

Application No: A.24-09-014

Exhibit No.: NRDC-02

Witnesses: Gardias, Strauss, and Brinn

**REBUTTAL TESTIMONY OF JO GARDIAS, KENT STRAUSS, AND JORDAN BRINN,
SPONSORED BY THE NATURAL RESOURCES DEFENSE COUNCIL, ADDRESSING
RATE DESIGN IN THE GENERAL RATE CASE PHASE II APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY**

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Table of Contents

I.	Introduction (Sponsored by Witnesses: Jo Gardias, Kent Strauss, and Jordan Brinn)	1
II.	Wildfire Costs and Associated Revenue Allocation (Sponsored by Jo Gardias and Jordan Brinn)	2
III.	BEV Rate Schedules Should Reflect BEV Customer Diversity (Sponsored by Kent Strauss)	12

1 **I. Introduction (Sponsored by Witnesses: Jo Gardias, Kent Strauss, and Jordan**
2 **Brinn)**

3 **Q: What are the key focus points of your rebuttal testimony?**

4 A: This rebuttal testimony addresses two issues raised by other parties in their opening
5 testimony regarding Pacific Gas & Electric Company's ("PG&E") wildfire cost allocation and
6 rate design, especially as these pertain to electric vehicle ("EV") charging via the Business Electric
7 Vehicle ("BEV") customer class.

8 First, NRDC responds to The Utility Reform Network's ("TURN") proposal to expand the
9 wildfire mitigation revenue category and change how those costs are allocated and recovered.¹
10 NRDC agrees that wildfire mitigation costs warrant treatment distinct from conventional
11 distribution costs because many of their benefits extend beyond the electricity system and are not
12 closely related to customers' electricity usage. NRDC supports TURN's proposed approach to the
13 extent that it improves the equity of cost allocation, but disagrees with the substantial uncapped
14 increase in revenue responsibility that TURN proposes for the BEV class that would have lasting
15 revenue allocation impacts beyond this proceeding.² Allocating a disproportionate share of these
16 costs to an emerging customer class risks undermining California's transportation electrification
17 objectives without meaningfully reducing costs for other customers. NRDC recommends that the
18 Commission structure a solution on wildfire mitigation costs that limits adverse effects on
19 transportation electrification in future proceedings.

¹ TURN-03 at 7:3-7 (proposed expansion), 11:6-12:1 (equal-cents-per-kWh allocation), 14:9-19 (recovery through Public Purpose Program rates on a non-bypassable basis).

² TURN-03, Table 8 at 21:2, 5:4-13.

1 Second, NRDC responds to CALSTART's and Walmart's proposals to add a third BEV
2 rate schedule. NRDC agrees that additional rate options are needed but recommends that the
3 Commission address the broader diversity of customers within the BEV class rather than rely on a
4 single additional schedule. Public fast-charging stations, transit agencies, and medium- and heavy-
5 duty fleets face materially different constraints, utilization patterns, and opportunities to manage
6 charging demand. Rate structures that are appropriate for one segment may impose significant
7 costs on another. PG&E should offer rate structures that account for differences in maximum
8 demand, load factor, and charging profile, as well as the needs of existing and new customers. If
9 PG&E cannot implement additional schedules in this proceeding, the Commission should direct
10 PG&E to provide interim options through riders within existing BEV schedules or, at minimum,
11 propose additional options in its next GRC Phase II application.

12 Together, these recommendations seek to balance equitable cost recovery with rate structures
13 that support transportation electrification and reflect the needs of a developing, diverse, and policy-
14 supported customer class that provides public benefits.

15 **II. Wildfire Costs and Associated Revenue Allocation (Sponsored by Jo Gardias and**
16 **Jordan Brinn)**

17 **Q: What does this section of NRDC's rebuttal testimony focus on?**

18 A: This section of NRDC's rebuttal testimony responds to TURN's proposal to change how
19 PG&E manages wildfire-related costs and focuses on how many benefits of wildfire mitigation
20 accrue outside the traditional electricity system and are policy driven.

