

Richard C. Culbertson
1430 Bower Hill Road
Pittsburgh, PA 15243

January 22, 2024

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Electric Utility Rate Design for Electric Vehicle Charging -- Public Comment

Docket No. M-2023 – 3040755 <https://www.puc.pa.gov/docket/M-2023-3040755>

Dear Secretary Chiavetta:

These are my comments on the Commission's request for Public Comment per the Commission's Requests:

As Published in the Pennsylvania Bulletin of December 23, 2023, Vol.53 Number 51, pages 7911-8044 Starting at page 7935 <https://www.puc.pa.gov/pcdocs/1810891.pdf> and The PUC's Press Release of December 26, 2023 <https://www.puc.pa.gov/press-release/2023/puc-invites-comment-on-proposed-policy-statement-on-electric-utility-rate-design-for-electric-vehicle-charging-in-pennsylvania>

I compliment the Commission for considering the issue of power to electric vehicle charging stations and asking for public comments.

I do not own an electric vehicle, but one in my immediate family does; they have also installed an electric power station and a solar system on their property. So, I am familiar with the advantages and disadvantages of owning and operating an electric vehicle. I recognize that using electric vehicles and related infrastructure is immature and insufficient.

The issue is complex from a public policy perspective with many competing interests. The issue is not what is best for public utilities, the Pennsylvania Public Utility Commission or owners or non-owners of electric vehicles but is what is in the public interest in the long term. So multiple

strands of the public interest and known facts must be considered from an honest impartial view point.

A little about myself. I am not an attorney. My career -- forty years primarily as an asset management expert with General Electric – Credit, Nuclear and Aerospace and with Lockheed Martin Aerospace and Defense focusing on various aspects of asset management. Asset management for me included senior leadership over many sites in the acquisition, use and disposal of company and government property, internal controls, policy, audit, accountability, compliance, active participation and leadership in associations to improve public policy with updated Federal regulations, and leadership in consensus standards organizations (ASTM and ISO). I also have been a residential real estate investor that has been involved in public utility rate cases, giving sworn public comments as well as being a complaint before the PUC's administrative court.

The Commission is asking two significant questions:

Question 1: Should the Commission get involved under their jurisdictional authority concerning rates with the delivery and distribution of electricity through electric public utility companies' service to electric power stations for electric vehicles?

Suggested answer; **NO**.

If so, are the proposed regulations a satisfactory approach to electrifying power stations through electric public utility rates that would be controlled by the Public Utility Commission?

Suggested answer: **NO**.

Substantiation for the suggested answers:

Question 1.

1.) For the last several years, the Federal Government's policy has been to promote the use of electric vehicles through subsidies and incentives to manufacturers of electric vehicles and batteries as well as to subsidies and tax breaks for ownership of solar electric generation and electric vehicles.

2.) The PUC, however, has less authority and power to favor one class of customers over other classes of customers. It is important in providing an opinion on this topic, to be situationally aware of the Commissions patterns of practice and capabilities in increasing their scope of work into the establishment of rates regarding providing power to charging stations.

3.) The Pennsylvania Public Utility Code, PA Title 66, prohibits discrimination in rates and service from various perspectives and mentions discrimination forty-four times. Discrimination even with even with good intentions is still discrimination. The PUC should not be determining who will benefit from discrimination.

For example: PA Title 66 § 1304. *Discrimination in rates.*

No public utility shall, as to rates, make or grant any unreasonable preference or advantage to any person, corporation, or municipal corporation, or subject any person, corporation, or municipal corporation to any unreasonable prejudice or disadvantage. There is no such thing as reasonable discrimination at any time. "With liberty and justice for all."

4.) Applicable Federal regulation -- 18 CFR Part 101 - PART 101—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR PUBLIC UTILITIES AND LICENSEES SUBJECT TO THE PROVISIONS OF THE FEDERAL POWER ACT <https://www.law.cornell.edu/cfr/text/18/part-101>

This Federal Regulation that applies to public utilities and public utility commissions and includes:

*E. All amounts included in the accounts prescribed herein for electric plant and operating expenses **shall be just and reasonable** and any payments or accruals by the utility in excess of just and reasonable charges **shall be included in account 426.5, Other Deductions.** (Unjust, unreasonable and unnecessary cost is unallowable to be included in rates to customers.)*

5.) Costs for infrastructure or services that directly, for the most part, benefit higher income owners of electric vehicles are not just and reasonable, thus not allowable in electric rates. Lower income individuals should not be subsidizing higher income individuals that choose to purchase state-of-the-art vehicles.

