Company: San Diego Gas & Electric Company (U 902 M)

Proceeding: 2024 General Rate Case

Application: A.22-05-Exhibit: SDG&E-21

PREPARED DIRECT TESTIMONY OF JENNIFER L. REYNOLDS (CLEAN TRANSPORTATION)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA



TABLE OF CONTENTS

I.	INTRODUCTION					
	A.	Sumi	mary of Clean Transportation Costs and Activities	1		
	B.	Supp	oort To and From Other Witnesses	3		
	C.	Orga	nization of Testimony	3		
II.	SUST	TAINA	BILITY AND SAFETY CULTURE	4		
III.	NON-SHARED COSTS					
	A.	Expa	nsion of Clean Transportation	6		
		1.	Description of Costs and Underlying Activities	6		
		2.	Forecast Method	7		
		3.	Cost Drivers	8		
IV.	CAPI	CAPITAL				
	A.	EV I	nfrastructure Rule	10		
		1.	Description	11		
		2.	Forecast Method	11		
		3.	Cost Drivers	11		
	B.	Clear	n Transportation Information Technology Product Team	12		
		1.	Description	12		
V.	REGI	ULATO	ORY ACCOUNTS	13		
	A.	Vehi	cle Grid Integration Balancing Account (VGIBA)	13		
	B.	Vehicle Grid Integration Memorandum Account (VGIMA)				
	C.	Clear	n Transportation Priority Balancing Account (CTBA)	16		
	D.	Worl	king Group Facilitator Memorandum Account (WGFMA)	17		
	E.	Elect	tric Vehicle Infrastructure Memo Account (EVIMA)	18		
	F.	High	Power Interim Rate Waiver Balancing Account (HPWBA)	18		
VI.	CONCLUSION					
VII.	WIT	WITNESS QUALIFICATIONS				
Appe	ndix A	– Gloss	sary of Terms			

SUMMARY
Test Year 2024 Summary of Total Costs¹

CLEAN TRANSPORTATION (In 2021 \$)			
	2021 Adjusted- Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
Total Non-Shared Services	3,300	4,831	1,531
Total Shared Services (Incurred)	0	0	0
Total O&M	3,300	4,831	1,531

CLEAN TRANSPORTATION (In 2021 \$)				
	2021 Adjusted-	Estimated	Estimated	Estimated
	Recorded (000s)	2022 (000s)	2023 (000s)	2024 (000s)
Total CAPITAL	0	0	0	20,000

My testimony requests \$4,831,000 in operations and maintenance (O&M) and \$20,000,000 in capital to support SDG&E's Clean Transportation base business initiatives. These activities are outside the scope of SDG&E's electric vehicle (EV) infrastructure programs funded through incremental Commission decisions. Previously, funding for Clean Transportation base business initiatives was sought and approved in the general rate case (GRC) through other SDG&E business unit testimony.² Now, for the first time, SDG&E proposes expanding the Clean Transportation function though a dedicated testimony chapter.

Clean Transportation at SDG&E started as a department whose purpose was to develop incremental programs to incentivize the EV market, and over the past six years has transformed into a reliable source of expertise for internal and external stakeholders working to support California's transition to zero-emission vehicles (ZEVs). The base business funding requested in this chapter includes the core level of SDG&E staffing necessary for supporting ongoing state and regional electric planning efforts to ensure a smooth clean energy transition in the transportation sector, advising customers about the EV adoption process, and working with

Per Resolution 5167-E EV Infrastructure Rule costs prior to 2024 will be tracked in the EV Infrastructure Rule Memorandum Account (EVIMA) and are reported as zero for 2022 and 2023 in the Summary Table. See Section IV.A. for more details.

See e.g. A.17-10-007, Direct Testimony of Lisa C. Davidson (Customer Service Information and Technologies) (October 6, 2017).

underserved community members to ensure they are not left out of the transition to electrified transportation.

