valley states that the rebate is not intended to cover the charging stations, it notes that "the pilot would retain flexibility to rebate [charging stations] if it significantly improves customer uptake and is cost-effective."[28] Bear Valley requests to treat the rebates as "capital additions to further incent utility programs that will increase EV adoption."[29]

ORA is concerned with Bear Valley's proposal to treat rebates as regulatory assets. Although the ACR encouraged the utilities to "propose in their TE applications creative solutions

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[24] *Id*. at p. 39.

[25] *Id*. at p. 38.

[26] *Id*. at p. 11.

[27] *Id*. at pp. 3, 12.

[28] *Id*. at p. 12.

[29] *Id*. at p. 36.

to how the utility can be incentivized for undertaking TE projects and investments,"[30] rate-basing rebates is not an appropriate means to this end. Indeed, there are other ways that a utility can be incentivized to administer a rebate program other than treating rebates as regulatory assets. For example, in energy efficiency programs, utilities are rewarded for their ability to induce more savings than would have occurred without the programs. ORA recommends that the Commission thoroughly evaluate and only approve alternatives to rate basing rebates that properly incentive the utility while minimizing costs to ratepayers.

D. Bear Valley should clarify the type of cost recovery mechanism it seeks for its TE projects.

Bear Valley seeks a Transportation Electrification Balancing Account ("TEBA") to track the actual cost of its TE proposals, excluding any capital costs, which would be tracked separately.[31] It also seeks to recover both the actual costs and capital costs by submitting a Tier 1 advice letter.[32]

Bear Valley does not state whether the TEBA and the account to track the capital costs would be a one-way or two-way balancing account. Bear Valley should provide more detailed information on its proposed cost recovery mechanism. A one-way balancing account with a cap may be appropriate to ensure prudent investment of ratepayer funds on the proposed TE projects. In addition, Bear Valley's request to submit a Tier 1 advice letter for recovery of all costs associated with its TE proposals should be reviewed for the reasonableness of that request.

E. Further evaluation is warranted to determine whether the TOU periods generally align with costs and grid conditions and whether the rates produce positive contribution to margin.

Bear Valley proposes three pilot EV rates for its residential, small commercial,[33] and medium and large Commercial Industrial[34] customers.[35] All three EV rates are pure TOU

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[30] ACR, p. 31.

[31] Bear Valley Application, pp. 40, 43.

[32] *Id*. at p. 43.

[33] Demand <20 kW.

[34] Demand >20 kW and <500 kW.

[35] Bear Valley Application, p. 20.

volumetric rates and would apply exclusively to separately-metered EV loads.[36] Given the nature of the experimental pilot, these rates would exclude customer and demand charges.[37] Bear Valley proposes these rates as experimental and plans to keep the rates open for three years[38] to study customer charging behavior.[39]

In general, ORA supports Bear Valley's proposed TOU rate structure. This type of rate design sends price signals that are easy to understand and should encourage customers to charge in a manner that is consistent with grid conditions. However, ORA needs further opportunity to investigate whether Bear Valley's TOU period definitions are generally aligned with costs and grid conditions, and whether or not the rates produce positive contribution to margin.[40]

F. PROCEDURAL ISSUES

a. Category

ORA agrees with Bear Valley that this proceeding should be categorized as rate setting.

b. Need for Hearings

ORA does not anticipate hearings will be needed for the priority or standard review projects. However, ORA recommends reserving dates for hearings in the event that material issues of facts are raised in testimony.

ORA also recommends that this proceeding be consolidated with the TE applications of PacifiCorp (A. 17-06-031) and Liberty Electric (A.17-06-033). ORA's proposed deadlines for prepared and rebuttal testimony, and opening and reply briefs for each application are slightly staggered in consideration that some parties may have only one attorney and analyst assigned to the applications. Also, in consideration for those organizations that are parties to all three proceedings and may have to travel to participate in hearings, ORA proposes that the same time

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[36] *Id*. at p. 22.

[37] *Id*. at p. 26.

[38] *Id*. at p. 26.

[39] *Id*. at pp. 29-30.

[40] Contribution to margin is the difference between the rate paid by the customer and the marginal cost to serve that customer. That is, if the rate paid by a customer for the marginal unit of electricity exceeds the total marginal costs (i.e. generation, distribution and transmission) and non-bypassable costs of producing that unit, the customer is said to contribute a positive contribution to margin ("CTM"). This positive CTM can go towards recovery of fixed costs.

period, the week of January 8 and/or the week of January 15, be reserved for evidentiary hearings for all three applications.

c. ORA's Proposed Schedule

Bear Valley provided a proposed schedule in its Application, with significant dates including a Proposed Decision as early as December 2017. Due to the small scope and costs associated with both the priority review and standard review projects, ORA recommends addressing Bear Valley's standard review and priority review projects concurrently in the below recommended filings instead of addressing priority review projects in a Phase 1 and the standard review project in a Phase 2, as was done in A.17-01-020 et al. (consolidated TE applications of San Diego Gas & Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company). ORA therefore proposes the below schedule.

Table 1 – ORA's Proposed Schedule

Event	Date
Application Filed	June 30, 2017
Protests	August 16, 2017
Applicant Reply to Protests	August 28, 2017
PHC	August 31, 2017
Scoping Memo and Ruling	September 21, 2017
Prepared Testimony	October 16, 2017
Rebuttal Testimony	November 6, 2017
Evidentiary Hearings if Necessary	Weeks of January 8 and 15, 2018 as needed
Opening Briefs	February 5, 2018
Reply Briefs	February 26, 2018
Proposed Decision; Opening and Reply Comments on Proposed Decision; Final Decision	Third Quarter 2018

III. CONCLUSION

ORA requests that:

1. The scope of this proceeding includes, but not be limited to, the issues identified in this protest;

2. The Commission establish a reasonable schedule similar to ORA's recommended schedule; and

3. This proceeding be categorized as rate setting.

Respectfully submitted,

/s/ TOVAH TRIMMING

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