

Decision 21-12-033 December 16, 2021

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Continue the Development of Rates
and Infrastructure for Vehicle
Electrification.

Rulemaking 18-12-006

**DECISION EXTENDING THE INTERIM POLICY ON COMMON
TREATMENT FOR EXCESS PLUG-IN ELECTRIC VEHICLE
CHARGING COSTS CONSISTENT
WITH ASSEMBLY BILL 841**

Summary

This decision orders the interim policy, Common Treatment for Excess Plug-in Electric Vehicle Charging Costs, be made the policy of the Commission, consistent with Assembly Bill 841. The Common Treatment for Excess Plug-in Electric Vehicle Charging Costs policy applies to any residential customer of an electrical corporation.

This proceeding remains open.

1. Background

In Decision (D.) 11-07-029 the Commission addressed the issue of residential service facility upgrade costs as a result of home-based electric vehicle (EV) or plug-in electric vehicle (PEV) charging infrastructure. In D.11-07-029 the Commission adopted the interim policy of treating EV or PEV charging costs that exceed the allowances in the Electric Rules 15 and 16 of the three large electrical corporations as common facility costs.¹ Electric Rules 15 and 16 govern the

¹ Rule 15 covers distribution line extensions, while Rule 16 covers service line extensions.

responsibility for distribution grid upgrade costs triggered by new electric load. Such treatment shifts the costs which exceed allowances to all residential ratepayers, instead of the single customer who triggered the upgrade costs. This treatment is referred to in D.13-06-014 as the Common Treatment for Excess PEV Charging Costs. In D.13-06-014, the Commission addressed the concern that the actual line upgrade costs could impact the state's PEV adoption goals.

In light of these concerns, the Commission again extended the interim policy of Common Treatment for Excess PEV Charging Costs in 2016, as set forth in D.11-07-029, for an additional three years, to June 30, 2019.² Shortly after the issuance of D.16-06-011, the Commission issued D.16-11-005, explicitly naming the three³ small electrical corporations as respondents to the underlying Rulemaking (R.) 13-11-007 to consider alternative-fueled vehicle programs, tariffs and policies.

In December 2018, the Commission initiated a successor rulemaking to R.13-11-007 to continue its development of rates and infrastructure for vehicle electrification (R.18-12-006 or DRIVE). The DRIVE rulemaking specifically names all six electrical corporations as respondents. On May 2, 2019 the assigned Commissioner issued the DRIVE Scoping Memo and Ruling (Scoping Ruling). The Scoping Ruling listed "Cost Recovery Mechanisms for Transportation Electrification Investments" as one of the topics to be considered throughout the course of R.18-12-006 in addition to extending the interim policy of Common Treatment for Excess PEV Charging Costs to December 31, 2019.

² See D.16-06-011 at 4.

³ Liberty Utilities (CalPeco Electric) LLC, Bear Valley Electric Service, Inc., and PacifiCorp, d.b.a. Pacific Power.

The interim policy of Common Treatment for Excess PEV Charging Costs was then further extended to December 31, 2020 via ruling.

On September 30, 2020, the Governor signed Assembly Bill 841 (Stats. 2020, ch. 372) (AB 841), which among other things, mandates that the interim policy, Common Treatment for Excess PEV Charging Costs, be the policy applied by the Commission for any residential customer.⁴ In the meantime, to ensure there was no interruption in the application of the policy, the Commission again extended the interim policy of Common Treatment for Excess PEV Charging Costs until December 31, 2021.⁵

Resolutions E-5167 and E-5168

Once AB 841 was enrolled, the Commission and electrical corporations started on a number of actions mandated by AB 841. On January 15, 2021, Commissioner Rechtschaffen issued an Assigned Commissioner's Ruling (ACR) seeking feedback from stakeholders on how to implement certain provisions of the bill. Simultaneously, the electrical corporations began work on their advice letters pursuant to AB 841. The six electrical corporations filed their respective advice letters by February 28, 2021, proposing new rules reflective of AB 841's provisions (*See* Public Utilities (Pub. Util.) Code § 740.19).

After a thorough advice letter review and comment process, the Commission's Energy Division issued Resolutions (Res) E-5167⁶ and E-5168⁷ to

⁴ AB 841 available at: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB841; (*See* Pub. Util. Code Sections 740.12(d)(2) and (d)(3)).

⁵ *See* Administrative Law Judge's Ruling at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M351/K942/351942688.PDF>.

⁶ Res E-5167 is available at: [413566906.PDF \(ca.gov\)](#)

⁷ Res E-5168 is available at: [414618951.PDF \(ca.gov\)](#)

focus on the requirements outlined in Pub. Util. Code § 740.19 regarding utility-side distribution costs. Resolutions E-5167 and E-5168 authorize the electrical corporations' new EV Infrastructure Rules and associated Memorandum Accounts. Pursuant to these new rules, ratepayers cover the cost-of-service line extensions and electrical distribution infrastructure (EV Service Extensions) for separately metered EV charging for customers other than those in single-family residences.⁸ Costs related to utility-side distribution will be recovered through the electrical corporations' respective general rate cases (GRC).⁹

The ACR invited comment on the interim policy of Common Treatment for Excess PEV Charging Costs and we discuss the outstanding issue of a permanent policy below.

