

Date October 21, 2020

Gary Widerburg
Commission Administrator
Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Re: Rocky Mountain Power's Notice of Intent to File a Proposed Charging Infrastructure Program with the Public Service Commission of Utah; Case No. 20-035-34.

COMMENTS OF THE ROCKY MOUNTAIN PROPANE ASSOCIATION

On behalf of the Rocky Mountain Propane Association (RMPA), which represents propane marketers and suppliers across Utah, we appreciate the opportunity to provide comments in this proceeding on the electric vehicle (EV) charging proposal being developed by Rocky Mountain Power (RMP), a subsidiary of Berkshire Hathaway Energy. Our members provide clean-burning and critical energy to residential, commercial, and agricultural customers in the state. Utah's propane industry generates more than \$505 million in economic activity annually.¹

While Utah's propane marketers are electric ratepayers, they also furnish public and private fleets with propane autogas vehicles. Propane, like electricity, is a federally-designated alternative transportation fuel that reduces emissions and improves air quality. However, propane's refueling infrastructure is financed only by the industry and the customers who utilize it. If a proposed refueling station is of questionable economic value, it likely will not be built. This fact is important and in contrast to some EV charging infrastructure that has come to fruition with the help of electric ratepayers. Given this, RMPA has a unique interest in RMP's plan to promote the electrification of the transportation sector.

Earlier this year, the legislature passed and the governor signed House Bill (HB) 396 into law. The statute authorizes electric utility companies, principally Rocky Mountain Power, to seek Public Service Commission approval to invest \$50 million to promote the adoption of electric vehicles and facilitate the deployment of vehicle charging infrastructure that the Commission determines to be in the public interest.² This investment would include the deployment of utility-owned charging equipment.³ And a utility is allowed to "recover, through charges to utility vehicle charging service customers, the large-scale electric utility's full cost of service for utility-owned vehicle charging infrastructure and utility vehicle charging service over a reasonable time frame."⁴ This provision, as it pertains to the operation of EV infrastructure in the public realm, is important.

¹ https://www.npga.org/wp-content/uploads/2020/06/UTAH_Propane-1-Pager_2020.pdf

² <https://le.utah.gov/~2020/bills/hbillenr/HB0396.pdf>

³ <https://le.utah.gov/~2020/bills/hbillenr/HB0396.pdf>

⁴ <https://le.utah.gov/~2020/bills/hbillenr/HB0396.pdf>

The Commission should not permit RMP to operate public charging stations if it intends to treat them as typical utility assets akin to substations or power lines on which they can earn a full rate of return, courtesy of their customers' bills. Electric rate design should avoid incentivizing the use of EVs by subsidizing the deployment and operation of public EV charging equipment. This is especially true because utilities will reap financial benefits from electric cars even if they do not own and operate the refueling stations.

The Commission should prevent cost shifting to electric consumers who do not own electric vehicles. An important principle of utility ratemaking is cost causation. This principle dictates that utility costs should be assigned to the customers who cause the utility to incur them. Clearly drivers of traditional cars, who would not utilize EV refueling infrastructure, would not cause or be responsible for the costs RMP would incur from their deployment and operation. An EV station is different from a generation plant or transmission line – assets that truly benefit a utility's customer base. As such, allowing RMP to operate charging stations and then recoup those costs and a rate of return from its ratepayers, the vast majority of whom do not own or drive electric vehicles, would contradict the principles of cost causation and result in poor ratemaking.

Making incumbent customers, including households of limited means and those on fixed incomes, pay increased energy bills to finance the expansion of a public charging network that has no value to them is, from a utility perspective, wrong. And because utilities operate as monopolies in defined geographic areas, energy consumers cannot shop around for competing service.

Nationally, more than two-thirds of battery electric and plug-in hybrid electric vehicles are owned by households with incomes over \$100,000.⁵ This is not surprising given the price difference between electric and conventional vehicles. Moreover, the used car market, which is critical to households of lesser means, is composed overwhelmingly of cars and trucks powered by combustion. Lower-income Utahns should not be forced to subsidize the deployment of EV charging stations that will disproportionately be used by and benefit affluent individuals.