6.) The Commission's track record or past performance in making rates understandable, just, reasonable, and in the public interest is unreliable.

For example, my recent statement from Columbia Gas of Pennsylvania on a property under repair is below. The pass-through cost of the natural gas is \$19.45, but the distribution charges from Columbia for that small amount of gas are \$116.05 – meaning the delivery cost of using Columbia's distribution system costs about six times the cost of the gas delivered. That price structure is not understandable, just, reasonable, sustainable, or in the public interest, regardless of the Commission's past assertions and approval that made these rates that way.

The net profit for gasoline stations is about 3-7 cents per gallon.

<https://fortune.com/2022/08/09/energy-profit-margins-gas-stations-proof-fuel-retailers-high-gas-prices-alex-kinnier/>

It is easy to see how the Commission's approved rate structure severely harms low-income customers. Conservation under this rate structure is uncomfortable and ineffective. Replicating this approach to the cost of charging electric vehicles would harm this infant industry and the use of electric vehicles. With using the PUC's approach the Federal government's objectives to increase the use of electric vehicles will not be realized because the PUC's approach will probably increase overall operating cost of electric vehicles. The PUC has not offered any vision or estimates in how their approach will reduce the operating cost of electric vehicles.

| Detail Charges | |
|---|------------------|
| Rate Schedule RSS | |
| Gas Supply Charges 75 thm at \$0.27441 per thm | \$20.57 |
| Gas Cost Adjustment 75 thm at -\$0.01500 per thm | -\$1.12 |
| ----- | |
| Supply | +\$19.45 |
| Customer Charge | \$16.75 |
| Distribution Charges 75 thm at \$0.91069 per thm | \$68.30 |
| Pass-through Charges 75 thm at \$0.31258 per thm | \$23.45 |
| Energy Efficiency Rider 75 thm at \$0.00361 per thm | \$0.27 |
| Weather Normalization Adjustment | \$7.28 |
| ----- | |
| Delivery | +\$116.05 |
| <hr/> | |
| Total Current Utility Charges | \$135.50 |
| <ul style="list-style-type: none"> Your distribution charges have been adjusted to reduce the impact of warmer than normal weather. Your bill includes \$1.62 in state taxes, not including sales tax. | |
| Columbia Gas of Pennsylvania Price to Compare per therm \$0.28808 | |
| The Price to Compare is the price to use when comparing Columbia's gas cost to gas supply prices offered by other natural gas suppliers in the CHOICE program. This price may change in January, April, July and October each year. | |

7.) Anyone traveling on the PA Turnpike from out of state can imagine what it would cost in a PUC-controlled electric charging station.

8.) With the Commission's limited budget, the Commission does a poor and unreliable job of managing the complexity and their volume of its work. For the Commission to manage and control charging stations through electric utilities would take away valuable time to handle more important matters such as performing timely financial audits and enforcement investigations of public utilities.

9.) In 1968, voters Pennsylvania added to the Constitution ARTICLE VIII TAXATION AND FINANCE § 10. Audit. <https://www.legis.state.pa.us/WU01/LI/LI/CT/HTM/00/00.008..HTM>
All commissions "shall be subject to audits made in accordance with generally accepted auditing standards." It does not appear the commission has ever been subject to or ever complied with this requirement. This means, over the last 55 years, opportunities for corrections, improvements and assurance were lost.

10.) We need to look no further than to review the Commission's accomplishment for 2023 as to their pattern of practice. <https://www.puc.pa.gov/press-release/2023/puc-highlights-2023-accomplishments#:~:text=Since%20the%20start%20of%202023,them%20available%20for%20public%20review.>

11.) The Commission supervises about 8000 public utilities. <https://www.puc.pa.gov/about-the-puc/>

*Audits -- “Management Audit staff released **three Management Audits**, two Management Efficiency Investigations....” (No Financial Audits.)*

12.) In 2023 and prior years, no financial audits were conducted on public utilities per generally accepted government audit standards as required by Pennsylvania law (Title 66) and Federal regulations (2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which requires annual audits per government standards).