21 **Q: Does NRDC agree with TURN that wildfire-related costs in PG&E territory should**
22 **be handled differently than they are currently?**

23 A: Yes.

1 **Q: Why does NRDC believe wildfire-related costs warrant a different allocation**
2 **approach from costs associated with electricity usage?**

3 A: Much of PG&E's wildfire-related costs—both liability and mitigation costs—are driven by
4 policy priorities unrelated to marginal usage or traditional definitions of the true cost of electricity
5 service. Most wildfire mitigation benefits extend beyond utility customers to surrounding
6 communities, property owners, and the broader public. While utility infrastructure and operations
7 are relevant to wildfire risk, the benefits of mitigation are not necessarily proportional to electricity
8 consumption or the incremental demand of any particular customer class. Moreover, it is hard to
9 attribute wildfire mitigation costs to specific customer classes, and harder still to accurately
10 attribute the benefits of utility spending on wildfire mitigation. Thus, it is imprecise to allocate
11 wildfire mitigation costs between customer classes based on usage, and it is difficult to establish a
12 defensible allocation based solely on conventional measures of cost causation.

13 **Q: What is NRDC's position on TURN's proposed allocation of wildfire-related costs**
14 **specific to this proceeding?**

15 A: NRDC agrees with TURN that wildfire mitigation costs should be allocated outside the
16 conventional distribution allocator. However, NRDC disagrees with TURN's proposed treatment
17 of the BEV class. TURN agrees with Cal Advocates recommendation excluding BEV from any
18 revenue-allocation cap,³ and TURN proposes moving the BEV class to a 100.5 percent uncapped
19 increase in allocated revenue,⁴ primarily driven by increases in PPP revenues via the wildfire
20 revenue shift.⁵ NRDC recommends that the Commission adopt a wildfire revenue shift solution

³ *Id.* at 5:4-13, n.16.

⁴ *Id.* Table 8 at 21.2, 5:4-13.

⁵ *Id.*, Table 3 at 10:12-14, 21:3-10.

1 that reduces that large proposed increase to the BEV class that would have impacts in future
2 proceedings.

3 **Q: How would NRDC recommend PG&E allocate wildfire-related costs?**

4 A: Many benefits of wildfire mitigation accrue outside the traditional electricity system and
5 are policy driven. In determining an equitable allocation of these costs, the Commission should
6 consider customer affordability, the effects of increased electricity costs on beneficial
7 electrification, and whether the proposed allocation advances broader state policy objectives.
8 However, this would require further analysis of the elasticity of demand for different customer
9 types and better quantitative estimates of customer behavioral responses to increased usage charges
10 or other tariff changes. In the interim, and for these reasons, NRDC supports TURN's wildfire
11 mitigation revenue allocation proposal to the extent it brings additional costs closer to customer
12 ability-to-pay.

13 **Q: How does California's wildfire liability framework inform this recommendation?**

14 A: California utilities are required to pay for economy-wide disaster recovery, which puts
15 upward pressure on wildfire mitigation costs. California courts hold investor-owned utilities
16 ("IOUs") strictly liable for wildfire damage to socialize recovery costs.⁶ These liability costs are
17 outside the scope of traditional utility service. IOUs in other Western states are held to a standard

⁶ *Barnham v. Southern Cal. Edison Co.*, 74 Cal. App. 4th 744 (Cal. Ct. App. 1999) (holding that utility-ignited wildfire damage should be spread under inverse condemnation to prevent disproportionate burden on impacted individuals because at issue is a "greater service to the public at large"); *Pacific Bell v. Southern California Edison*, 208 Cal. App. 4th 1400 (2012) (upholding inverse condemnation for wildfire damage and finding a lack of evidence that the Commission would prevent ratepayer recovery of damages); Cal. Pub. Util. Comm'n, Proceeding A.15-09-010, [D.17-11-033](#) at 6, 11 (Dec. 6, 2017) (ratepayers must pay for damages if the IOU is prudent; otherwise, cost recovery is disallowed and shareholders are responsible to pay).

1 where, at most, the utility pays only if it does not act prudently.⁷ Most of the beneficiaries of this
2 service are outside of the electricity system.⁸ To sustain this policy, California created a self-
3 insurance fund to insulate both ratepayers and shareholders from the spikey costs of wildfires.⁹

4 **Q: What is the relationship between wildfire liability exposure and mitigation spending?**

5 A: Wildfire mitigation serves to contain liability claims and avoid the risk exposure associated
6 with a depleted Wildfire Fund. To exemplify this relationship, take the cost inputs into PG&E's
7 Risk-Based Decision-Making Framework ("RDF") cost-benefit ratios ("CBRs"), which are used
8 to inform GRC mitigation spending and activities. The RDF CBRs weigh the costs of fatalities,
9 financial damage, and customer interruption.¹⁰ IOUs are allowed to adjust the RDF risk scaling
10 for their risk tolerance; PG&E scales these ratios for customer risk aversion.¹¹ Under a typical
11 prudence standard rather than inverse condemnation, ratepayers and shareholders would not be
12 responsible for most of these damages when prudent.

