



May 14, 2018

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building, Second Floor  
400 North Street  
Harrisburg, PA 17120

Re: Tax Cut & Jobs Act of 2017 – Docket No. M-2018-2641242

Dear Secretary Chiavetta,

We applaud the Commission for investigating the impacts on utility rates of the Tax Cut and Jobs Act of 2017, and for the Commission's March 16, 2018 temporary rates order. This order will help ensure that consumers receive the full benefit of savings from the tax cut as of January 1, 2018, the tax cut's effective date. We ask the Commission to consider requiring utilities to allocate a portion of these funds for pilot programs that equitably distributed benefits to communities throughout Pennsylvania by focusing on measures that can significantly improve air quality by reducing air pollutants that have a harmful effect on human health and accelerating the deployment of advanced technologies.

The Commission should evaluate using a portion of the tax cut revenues to advance the electrification of the transportation sector. The Commission has taken important actions recently to remove barriers to deployment of electric vehicle charging stations owned by third parties. The Commission issued a Secretarial Letter on June 15, 2017 seeking comments on how utility tariffs impact the operation of third-party electric vehicle charging stations.<sup>1</sup> Following a review of the comments, Chairman Brown made a motion at the March 15, 2018 public meeting to issue a policy statement to eliminate any regulatory uncertainty in this area. The policy statement proposed a new rule requiring utilities to issue tariffs: (1) setting forth how third-party electric vehicle charging station owners should interface with the utility to obtain electric service for the charging stations; and (2) making clear that a charging station owner who provides service to the public is not engaging in a "sale for resale" of electricity under 66 Pa C. S. § 1313.

This is a timely area to address because Pennsylvania ranks twelfth in electric vehicles sold in the U.S.<sup>2</sup> The Commission may want to consider directing utilities to allocate some funds

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<sup>1</sup> *Third Party Electric Vehicle Charging – Resale/Redistribution of Utility Service*, Docket No. M-2017-2604382, available at: [http://www.puc.pa.gov/about\\_puc/consolidated\\_case\\_view.aspx?Docket=M-2017-2604382](http://www.puc.pa.gov/about_puc/consolidated_case_view.aspx?Docket=M-2017-2604382)

<sup>2</sup> Clean Technica, *U.S. Electric Car Sales by State, Who's #1 – Ohio or California?* May 4, 2017, available at: <https://cleantechnica.com/2017/05/04/us-electric-car-sales-state-whos-1-ohio-california/>

from the tax cut to support electric vehicles because this could leverage the available funding under the Volkswagen settlement. The Volkswagen diesel emission litigation resulted in several consent decrees among Volkswagen, the U.S. Department of Justice and the state of California. The consent decrees provided funding to each state to mitigate air emissions from diesel vehicles. Pennsylvania received \$118 million in funding for these mitigation projects, and the funding can be used for electric vehicle charging stations and electric vehicle rebates.<sup>3</sup>

The Commission should leverage existing funds from the Volkswagen settlement to amplify existing efforts aimed at reducing vehicle emissions. Combining the funding available from electric distribution utility pilot programs and the Volkswagen settlement can accelerate the deployment of cost-effective electric vehicle technology and yield significant public health benefits.

The Commission should also consider directing utilities to initiate rebate programs to support electrification of passenger vehicles, transit authority bus fleets and school bus fleets. Cost-effective electric vehicle options are already available for medium duty vehicles, such as buses. The rebates could be combined with funding from the Volkswagen settlement to make the rebates even more cost-effective. The concept is similar to current utility energy efficiency programs that provide rebates for lighting and appliances.

Electric buses (transit, school, and shuttle) provide a significant emission reduction opportunity because current diesel options have some of the worst traditional fuel economy in the fleet (2-3 miles per gallon of diesel, by some estimates)<sup>4</sup> due to idling, slow speeds, and frequent stop-and-go driving. In a typical duty cycle, most return to a depot at the end of the day, with the majority of fleets not operating at night. This mode of operation makes diesel buses, particularly school buses, ideal candidates for conversion to electric.

For many municipalities, deploying electric buses could provide a net positive return on investment. Though electric buses can be up to \$300,000 more expensive than their diesel counterparts, the virtual elimination of fuel and maintenance costs allow for the recovery of the initial upfront increase in capital cost.

Electric buses not only provide direct tailpipe emission reductions, but also provide indirect emission reductions by displacing single-occupant vehicles. In addition, electrifying school buses in Pennsylvania has the added benefit of reducing the very serious health risks to children from older school buses that were not equipped with closed crankcase ventilation systems.<sup>5</sup> In the *Delivering Opportunity* report,<sup>6</sup> emissions from heavy duty vehicles in California are identified as the single largest source of nitrogen oxide (NOx) emissions and produce more particulate matter than all of the state's power plants combined.

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<sup>3</sup> Pennsylvania Department of Environmental Protection, Environmental Mitigation Trust Agreements, available at: <http://www.dep.pa.gov/Business/Air/Volkswagen/Pages/Environmental-Mitigation-Trust-Agreement.aspx>

<sup>4</sup> Department of Energy, Hybrid-Electric Transit Buses, available at: [https://www.afdc.energy.gov/pdfs/nyct\\_diesel\\_hybrid\\_final.pdf](https://www.afdc.energy.gov/pdfs/nyct_diesel_hybrid_final.pdf)

<sup>5</sup> For more information on these programs in Pennsylvania, see Pennsylvania Department of Environmental Protection, *Greener Truck and Bus Fleets*, available at: <http://www.dep.pa.gov/Business/Air/BAQ/Automobiles/Pages/GreenerFleets.aspx>

<sup>6</sup> Union of Concern Scientists, *Delivering Opportunity: How Electric Buses and Trucks Can Create Jobs and Improve Public Health in California* (May 2017).

Pollutants from these vehicles pose health risks at all stages of life. They are particularly pernicious to the young and elderly and disproportionately affect low income communities and communities of color who have fewer opportunities to avoid low air quality.<sup>7</sup>

Pennsylvania is home to three major ports, in Philadelphia, Pittsburgh and Erie. These ports generate substantial NOx emissions and are located near large cities. The Commission could also consider electrification programs targeted at these ports. Possible projects include rebates for programs that increase electrification of shoreline operations and improve the efficiency of refrigeration and electrification for ships in berth.

These projects illustrate how the Commission could direct utilities to allocate some of the tax cut revenues to maximize the benefits for electric utility customers and for the public. Combining utility rebate programs with the Volkswagen settlement funds could greatly accelerate the electrification of Pennsylvania's transportation system, and result in major health and economic development benefits. The Volkswagen settlement funds will only be available for a limited time, and the availability of the tax cut revenues coincides with this limited time opportunity. Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Dick Munson".

Dick Munson  
Midwest Senior Director

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<sup>7</sup> Areas currently in nonattainment: (all are classified marginal) :Allegheny, Armstrong, Beaver, Berks, Bucks, Butler, Carbon, Chester, Delaware, Fayette, Lancaster, Lehigh, Montgomery, Northampton, Philadelphia, Washington and Westmoreland. [Link to map of EPA NAAQS non-attainment zones](#)

