

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN**

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Application of Wisconsin Electric Power Company, as an  
Electric Public Utility, for Approval of Electric Vehicle  
Charging Pilots

Docket No. 6630-TE-106

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**COMMENTS OF THE CITIZENS UTILITY BOARD**

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**I. INTRODUCTION**

On October 7, 2020 Wisconsin Electric Power Company (WEPCO) filed an application with the Commission for approval of three electric vehicle (EV) service programs and a pilot proposal for a low-income program. On May 24, 2021, Commission staff produced a memorandum (staff memo) examining the proposed EV programs and the Commission solicited comments from the parties on the staff memo. The Citizens Utility Board (CUB) provides comments on the staff memo in response to this solicitation.

As discussed below, CUB is supportive of the proposed EV programs. The residential programs expand the range of utility service products available to customers in a way that will hopefully meet the needs of the growing EV owner or prospective EV owner population within WEPCO's territory. Additionally, the program is designed to protect non-participating customers from adverse rate impacts while also providing appropriate price signals to EV owners. The proposed Commercial program seeks to provide a cost-based utility program that will give customers alternatives to the standard extension rules in managing how and when it pays for distribution extension or upgrade costs related to EV charging while also seeking to hold non-participating customers harmless. CUB also supports some of the additional conditions proposed in the staff memo.

## II. COMMENTS

As noted in its comments in the Commission's EV investigation docket (Docket 5-EI-156, PSC REF#: 367365), CUB believes that utilities may be optimally positioned to deploy public charging infrastructure during the initial development of the market for public charging services, provided that utilities' involvement in this emerging sector not be achieved through a leveraging of their monopoly position to the disadvantage of 3rd party owners. CUB actively encourages, utility exploration of innovative product and service offerings related to EVs. However, CUB's support for individual utility EV programs is reserved for those programs that CUB believes make sense both from a cost perspective and from a program design perspective. Specifically, CUB believes that EV programs should be consistent with the following principles:

1. EV programs should be cost-based, and cost-causer/cost-payer principles should be observed.
2. Non-participating customers should not be harmed by the EV program.
3. To the extent that an EV program would cause non-participating customers to bear some of the costs associated with the program, it should provide system benefits at least commensurate with the level of cross-subsidization borne by non-participating customers. Any such benefits (or potential benefits) should be identified ex-ante and robust analysis used to support the claims of such benefits.
4. If an EV program includes a consumption rate element (energy and/or demand related retail charges), rates should send price signals appropriate for encouraging EV charging during low cost periods.
5. If an EV program includes a new rate design, the new rate design proposal should be substantively different from a rate schedule currently offered by the utility. Absent

this, the utility should demonstrate why current offerings are insufficient to meet the needs of EV owning customers. Any new rate design should also be cost-based.

### EV Program Design

WEPCO's application includes a proposal for two residential EV programs and a commercial, or non-residential, pilot EV program. As noted in the staff memo, these programs are based upon, or in some cases substantively identical to residential and commercial EV programs approved by the Commission in June of 2020 (Docket 4220-TE-104) for Northern States Power Company-Wisconsin (NSPW), which CUB supported. As with the comparable NSPW programs CUB believes that all three programs proposed by WEPCO are consistent with the principles outlined above. In the case of the residential EV programs, the cost of charging equipment as well as associated O&M and administration costs are meant to be fully recovered through the proposed monthly fixed charges. This cost-based approach not only properly aligns cost-causer with cost-payer principles, but also holds non-participating customers harmless. The COEV-R rate design proposed for the charger-only residential EV program is substantively different from WEPCO's current TOU offerings. WEPCO currently does not offer a three-part residential TOU rate. As a result, the proposed rates should provide customers with an appropriate price signal to encourage EV charging during lower cost time periods for the utility. Moreover, WEPCO's proposed use of "submeter" capabilities contained within EV charging equipment, to enable the billing of EV charging usage on a rate different from the customer's whole-home rate, leverages the novel solution first proposed in Wisconsin by NSPW to address EV load metering and associated costs that have marred past residential EV program proposals.

CUB commends WEPCO for leveraging the experience of NSPW, and by extension the experience of Northern States Power Company-Minnesota (NSPM) in developing this proposal.