13 These considerations reinforce NRDC's view that wildfire mitigation spending addresses
14 a broader set of risks than those associated with serving incremental electricity demand. However,

⁷ Cal. Pub. Util. Comm'n., *Senate Bill 254 Information and Recommendations: Response to Executive Order N-34-25*, Appendix A (Jan. 30, 2026).

⁸ Lloyd Dixon, RAND, *Utilities Paid Approximately \$38 Billion in Compensation Between 2017 and 2024* (2026) (slides for the California State Assembly Utilities & Energy Committee May 13 hearing).

⁹ *A.B. 1054*, Public utilities: wildfires and employee protection., 2019-2020 State Assemb. (Cal. 2019). Under A.B. 1054, both ratepayers and shareholders contribute to damages where they would not otherwise be responsible, damage costs are brought forward in time through a non-bypassable charge, and ratepayers contributions are based on percent mileage of wildfire-prone transmission & distribution lines – not by whether their utility started the fire that created the damage.

¹⁰ Cal. Pub. Util. Comm'n, Proceeding R.20-07-013, *D.22-12-027* at 19 (Dec. 21, 2022).

¹¹ Cal. Pub. Util. Comm'n, Proceeding A.25-05-009, *Reporters' Transcript Virtual Proceeding Pages 512-671 Volume 5* at 567 (Apr. 28, 2026); Cal. Pub. Util. Comm'n, Proceeding A.25-05-009, PG&E-2 at 1-26:17-29 (Apr. 10, 2026).

1 they do not, by themselves, establish how those costs should be allocated among customer classes.
2 Costs that are unrelated to the electricity system or electricity usage—such as much of wildfire
3 mitigation costs—should be collected first based on Commission policy priorities and then based
4 on mitigating harm to customers’ electricity usage. More precisely, NRDC recommends that
5 wildfire-related costs should be allocated based on equity and promoting electrification, core
6 Commission priorities, and then based on customer elasticity.

7 **Q: How does TURN’s proposed outcome for BEV wildfire-related revenue allocation**
8 **conflict with NRDC’s recommendations?**

9 A: The proposal would impose a substantial additional burden on BEV customers while
10 providing relatively little relief to other customer classes. BEV customers should not be allocated
11 a large, uncapped share of wildfire-related costs because electrification is a policy priority.
12 TURN’s proposed allocation to BEV could result in rates that weaken the economic incentives for
13 customers to transition from gasoline and diesel vehicles to EVs and create lasting revenue and
14 rates challenges for the class beyond this proceeding.

15 **Q: What justification does NRDC have to reduce TURN’s proposed wildfire-related**
16 **revenue to the BEV class?**

17 NRDC’s recommendation is based on four considerations: the public benefits of
18 transportation electrification, California’s statutory and policy objectives, BEV customers’
19 sensitivity to charging costs, and the relatively small contribution that the additional allocation
20 would make to systemwide revenue recovery.

1 **Q: What are the public benefits of transportation electrification and how are those**
2 **related to wildfires?**

3 A: BEVs are an emerging technology that help reduce the emissions that contribute to climate
4 change,¹² meaning BEVs lessen risks of increased wildfires in the Western U.S. that have been
5 directly linked to human-caused climate change¹³ while also providing broad public health benefits
6 even for those that are not driving EVs, and especially for those communities on freight corridors.¹⁴
7 These benefits extend well beyond the customers taking electric service under BEV tariffs.
8 Assigning disproportionate wildfire-related costs to this developing customer class would
9 therefore create tension between California's broader climate, air quality, public health, and
10 electrification objectives. Those benefits provide a policy reason to avoid allocating wildfire-
11 related costs in a manner that unnecessarily discourages transportation electrification. NRDC does
12 not contend that BEV customers should be exempt from contributing to wildfire cost recovery.
13 Rather, their contribution should be balanced against the consequences of substantially increasing
14 charging costs.