Supporting these core Clean Transportation functions enables SDG&E to contribute to meeting California's greenhouse gas (GHG) reduction goals. The transportation sector accounts for the largest share of California GHG emissions.³ If California—including the San Diego region served by SDG&E—does not dramatically reduce GHG and particulate pollution emissions from vehicles, the state will not be able to reduce its GHG emissions to net zero by 2045, as required by state policy.⁴ Furthermore, California is not on track to ensure that all instate passenger vehicle sales are ZEV by 2035,⁵ as again required by state policy.⁶ SDG&E's Clean Transportation activities are designed to directly accelerate the phasing out of transportation GHG emissions, to the benefit of all.

Clean Transportation's capital request consists of the capital costs of SDG&E's new Electric Rule 45: EV Infrastructure (EV Infrastructure Rule) and the creation of a Clean Transportation Information Technology Product Team. Per Commission Resolution E-5167, SDG&E is required to own, install, and maintain the electrical distribution infrastructure and associated construction on the utility side of the electric meter for separately-metered EV charging installations, with the exception of single-family homes, for customers that elect to take service under the EV Infrastructure Rule. SDG&E opened the EV Infrastructure Rule to customers in April 2022 and, consistent with Commission Resolution E-5167, will initially record associated costs incurred between April 2022 through December 2023 in its EV Infrastructure Rule Memorandum Account (EVIMA). Per Resolution E-5167, SDG&E requests closure of the EVIMA in this chapter.⁷

³ California Air Resources Board, "California Greenhouse Gas Emissions for 2000 to 2019" (July 28, 2021) at 7 (Figure 3).

⁴ See Executive Order B-55-18.

⁵ California Energy Commission, *Assembly Bill 2127 Electric Vehicle Charging Infrastructure Assessment Analyzing Charging Needs to Support ZEVs in 2030* (July 14, 2021) ("AB 2127 Report") at ii (available at https://www.energy.ca.gov/programs-and-topics/programs/electric-vehicle-charging-infrastructure-assessment-ab-2127).

⁶ See Executive Order N-79-20.

See Section V of my Direct Testimony and Resolution E-5167 at 5.

Ensuring that the EV Infrastructure Rule fully contributes to meeting California's EV goals will require significant marketing, education, and outreach (ME&O) by SDG&E. SDG&E's ME&O and data reporting activities will contribute to the pace of EV infrastructure deployment and the uptake of the EV Infrastructure Rule. In turn, the overall cost of the EV Infrastructure Rule is driven by customer demand. As of the date of this filing, it is difficult to estimate this cost. SDG&E only recently opened the EV Infrastructure Rule to customers, and the ultimate rate of EV charging site construction under the EV Infrastructure Rule is unknown. Therefore, SDG&E requests the creation of the two-way EV Infrastructure Rule Balancing Account (EVIBA) to record the costs of implementing the EV Infrastructure Rule going forward.

Summary of Requests

My testimony requests:

- Funding to support Clean Transportation base business activities that are not funded through incremental Commission decisions;
- The creation of the EVIBA to record capital funding associated with the cost of installing and owning electric distribution infrastructure and associated construction installed under the EV Infrastructure Rule;
- Capital associated with the creation of a Clean Transportation Information
 Technology Product Team; and
- The closure and recovery of costs from several regulatory accounts associated with completed SDG&E EV infrastructure programs.

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I. INTRODUCTION

Summary of Clean Transportation Costs and Activities Α.

My testimony supports the Test Year (TY) 2024 forecasts for operations and maintenance (O&M) costs for non-shared services, and capital costs for the forecast years 2022, 2023, and 2024, associated with the SDG&E Clean Transportation area. Table JLR-1 summarizes my sponsored costs.