Proponents of HB 396 see it as mechanism to reduce emissions from the transportation sector and improve air quality, both of which are good things. Yet 65 percent of electricity generated in Utah still comes from coal-fired power plants,⁶ compared to only 23 percent for the nation as a whole.⁷ The emission reductions achieved from owning an electric car in the Beehive State are certainly lower than in many other states. And when you factor in the upstream emissions associated with electric power generation (i.e., source energy), driving a propane autogas vehicle in Utah emits fewer criteria pollutants

⁵ <https://www.eia.gov/todayinenergy/detail.php?id=36312>

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<https://www.eia.gov/electricity/data/browser/#/topic/0?agg=2,0,1&fuel=vtvv&geo=00000000000g&sec=008&linechart=ELEC.GEN.ALL-UT-98.A&columnchart=ELEC.GEN.ALL-UT-98.A&map=ELEC.GEN.ALL-UT-98.A&freq=A&start=2018&end=2019&ctype=linechart<ype=pin&rtype=s&maptype=0&rse=0&pin=>

⁷ <https://www.eia.gov/energyexplained/electricity/electricity-in-the-us.php>

(nitrogen oxides, sulfur dioxide) than an EV on an annual basis.⁸ And this can be accomplished without impacting utility rates.

In 2018, there were 2,372,800 vehicles registered in Utah;⁹ however, only 5,220 or 0.22 percent were EVs.¹⁰ In other words, 99.78 percent of vehicles registered that year were not electric. Preferred ratemaking avoids cross-subsidies and cost shifting to ensure rates are just and equitable. Commissioners would have to disregard these goals to permit the operation of ratepayer-financed EV charging stations.

Before RMP is authorized to own and operate public charging equipment, the Commission must be assured that any associated costs will not be passed along to its incumbent utility customers. Rather, these costs should be embedded in the electric rates paid by EV drivers when they charge their cars at public stations. This way, electric vehicle owners would pay for the electricity they consume, but also for the public refueling infrastructure they utilize. This financing model, which is described in HB 396, will ensure that there are some market forces at play. Our members have no quarrels with utility involvement in this sphere so long as EV drivers pay their own way, just like propane autogas customers do. The Commission should draw a line in the sand on this point, as utilities do not need to own and operate public charging stations to ensure their existence. Now, if the utility wants to use shareholder capital to deploy a network of uneconomic vehicle charging stations, that is its prerogative, and we would have no issues.

If RMP is permitted to recoup a portion of these station costs through utility rates, then it risks supplying far more charging infrastructure than the market actually demands. In fact, a study on EV charging behavior compiled by the Idaho National Laboratory found that “most people in the study preferred to charge their EVs at home.”¹¹ So, even if utilities deploy new charging stations, some electric vehicle drivers will inevitably forgo using them, given the convenience of home charging. After all, direct current fast chargers (DCFC) still require 20 minutes of charge time per 60-80 miles of range.¹² This lengthy time requirement for refueling is surely a primary motive behind the desire to simply charge at home.

To reiterate, we have no objections to utility involvement in this realm so long as they do not rate base the costs associated with owning and operating public EV charging stations. Drivers of traditional vehicles should not be forced to subsidize the deployment of electric refueling equipment for the convenience of a few. These subsidies are unfair to utility customers, but also distort the marketplace for other clean transportation fuels, because the propane industry does not socialize the costs of its vehicle refueling infrastructure among non-users. The industry does welcome all fair proposals to reduce emissions from the transportation sector and improve air quality in Utah, especially along the Wasatch Front.

⁸ Carbon Management Information Center Source Energy and Emissions Analysis Tool (SEEAT), Version 9.0, Copyright 2020 Gas Technology Institute. <http://seeatcalcbeta.gastechnology.org/Account/login.aspx>.

⁹ <https://www.fhwa.dot.gov/policyinformation/statistics/2018/>

¹⁰ <https://afdc.energy.gov/data/10962>

¹¹ <https://inl.gov/article/charging-behavior-revealed-large-national-studies-analyze-ev-infrastructure-needs/>

¹² https://afdc.energy.gov/fuels/electricity_infrastructure.html

As the Commission evaluates RMP's forthcoming electric vehicle infrastructure plan, we ask that you ensure it adheres to the cost recovery structure detailed in HB 396 and good ratemaking principles and reject any proposal that puts electric ratepayers at risk of paying for the costs associated with owning and operating public EV charging equipment.

Thank you again for the opportunity to provide comment.

Respectfully submitted,

Signature

A handwritten signature in black ink, appearing to read "Tom Clark". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Tom Clark
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Rocky Mountain Propane Association

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