15 This concern is particularly important for medium- and heavy-duty fleets, where charging
16 costs can materially affect the total cost of ownership and the economic feasibility of transitioning
17 from diesel vehicles. Unlike established electric loads, many prospective BEV customers are still
18 evaluating whether and when to electrify their operations. Rate increases can therefore influence

¹² NRDC-01 at 1:10-13.

¹³ John T. Abatzoglou & A. Park Williams, *Impact of anthropogenic climate change on wildfire across western US forests*, 113 Proc. Natl. Acad. Sci. U.S.A. 42 at 11770-11775 (Oct. 10, 2016) <https://doi.org/10.1073/pnas.1607171113>.

¹⁴ Connor Smith, Nicole Lepre & Nick Nigro, *AIR QUALITY, CLIMATE CHANGE, AND COVID-19*, Atlas Public Policy & Alliance for Transportation Electrification at 7-8, (Mar. 2021) <https://atlaspolicy.com/wp-content/uploads/2021/03/Air-Quality-Climate-Change-and-COVID-19.pdf>.

not only operating costs at existing charging sites, but also investment decisions and the pace of future deployment.

Q: Does the proposed substantial revenue increase for BEV go against California statute?

A: Yes, greatly increasing BEV costs is at odds with state statute. California law establishes transportation electrification as an important policy objective that the Commission must consider in exercising its ratemaking. Public Utilities Code Section 740.12, enacted by SB 350, requires the Commission and IOUs support EV adoption, specifically through rates that minimize overall cost and reduces barriers to transitioning from gas to electric.¹⁵ Supporting BEV adoption is also in line with the California Air Resources Board’s Scoping Plan.¹⁶ Although these statutory objectives do not exempt BEV customers from reasonable cost recovery, the large, abrupt increases in charging costs could impede the state’s electrification goals. The Commission has cited current rising BEV retail rates as a reason to delay regulations on EVs.¹⁷

The Commission should account for these objectives when deciding how much additional wildfire-related revenue responsibility to assign to the BEV class.

Q: Why does BEV customer price sensitivity matter for revenue allocation?

A: BEV customers are sensitive to electricity prices, particularly when making long-term vehicle procurement and charging infrastructure decisions. EVs have a high elasticity meaning that

¹⁵ NRDC-01 at 5:12-21.

¹⁶ NRDC-01 at 9:2-7; Cal. Air Res. Board, *2022 Scoping Plan for Achieving Carbon Neutrality* at 55, <https://ww2.arb.ca.gov/sites/default/files/2022-11/2022-sp.pdf>.

¹⁷ Cal. Pub. Util. Comm’n., Consumer Protection and Enforcement Division, *California Clean Miles Standard Unanticipated Barriers and Progress Report* at 16 (June 2026) <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/consumer-protection-and-enforcement-division/documents/tlab/clean-miles-standard/cms-unanticipated-barriers-progress-report-june-2026.pdf>.

1 increases in fuel price will reduce electricity demand from the BEV class.¹⁸ Fuel costs savings are
2 one of the main drivers of overall EV cost savings over gasoline and diesel alternatives.¹⁹ Under
3 PG&E's current retail rate trajectory, the fuel price parity between BEV and gas-powered cars and
4 trucks is worsening.²⁰ If those savings are eroded, people and businesses may face weaker
5 economic incentives to adopt electric vehicles or expand electric fleets. This means that greatly
6 increasing BEV rates by trying to recover wildfire system costs from the class could end up having
7 the opposite effect: PG&E will not get the total revenue, including wildfire cost contribution, it is
8 expecting from the class. This effect also puts the climate change and public health benefits and
9 California state goals described above at risk.

10 To the extent higher rates slow down the growth of BEV load, they may also reduce future
11 electricity sales and the associated contribution toward recovery of system costs. Such outcomes
12 warrant particular consideration where immediate systemwide revenue allocation benefits are
13 relatively modest. Conversely, transportation electrification can benefit the broader customer base
14 when additional charging revenues exceed the incremental costs of serving that load, helping

¹⁸ NRDC-01 at 12:10-13:7.

¹⁹ Anish Sinha, The International Council on Clean Transportation, *THE ECONOMIC CASE FOR ZERO-EMISSION VEHICLES IS OFTEN HIDDEN IN PLAIN SIGHT: THE ICCT'S TOTAL COST OF OWNERSHIP (TCO) CALCULATOR REVEALS IT* (Mar. 18, 2026) <https://theicct.org/the-economic-case-for-zevs-is-often-hidden-in-plain-sight-the-iccts-total-cost-of-ownership-calculator-reveals-it-mar26/>; Chris Harto, Consumer Reports, *Electric Vehicle Ownership Costs: Today's Electric Vehicles Offer Big Savings for Consumers* (Oct. 2020) <https://advocacy.consumerreports.org/wp-content/uploads/2020/10/EV-Ownership-Cost-Final-Report-1.pdf>.