In the staff memo, Commission staff discusses what it perceives as the potential for program costs to “be socialized to all ratepayers rather than being included in participant fees” and that recording the plant at cost could produce “double recovery.” (Staff Memo p.14) Based on CUB’s understanding of how costs are to be treated from an accounting and rate-making perspective, CUB does not share staff’s concern. In the case of residential customers who elect the “bundled” option, it is appropriate for EV charger plant costs to be recorded at cost, as the recovery of those plant costs (including return on rate base) is meant to align with the \$18/month customers will pay as part of program fees, consistent with standard ratemaking principles. If, however, a customer elects the “pre-pay” option, it is CUB’s understanding that those investments would be booked at \$0 net plant in service, if WEPCO’s program is implemented consistent with the NSPW program upon which it is based. As such, no plant cost recovery is necessary, and WEPCO appropriately does not intend to bill pre-pay customers for charger costs through the proposed rates. Based on this understanding, CUB does not believe that staff’s proposed suggested modification “requiring WEPCO to record the assets as \$0, or below the line, regardless of how the customer would pay for the equipment,” is appropriate.

With respect to the commercial EV program, the proposed revenue-based extension allowance is designed such that the costs incurred by the utility in providing distribution extensions or upgrades will be recovered from those same customers via distribution demand charges paid by the participating customers over time. Additionally, the inclusion of the proposed two-year “true-up” process provides protections to non-participating customers in the event initial estimates prove to be inaccurate.

In the staff memo, Commissions staff opines that “in the initial years the additional credit for the revenue-based allowance (assuming it is larger than the embedded cost allowance) would be funded by all other customers in WEPCO’s territory.” (Staff Memo p.17) First, CUB would note that while it is *technically* mathematically accurate that there is inter-temporal cross-subsidization associated with the extension allowance provided under the Commercial EV Service Program — with extension costs being incurred by the utility immediately while cost recovery would happen over a number of years — this is no different from how extension allowances are handled currently. In both cases the extension allowance is provided to the customer based on the assumption that the utility will recover the “cost” of the allowance through retail rates in the future. As such, it is inaccurate to state that the EDR extension allowance would be “funded by all other customers in WEPCO’s territory.” To the extent that there is any inter-temporal cross-subsidization, EDR extension costs will be allocated to the appropriate customer classes of participating customers. And again, the program design is intended to fully recover extension allowance costs over time so that, on-net, other customers are held harmless.

With respect to WEPCO’s requested waivers of administrative code, CUB generally does not object to the utility’s request. However, WEPCO’s request for a waiver of portions of Wis. Admin. Code § 113 as it relates to the charging unit sub-meter.

Finally, while CUB would have preferred that greater detail have been provided regarding the low-income pilot program WEPCO intends to implement, CUB is generally supportive of the concept as outlined in the application.

CUB recommends that the Commission adopt the following alternatives

Commission Alternatives – COEV-R Program Approval & WHEV-R Program Approval

CUB is supportive of the residential EV program proposal included in the application. However, CUB would not object if the Commission found it appropriate to include additional conditions regarding marketing, performance metrics and reporting. For both the COEV-R and WHEV-R programs CUB supports either Alternative One or Alternative Two consistent with CUB's position on conditions discussed below.

#### Commission Alternatives – Residential Accounting Treatment

As noted above, CUB does not believe that the requirement that charging equipment be recorded below the line. However, CUB would not object if the Commission wished to direct WEPCO to work with Commission staff to agree on accounting procedures and COSS approaches to better track program costs and revenues and ensure there is no cross-subsidization from other non-participating customers.

#### Commission Alternatives – Commercial Program

CUB is supportive of the commercial EV program proposal included in the application. However, CUB would not object if the Commission found it appropriate to include additional conditions regarding marketing, performance metrics and reporting. CUB supports either Alternative One or Alternative Two consistent with CUB's position on conditions discussed below.

#### Commission Alternatives – Commercial Accounting Treatment

As noted above, CUB does not believe that the requirement that charging equipment be recorded below the line. However, CUB would not object if the Commission wished to direct WEPCO to work with Commission staff to agree on accounting procedures and COSS approaches to better track program costs and revenues and ensure there is no cross-subsidization from other non-participating customers.

Commission Alternatives – Marketing and Reporting

CUB finds the reporting requirements proposed by WEPCO to be acceptable, but would not object if the Commission included additional performance data reporting and/or load management reporting conditions.

Commission Alternatives – COEV-R Waivers Relating to Dispute Resolution  
Commission Staff’s Analysis of Waivers Relating to Metering, Accuracy, and Testing  
Commission Alternatives – COEV-R Waivers Relating to Metering, Accuracy, and Testing

CUB does not object to WEPCO’s waiver requests related to these issues for the purposes of pilot programs, provided that the additional steps suggested in Alternative Two for these decision points are adopted. Information collected during the pilot period will be invaluable for decision-making purposes if WEPCO elects to transition the programs to standard offerings in the future.

**III. CONCLUSION**

CUB supports approval of the EV programs proposed by WEPCO consistent with the discussion and specific recommendations made above.

Dated this day, Thursday, June 3, 2021.

Respectfully Submitted,

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