2. Issues Before the Commission

The issue before the Commission in this decision is: making the interim policy of Common Treatment for Excess PEV Charging Costs permanent, consistent with Pub. Util. Code § 740.19(d)(2)¹⁰ and (d)(3).¹¹ This issue is

⁸ Pub. Util. Code § 740.19.

⁹ Pub. Util. Code § 740.19; Res E-5167 at 2 to 4.

¹⁰ Pub. Util. Code § 740.19(d)(2): In supervising the alternative-fueled vehicle program, or vehicle electrification program, of an electrical corporation, the Commission shall allow the residential service facility upgrade costs incurred as a result of the adoption of home-based EV charging for basic charging arrangements that exceed the utility's Electric Tariff Rule 15 (distribution line extensions) and Rule 16 (service lines extensions) allowances to be treated as a common facility cost, to be recovered from all residential ratepayers.

¹¹ Pub. Util. Code § 740.19(d)(3): It is the intent of the Legislature that the interim policy known as the Common Treatment for Excess PEV Charging, initially adopted with respect to the state's largest electrical corporations in D.11-07-029, extended in D.13-06-014, extended again in D.16-06-011, expanded to include the state's three smaller electrical corporations in D.16-11-005, and further extended by the Assigned Commissioner's Scoping Ruling and via Ruling in R.18-12-006, shall be the policy applied by the Commission, and may be revised by the Commission after completion of the electrical corporation's general rate case cycle in effect on January 1, 2021, if a determination is made that a change in the policy is necessary to ensure just and reasonableness rates for ratepayers.

properly within scope of this proceeding as it pertains to implementation of a legislatively-mandated statewide transportation electrification directive after the issuance of the Scoping Ruling.¹² Moreover, this is a transportation electrification issue not otherwise addressed in another Commission proceeding.

3. Discussion and Analysis

Parties generally are supportive of the ACR's proposal to interpret both Pub. Util. Code §§ 740.19(d)(2) and 740.19(d)(3) as referencing the continuation of the interim policy of Common Treatment for Excess PEV Charging Costs for residential charging infrastructure. The Utility Reform Network (TURN) agrees that the statute directly addresses providing subsidies for residential utility-side distribution services upgrades for home-based EV charging.¹³ Southern California Edison Company (SCE) proposes that the Commission make the interim policy permanent, as intended by AB 841, to eliminate the need for further Commission decisions or rulings extending the policy.¹⁴ ChargePoint, Inc. (ChargePoint) also supports the extension of the interim policy of Common Treatment for Excess PEV Charging Costs, but requests the opportunity for stakeholder review and comment.

Considering the new statute, that the interim policy known as the Common Treatment for Excess PEV Charging Costs shall be the standard policy applied by the Commission,¹⁵ in addition to the supportive party comments, we apply the provisions in Pub. Util. Code §§ 740.19(d)(2) and 740.19(d)(3). Pursuant to § 740.19(d)(3), the Common Treatment for Excess PEV Charging

¹² See Scoping Ruling at Topic 5, page 6.

¹³ TURN Opening Comments at 4 to 5.

¹⁴ SCE Opening Comments at 5.

¹⁵ Pub. Util. Code § 740.19(d)(3).

Costs shall be the policy of the Commission unless and until a determination is made that a change in the policy is necessary to ensure just and reasonable rates for ratepayers.

Additionally, in response to the ACR several parties provided suggestions on data reporting fields that the electrical corporations should collect in relation to the Common Treatment for Excess PEV Charging Costs. We agree that some additional data collection and reporting may be necessary to effectively evaluate the impact of the Common Treatment for Excess PEV Charging Costs on ratepayers. While Resolutions E-5167 and E-5168 direct the Commission's Energy Division to finalize a data collection template for the electrical corporations in relation to EV infrastructure rules, this decision authorizes Energy Division to add data collection requirements associated with the Common Treatment for Excess PEV Charging Costs to the E-5167 and E-5168 reporting templates. The electrical corporations are expected to include Common Treatment for Excess PEV Charging Costs in their respective EV Cost and Load Reports in 2023.

4. Comments on Proposed Decision

The proposed decision of Commissioner Clifford Rechtschaffen in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on December 2, 2021 by SCE, Small Business Utility Advocates (SBUA), Natural Resources Defense Council (NRDC), TURN, and Peninsula Clean Energy Authority (PCE), and Reply comments were filed on December 7, 2021 by Pacific Gas and Electric Company (PG&E) and jointly by the Coalition of California Utility Employees and the Natural Resources Defense Council (CUE-NRDC).