²⁰ See The Public Advocates Office, *Q2 2026 Electric Rates Report* at 10 (July 2026) <https://publicadvocatesa.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/260727-public-advocates-office-q2-2026-electric-rates-report.pdf>; Chris Harto, Consumer Reports, *Electric Vehicle Ownership Costs: Today's Electric Vehicles Offer Big Savings for Consumers* (Oct. 2020) <https://advocacy.consumerreports.org/wp-content/uploads/2020/10/EV-Ownership-Cost-Final-Report-1.pdf>.

1 spread existing utility costs across greater electricity sales.²¹ Rate designs that preserve the
2 economic viability of EV charging can therefore support both transportation electrification and the
3 long-term affordability of utility service.

4 **Q: How large is the additional allocation to the BEV class under TURN's proposal and**
5 **how does this relate to total system allocation?**

6 A: Current size of the BEV customer class limits the wildfire cost recovery potential. Greatly
7 increasing the amount of wildfire costs recovered from the BEV class would make a huge
8 difference for costs for fleets and public charging operators but would not significantly contribute
9 to PG&E's revenue requirement or meaningfully reduce costs for other classes because the BEV
10 class is currently quite small. To illustrate, TURN has proposed a 100.5 percent revenue allocation
11 increase for the BEV class from current levels, compared to the already large increase of 46.8
12 percent that PG&E proposed.²² The difference between PG&E's proposal and TURN's totals to
13 approximately \$52 million additional revenue allocated to the BEV class largely due to wildfire
14 cost allocation.²³ This is less than 0.3 percent of total system revenue.²⁴ Therefore, the current
15 proposal would impose a substantial increase in revenue responsibility on the BEV class while
16 producing only a relatively small reduction in the amounts allocated to other classes.²⁵

²¹ NRDC-01 at 25:6-8.

²² TURN-03, Table 8 at 21:2.

²³ *Id.* (\$192.825 million – \$141.179 million = \$51.646 million); *id.*, Table 9 at 21:5 (\$56.477 million - \$19.192 million = \$37.285; illustrating that \$37.285 million of the increase is from PPP).

²⁴ \$51.646 million difference represents approximately 0.266% of TURN's modeled system allocation of \$19.392097 billion.

²⁵ These figures describe changes in allocated class revenue responsibility, not necessarily changes in every individual customer's bill. Nevertheless, they illustrate the scale of the proposed shift and support NRDC's recommendation to pair TURN's wildfire allocation proposal with a reduced impact to the BEV class.

1 In summary, allocating the currently proposed amount of wildfire costs onto the BEV
2 customer class would stifle EV adoption thereby reducing public health and climate change
3 benefits from EVs that help reduce wildfires, even though the costs collected would not
4 significantly change revenue collected from other classes.

5 **Q: Why does NRDC support TURN’s proposal despite these concerns?**

6 A: NRDC supports TURN’s recommendation to expand the wildfire mitigation revenue
7 category to include balancing account costs and allocating those costs through the PPP category,
8 which would be distributed through a Non-Bypassable Charge (“NBC”).²⁶ Under this proposal,
9 residential customers would see a 4.6 percent reduction in their relative allocation, California
10 Alternate Rates for Energy (“CARE”) customers would not incur these charges, while commercial
11 and industrial customers would see smaller increases relative to BEV (B19, AG, B20T, B20P,
12 B20S).²⁷ PG&E’s cost allocation, in comparison, would allocate a greater cost increase to
13 residential customers.²⁸ This approach is one step towards assigning the least cost increases to
14 customers with less financial capacity to pay for rising electricity costs, as compared to company
15 or organizational customers, if paired with cost mitigation on BEV customers.

16 **Q: Are there any broader issues with this proposal outside of this proceeding?**

17 A: While outside the scope of this proceeding, NRDC emphasizes that rate design and policy
18 solutions are sorely needed for inverse-related wildfire costs. While shifting more policy costs on

²⁶ TURN-03 at 7:3-7, 14:9-19. NRDC disagrees on principle about the appropriateness of classifying wildfire mitigation costs as PPP. Most benefits of PPP like low-income assistance and energy efficiency programs accrue within the system through better access to efficient electricity consumption, reduced likelihood of arrearages, avoided system costs, etc. That is not the case for most wildfire mitigation or liability costs.