13.) Imagine if the U.S. Government did not enforce or drop the audit requirements for independent public audit firms to audit traded companies through the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board (PCAOB). Our financial markets would collapse just like in 1929. PUC financial audits are to protect and provide assurance to customers, investors, and other stakeholders. The public is grossly exposed. No excuse will do.

14.) The PUC takes the power to ignore and approve its deficient work. Instead of financial audits of the rate base and expenses, the Commission relies on the utility’s submissions as to actual legitimate, necessary, reasonable, just and allowable cost. It then blindly enters into negotiations on rates, without consideration if those costs in the rate base and operating expenses were based on effective internal controls and are free of waste, fraud, abuse, and mismanagement. The PUC’s process in oversight and establishing utility rates is below the expected standard of care required of public institutions.

15.) Rates are not established examining cost, but by determining but how quickly the utility will recover its investment in the rate base and other expenses. So, the utility may seek an increase in rates of twenty percent, but the Commission approves a ten percent increase. That may sound like a good deal for customers on the surface, but all that was done was to extend the time for the utility to recover its costs. Of course, with this, interest costs are increased. Informed and prudent decision-makers do not take out a five-year car loan and then accept an offer to extend the loan to ten years. Full disclosures are not made to the public. In fact the PUC often enters into “black box” settlements and agrees not to disclose or hide the basis of the settlement. Too much material information is hidden from the public. Even the legally required annual PUC *Rate Comparison Report* is not direct to customers but politicians. Public utility debt is actually hidden public at a high price.

16.) The buildout of rechargeable stations is essential, as the full potential of electric vehicles will not be realized unless recharging stations are available reasonably, safely, conveniently, efficiently, and economically to fulfill the needs of the electronic vehicle owner.

17.) Electrified charging stations when service by public utilities should be subject to the existing rate structure established by the PUC today.

18.) The PUC’s involvement is a disrupter to free and open competition in the market place. Involvement by the PUC may suppress competition and development in the charging electric vehicles. In the future, we can expect more mature, effective and efficient ways to power electric

vehicles, particularly with the use of microgrids and advanced ways to produce electricity economically and efficiently.

19.) Investment in charging stations is an investment with reasonably known projected costs and benefits for their owners, particularly for small business. Adding PUC involvement is a disrupter with unknowns and will cause a delay in the desired and needed buildout of electric vehicle charging stations.

20.) The public will be better served if the Commission focuses on improving its internal controls to assure the public that its primary responsibilities under the law are being fulfilled to serve Pennsylvanians now and in the future.

21.) Currently drivers of electric vehicles do not pay tax for energy used powering their vehicles. Drivers of gasoline powered vehicles pay \$0.576 / gallon in Pennsylvania, the highest in the nation. With the expected drop in gasoline excise tax revenues, eventually laws will be passed to make drivers of electric vehicles pay their fair share. PUC involvement will probably distort the total operating cost of electric vehicles. Eventually those distortions harm the market place for good ideas, products and services at reasonable prices that benefit the public.

22.) The Commission currently does not have jurisdiction over the use of energy once delivered to customers. Delivery of gas changes title at the property line or meter and it is the customer's discretion on how and when to use the product. The same with electricity, title generally passes at delivery as metered on the premises. The Commission should remain neutral in how electric and gas should be used or consumed. Opening the door for scope creep for the PUC or electric public utilities is not a good thing.

Conclusions:

It was important for the Commission to establish teams of stakeholder groups to consider their involvement in the issue of rates for electric vehicle charging stations. Sometimes, the best investment decision is to pass on an available opportunity. This is one of those times.

Question 1: Should the Commission get involved under their jurisdictional authority concerning rates with the delivery and distribution of electricity through electric public utility companies' service to electric power stations for electric vehicles?

Suggested answer: **NO.**

The reasons for NO are substantial. Balancing the need to get involved vs. staying out and letting the market and the Federal government, through grants, take the lead on the issue is a better-calculated choice.

Question 2: The question is conditioned on a YES answer to Question 1; therefore, there is no reason to belabor PUC decision makers if the answer to Question 1, is NO.

I thank the Commission for considering the issue and my constructive comments in its final decision when it determines what is in the best interest of the public and the PUC.

Respectfully,



Richard C. Culbertson
1430 Bower Hill Road
Pittsburgh, PA 15343
(609) 410-0108
Richard.c.culbertson@gmail.com
January 19, 2024