PG&E and SBUA both support adoption of the proposed decision without modification.

NRDC recommends changes to the decision to describe the Common Treatment for Excess PEV Charging Costs policy as permanent. TURN notes the importance of the language in the proposed decision regarding the policy remaining in place until a determination is made that a change in policy is necessary to ensure just and reasonable rates for ratepayers. With this language now included in the decision's Conclusions of Law, no further modification to the proposed decision is necessary.

Both TURN and PCE support the proposed decision but recommend different revisions to clarify the applicability of the Common Treatment policy to multi-unit dwelling (MUD) properties be clarified. PCE comments that there is financial risk of unknown and high utility-side service facility upgrade costs and "deficit billing" to MUD building owners and managers triggered by the installation of electric vehicle supply equipment (EVSE). This risk inhibits advancing transportation electrification and the opportunity to reduce greenhouse gas emissions as required by California law.

PCE also recommends limiting such infrastructure upgrades to "basic charging arrangements" defined as L1 and L2. While the Commission shares PCE's concerns regarding containing costs, PCE's proposed limitations may establish unnecessary burdens for MUD customers looking to take service through this policy that are not also applicable to single-family residential customers. In addition, other rules pertaining to installations at non-single family residential sites do not include this limitation. Accordingly, the Commission will reevaluate the "basic charging arrangement" definition when more data is available.

To further the above policies, the Commission adopts changes to the proposed decision Findings of Fact, Conclusions of Law, and Ordering Paragraphs, as detailed below.

5. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Sasha Goldberg and John Larsen are the assigned Administrative Law Judges in this proceeding.

Finding of Fact

1. On September 30, 2020, the Governor signed AB 841, which among other things mandates that the interim policy of Common Treatment for Excess PEV Charging Costs be the policy applied by the Commission for any residential customer.

2. Developers, owners and managers of multi-unit dwellings (“MUDs”) can be inhibited from installing EV charging equipment at such MUDs due to the service facility upgrade costs triggered by the installation of EV charging equipment that exceed applicable utility allowances.

3. The installation of separate meters for EV charging equipment can be difficult at MUDs due to physical characteristics of electrical rooms and the cost of such meters.

Conclusions of Law

1. The interim policy known as Common Treatment for Excess PEV Charging Costs, should be the standard policy, consistent with Pub. Util. Code § 740.19(d)(2) and (d)(3).

2. Residential customers dwelling in MUDs should benefit from the policy known as Common Treatment for Excess PEV Charging Costs.

3. The electrical corporations’ new EV Infrastructure Rules may not benefit residents of MUDs with logistical and/or cost barriers to the installation of separate meters for EV charging facilities.

4. It is reasonable to interpret the term “residential” as used in Public Utilities Code § 740.19(d)(2), as being inclusive of all types of residences, and not just applying to single-family residences.

5. It is reasonable to modify the interim policy known as Common Treatment for Excess PEV Charging Costs such that service facility upgrade costs triggered by the installation EV charging at MUDs shall be treated as common facility costs where there are logistical or financial barriers to the installation of a separate meter for EV charging facilities.

6. The interim policy known as Common Treatment for Excess PEV Charging Costs, as modified in this decision should be the Commission’s policy applied to any residential customer of an electrical corporation until a determination is made that a change in policy is necessary to ensure just and reasonable rates for ratepayers.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall each continue the interim policy adopted in Decision (D.) 11-07-029 extended in D.13-06-014 and D.16-06-011, and as modified in this decision to allow plug-in electric vehicle charging costs in excess of these three electrical corporations’ Electric Rules 15 and 16 allowances

2. to be treated as common facility costs, consistent with Assembly Bill 841 (Stats. 2020, ch. 372).

3. Liberty Utilities LLC, Bear Valley Electric Service, Inc., and PacifiCorp, d.b.a. Pacific Power, shall each continue the interim policy adopted in D.16-06-011 and extended by the Assigned Commissioner’s Scoping Memo and Ruling and Administrative Law Judge Rulings in Rulemaking 18-12-006, to allow

plug-in electric vehicle charging costs in excess of these three electrical corporations' Electric Rules 15 and 16 allowances to be treated as common facility costs, consistent with Assembly Bill 841 (Stats. 2020, ch. 372).

4. The interim policy known as Common Treatment for Excess PEV Charging Costs is hereby modified to include service facility upgrade costs for the installation of electric vehicle charging infrastructure at any site, including multi-unit dwellings, that take service through an applicable residential electrical rate."

5. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Liberty Utilities LLC, Bear Valley Electric Service, Inc., and PacifiCorp, d.b.a. Pacific Power shall include Common Treatment for Excess PEV Charging Costs in their respective EV Cost and Load Reports in 2023.

This order is effective today.

Dated December 16, 2021, at San Francisco, California

MARYBEL BATJER

President

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

DARCIE HOUCK

Commissioners