²⁷ TURN-03, Table 8 at 21:2, 20:17-18, n.103.

²⁸ *Id.*

1 to industrial and commercial customers improves the relative equity of electricity bills, residential
2 customers still experience those rising electricity costs as they pass through in their goods and
3 services, or through business leakage that can reduce income growth.²⁹ Policy costs unrelated to
4 customer usage should most efficiently be recovered through a base service charge or paid outside
5 of customer bills. Future rate design proceedings should better address this issue to the extent
6 possible.

7 **III. BEV Rate Schedules Should Reflect BEV Customer Diversity (Sponsored by Kent**
8 **Strauss)**

9 **Q: What does this section of NRDC’s rebuttal testimony focus on?**

10 A: This section of rebuttal testimony responds to the BEV rate design proposals of
11 CALSTART and Walmart Inc. (“Walmart”) and focuses on how the BEV rate class needs more
12 rate options than are currently available and proposed by PG&E in their testimony³⁰ to account for
13 the wide variety of usage patterns within the emerging class.

14 **Q: What did CALSTART and Walmart recommend that NRDC would like to respond**
15 **to?**

16 A: CALSTART and Walmart each recommend that the Commission require PG&E to offer a
17 rate schedule in addition to the existing BEV-1 and BEV-2 options, given the growing and diverse
18 nature of BEV customers. That conclusion is consistent with NRDC’s Opening Testimony, which

²⁹ Jo Gardias, Mohit Chhabra & Merrian Borgeson, NRDC, *The Unfair Share: Societal Ramifications of Funding California’s Wildfire Adaptation Costs through Electricity Rates* (2025); California Earthquake Authority, Enhancing California’s Resiliency to Natural Catastrophes: Senate Bill 254 (2025) Study Report (Apr. 7, 2026) <https://sem.senate.ca.gov/system/files/2026-05/sb-254-report-es.pdf>.

³⁰ Proceeding A.24-09-014, Pacific Gas and Electric Company 2023 General Rate Case Phase II Errata to October 29, 2025 Prepared Testimony, Exhibit (PG&E-3), Revenue Allocation and Rate Design at 7-3:17-22.

asked the Commission to consider “differentiated rate structures for customers within the BEV-2 category based on size, usage profile, or service characteristics.”³¹

Q: How do Walmart and CALSTART’s recommendations differ?

A: While both proposals recognize the need for more rate structure flexibility within the class, each BEV-3 proposal serves a different segment. Walmart’s BEV-3 is designed for retail public fast charging and replaces subscription blocks with a conventional per-kW demand charge.³² CALSTART’s BEV-3 is designed for medium- and heavy-duty (“MHD”) fleet depots and differentiates by load factor to provide an on-ramp for MHD fleets and options for high-demand, lower-utilization customers.³³ Each addresses an important segment, but in isolation neither meets the diverse needs of the BEV class. These proposals should therefore be viewed as complementary evidence of the need for greater rate design flexibility, rather than competing solutions from which the Commission must select a single preferred approach.

Q: How is NRDC thinking about additional BEV rate options?

A: California’s policy goals depend on EV adoption and usage, and BEV rate structures should reflect the diversity of the class so that they enable, rather than inhibit, growth in each segment. BEV customers differ in maximum demand, utilization, and charging behavior. For example, a public fast-charging station may experience highly variable demand depending on customer traffic, while a fleet depot may have more predictable charging windows but substantial coincident demand associated with vehicle operating schedules. Transit agencies and other centrally managed fleets may face additional service requirements that constrain their ability to shift charging to

³¹ NRDC-01 at 4:16-17.

³² WMT-01 at 20:11-14.

³³ CALSTART at 41:17-45:15.

1 lower-cost periods. NRDC agrees with Walmart that incumbents with significant billing history
2 also face different risks and barriers than new entrants developing new sites.³⁴ New charging sites
3 may also have substantial installed capacity relative to their initial utilization, particularly where
4 infrastructure is sized to accommodate anticipated fleet growth. Rate designs that impose high
5 costs during this early operating period can discourage appropriately sized investments or create
6 incentives to undersize infrastructure, potentially increasing the cost and complexity of subsequent
7 expansion.

