



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF  
CALIFORNIA**

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Order Instituting Rulemaking on the Commission's own motion to consider alternative-fueled vehicle tariffs, infrastructure and policies to support California's greenhouse gas emissions reduction goals.

Rulemaking 09-08-009  
(Filed August 20, 2009)

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK**



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November 6, 2009

## **REPLY COMMENTS OF THE UTILITY REFORM NETWORK**

Pursuant to the Commission's *Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Tariffs, Infrastructure and Policies to Support California's Greenhouse Gas Emissions Reduction Goals* (OIR), issued on August 24, 2009, The Utility Reform Network (TURN) hereby provides this reply to the opening comments of other parties in Rulemaking 09-08-009.

### **Scope and Schedule of this Rulemaking**

TURN appreciates the comments provided by The Division of Ratepayer Advocates (DRA) and Southern California Edison Company (SCE) regarding the likely timeline of plug-in electric vehicle (PEV) expansion in California. TURN agrees with SCE<sup>1</sup> and DRA<sup>2</sup> that many issues raised in the OIR may be better addressed at a later time.

### **Residential Charging Infrastructure and Policy**

#### *Rate-base*

The various responses to questions 3 and 5 indicate that parties define the universe of equipment necessary for "electric vehicle charging" differently. More importantly, parties support the inclusion of different components required for electric vehicle charging in utility rate-base. In its opening comments TURN stated, "If the Commission determines that residential customers should install additional equipment in order to support PHEVs and BEVs, the customer using the service should pay for all

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<sup>1</sup> SCE Opening Comments, p. 2.

<sup>2</sup> DRA Opening Comments, p. 2.

equipment and improvements...”<sup>3</sup> To clarify, TURN does not support the inclusion in rate-base of any equipment or wiring installed downstream of the meter or submeter in a residential home. It is not the job of ratepayers to promote particular vehicle choice by paying for the full cost of wiring and end use equipment that is tied to specific customers and houses. TURN would consider rate-basing some utility-owned equipment specifically necessary to bill the EV loads (e.g., submeters), but at least the bulk of the cost of that equipment should be charged to EV loads through rate design.

Under the normal course of business, infrastructure upstream of existing residential meters (secondary and service lines and transformers) would be rate based. As noted in our initial comments, TURN is concerned that the fact that such infrastructure would be rate-based, could cause the utilities to be profligate in developing programs to install new equipment, ostensibly to meet EV loads. TURN urges the Commission and parties to wait until any such infrastructure improvements are actually necessitated by a large enough PEV market. By waiting to implement massive infrastructure improvements, utilities and ratepayers are likely to also benefit from advances in SmartGrid technology that may actually make such infrastructure improvements unnecessary or less costly.

#### *Electric Vehicle Charging and AMI*

TURN agrees with the utilities and DRA that AMI can and should play a role in future PEV metering and charging arrangements. TURN is alarmed, however, at PG&E’s cavalier statement that “AMI meters should be upgradeable to comply with

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<sup>3</sup> TURN Opening Comments, p. 6.

SmartEnergy 2.0 when the standard is finalized.”<sup>4</sup> PG&E ratepayers have already been saddled with the cost of “upgrading” PG&E’s original AMI meter choice, in part to include Home Area Networking (HAN) capability. Now it appears that PG&E’s ratepayers may be facing yet another upgrade of this expensive system (including upgrades to HAN technology currently proposed to be installed by PG&E that may not be suitable for EVs) that will no doubt result in even more stranded costs and wasted ratepayer money. Every time PG&E touches its AMI system, its HAN technology roll-out, or its billing system, the cost to ratepayers rises by at least tens if not hundreds of millions of dollars. While these higher costs are clearly beneficial for shareholders because they raises rate base and increase the growth rate in earnings per share, ratepayers are left holding the bag for this profligacy of continuing to build the same system over and over again to try to finally get it “right”. This is exactly the scenario that TURN is urging the Commission to avoid by waiting for the PEV market to fully develop and giving technology a chance to advance and standards to be developed *before* authorizing massive infrastructure improvements.

### **Tariff Related**

TURN appreciates SCE’s explanation of the current metering options it offers to electric vehicle customers and agrees that during the early market for PEVs customer choice and preference for tariffs and metering should be accommodated. However, TURN agrees with DRA that “strong,” highly time-differentiated electric vehicle TOU rates should only be available for those customers who install separate meters or metering

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<sup>4</sup> PG&E Opening Comments, p. 5.

capable EVSE.<sup>5</sup> Furthermore, consistent with TURN's opening comments, TURN recommends that the Commission restrict these deeply discounted, off-peak rates in the near term to PEV customers who opt to charge at Charging Level 1 (120V).

### **Recovery of Costs**

SCE requests that the Commission issue a ruling to provide guidance to the IOUs on the process to be used for seeking recovery of incremental costs associated with PEV readiness and the early stages of the PEV market.<sup>6</sup> TURN agrees that the Commission should clarify how IOUs should seek cost recovery. Although it is clearly premature for any utility to implement a large, expensive, electric-vehicle-related project, in the event that a utility has such a specific project in mind, TURN recommends that the Commission direct the IOUs to file separate applications that fully detail the costs and benefits of the project.

For relatively small levels of incremental costs, TURN reminds the Commission that a general rate case is not a budget, and that every little cost that a utility incurs should not be an excuse for yet another memorandum or balancing account. California utilities have become accustomed to such largesse over the years, but the theory of rate cases is that the amount of money provided gives the utilities an opportunity – not a guarantee – to earn their authorized rate of return. Utilities have to manage their money to do that. Projects that were not expected and therefore not forecast in the GRC should be accommodated through adjustments and realignments of budgets. The Commission would essentially be engaging in utility account cherry-picking if it were to give the

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<sup>5</sup> *Id.*

<sup>6</sup> SCE Opening Comments, p. 5.

utilities a memorandum account for the modest cost increases that the Commission expects from PEV implementation in the near term while at the same time ignoring costs that are going down.<sup>7</sup>

Future incremental costs of a relatively small magnitude should be included on a forecast basis in a utility's next GRC. The IOUs should not be allowed to simply record any and all costs in a memorandum account established through advice letters because it is very unclear what the magnitude of incremental costs will be, how incremental costs will even be computed, and the interrelation between EV costs and the panoply of other accounts where AMI and demand response costs are now recovered. Such an approach is just too vague and open ended.

November 6, 2009

Respectfully submitted,

          /S/          

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<sup>7</sup> Three examples of falling costs are: (1) the bonus depreciation of the 2009 stimulus act that is going straight into shareholders pockets without adjustment to reduce rate base for a larger amount of deferred taxes; (2) employee cutbacks currently underway at PG&E, and (3) overestimates of inflation in 2009 due to the recession.

CERTIFICATE OF SERVICE

I, Larry Wong, certify under penalty of perjury under the laws of the State of California that the following is true and correct:

On November 6, 2009 I served the attached:

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK**

on all eligible parties on the attached lists **R.09-08-009** by sending said document by electronic mail to each of the parties via electronic mail, as reflected on the attached Service List.

Executed this November 6, 2009, at San Francisco, California.

    /S/      
Larry Wong

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