8 **Q: Is there evidence to support these differences?**

9 A: As NRDC's analysis in testimony showed, the same rate change affects fleets very
10 differently depending on vehicle type, fleet size, mileage, and charging behavior.³⁵ Across the
11 scenarios analyzed, PG&E's proposed rates would increase electricity costs for MHD fleets by
12 approximately 7 to 24 percent relative to the current BEV-2 rate, depending on fleet type, size,
13 miles driven, and charging behavior.³⁶

14 These differences are not simply a function of the amount of electricity consumed. They
15 reflect how rate components interact with individual charging profiles, including peak demand,
16 utilization, and the timing of charging. Consequently, a rate structure that produces a manageable
17 increase for one fleet may create a significantly greater burden for another, even where both
18 customers are contributing to California's transportation electrification objectives.

³⁴ WMT-01 at 21:9-22:4.

³⁵ NRDC-01, Table 2 at 23:7-24:7.

³⁶ NRDC-01 at 23:4-6.

1 **Q: How should these differences inform rates offered within the BEV class?**

2 A: Without additional rate structures beyond a single BEV-3 option, rate changes risk slowing
3 desired growth in EV adoption and usage. Adding one schedule, while beneficial to one segment,
4 could leave other segments of the BEV class on rates poorly matched to their demand, utilization,
5 and time in the market. A menu of structures could let each customer pay its share of class revenue,
6 avoiding inter-class cost shifting, through the schedule that best fits its size, utilization, and
7 charging profile. Additional rate structures could also narrow the spread of bill impacts within the
8 class as revenue requirements are updated, limiting the uneven impacts shown in NRDC's analysis.

9 **Q: What does NRDC recommend for additional BEV rate design options?**

10 A: NRDC recommends that the Commission recognize that the current limited options within
11 the BEV class do not work well as a one-size-fits-all solution for a developing class. A single
12 additional BEV-3 schedule will add another option, but that alone will not meet the structural needs
13 of the BEV class. Therefore, the Commission should direct PG&E to offer additional BEV rate
14 structures that account for maximum demand, load factor, and charging profile, and that recognize
15 the different needs of incumbents and new entrants. In developing these options, PG&E should
16 consider how rate structures affect customers at different stages of electrification, including sites
17 with low initial utilization, facilities anticipating future fleet expansion, and established charging
18 operations with more predictable demand. Additional options should also preserve meaningful
19 incentives for managed charging and efficient utilization of existing grid capacity. Additionally, it
20 is important to recognize that many charging stations will inherently have lower utilization
21 throughout their useful lives (e.g. public chargers in more rural areas). Other sites may experience
22 low utilization primarily during an initial deployment period, with demand increasing as additional
23 vehicles enter service. These distinct circumstances warrant consideration in rate design rather

1 than an assumption that all BEV customers will achieve similar utilization over time. If PG&E
2 cannot support new schedules in this GRC, the Commission should direct PG&E to offer these
3 options through a rider within existing BEV schedules in the interim or, at minimum, to propose
4 them in its next GRC Phase II application, including an assessment of customer bill impacts, load
5 management incentives, and the implications for customers at different stages of electrification.
6 Any such future proposal should be supported by analysis of representative charging profiles and
7 bill impacts across BEV customer segments, including public fast charging, medium- and heavy-
8 duty fleet depots, and other high demand charging applications, as well as an assessment of how
9 alternative rate structures would affect cost recovery and incentives to manage demand.

10 **Q: What considerations should inform the design of additional BEV rate options?**

11 A: The Commission should consider how different rate structures affect customers' incentives
12 to manage charging demand and utilize installed infrastructure efficiently. Subscription-based rates
13 can provide greater cost predictability and reduce exposure to conventional demand charges,
14 particularly for customers with emerging or variable charging loads. However, fixed subscription
15 commitments can also impose substantial costs on customers whose charging demand is not yet
16 fully developed.

17 For these reasons, additional rate options should allow customers with different operating
18 profiles to select structures that better reflect their charging needs, while maintaining appropriate
19 price signals for efficient use of the electric system. The objective should not be to eliminate cost
20 responsibility, but to avoid unnecessary cost barriers that arise from applying a limited set of rate
21 structures to materially different types of charging operations.

22 **Q: Does this conclude your testimony?**

23 A: Yes.