PREPARED DIRECT TESTIMONY OF

JENNIFER L. REYNOLDS

(CLEAN TRANSPORTATION)

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TABLE JLR-1 **Test Year 2024 Summary of Total Costs**

CLEAN TRANSPORTATION (In 2021 \$)			
	2021 Adjusted- Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
Total Non-Shared Services	3,300	4,831	1,531
Total Shared Services (Incurred)	0	0	0
Total O&M	3,300	4,831	1,531

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CLEAN TRANSPORTATION				
(In 2021 \$)				
	2021 Adjusted-	Estimated	Estimated	Estimated
	Recorded (000s)	2022 (000s)	2023 (000s)	2024 (000s)
Total CAPITAL	0	0	0	20,000

California has established several critical zero emission vehicle (ZEV) policy goals to

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and heavy-duty vehicle sales are required to be zero-emission by 2045, where feasible. State policy also calls for 250,000 EV chargers in California by 2025;² the California Energy Commission (CEC) has found that as of 2021 the state was 57,000 chargers short of that goal.

accelerate the adoption of ZEVs and increase access to electric vehicle (EV) charging stations.

All passenger vehicle sales in California are required to be zero-emission by 2035 and medium

Without aggressive action this gap will widen by 2030.³ Furthermore, state law requires that the

See Executive Order N-79-20.

See Executive Order B-48-18.

AB 2127 Report at ii.

transition to ZEVs be equitable, with increased access to transportation electrification in underserved communities.⁴

The Clean Transportation department enables ZEV adoption throughout SDG&E's service territory by creating and implementing programs to facilitate the development of the ZEV market. This is accomplished through a team of specialized personnel, which include: project managers, policy managers and advisors, customer engagement and customer solutions advisors, and data analysts. The department's activities are broken down into three functional areas: Business Development, Data Analytics and Systems; Program Management; and Customer Experience.

The Business Development, Data Analytics and Systems workgroup advances new ZEV programs and completes Commission-required data reporting and evaluation. The Business Development team partners with stakeholders to design and develop new ZEV programs, advance program proposals through the regulatory process, and respond to Commission data requests. The Data Analytics team analyzes SDG&E programs and provides recommendations for actions based on the data received from SDG&E programs or trends in the ZEV market. They also provide analysis for vehicle forecasts, greenhouse gas (GHG) emissions, and other market forces related to the clean transportation sector. The Data Systems team collaborates with business users to develop applications that capture program data, and support company-wide charging infrastructure. This workgroup is also responsible for regulatory compliance reporting. The Business Development, Data Analytics, and Systems workgroup is primarily funded through SDG&E's GRC.

The Clean Transportation Program Management Office (PMO) is the workgroup responsible for the overall strategy, management, direction, coordination, implementation, and completion of SDG&E's EV charging infrastructure programs. The PMO group is funded through incremental Commission decisions and SDG&E is not requesting to expand this workgroup through this GRC application.

The third workgroup is the Customer Experience team, which includes Customer Solutions and Customer Engagement. The Customer Solutions team is responsible for site acquisition for all Clean Transportation programs, working directly with customers to identify

⁴ See SB 350 and Pub.Util. Code § 740.12(a)(1)(C).

and evaluate sites for incremental EV infrastructure programs. They serve as the liaison between the customer and various SDG&E departments through the completion of construction.

Customer Engagement coordinates Clean Transportation marketing and conducts electric vehicle

outreach and education during internal, public, and corporate events. The Customer Experience team is partially funded through SDG&E's GRC, while work to support specific SDG&E EV infrastructure programs is funded through incremental Commission decisions.

Reflecting the urgency of the climate crisis, SDG&E proposes to incorporate Clean Transportation activities into base utility business in order to accelerate the transition to ZEVs. Commission Resolution E-5167 established the ongoing utility role in providing the infrastructure to support EV charging. Similarly, this GRC request transitions SDG&E's activities to support the ZEV transition conducted outside of incremental applications to base utility business, funded through a dedicated GRC chapter. The funding requested in my testimony will enable SDG&E to expand its Clean Transportation offerings, contributing to progress towards California's policy goals, the equitable adoption of ZEVs, and improving local public health.

B. Support To and From Other Witnesses

My testimony also references the testimony and workpapers of several other witnesses, either in support of their testimony or as referential support for mine.

Sustainability is addressed in the Sustainability Policy testimony chapter of Estela de Llanos (Exhibit SDG&E-02). The Information Technology (IT) capital cost for the project discussed in Section IV.B. of my testimony are incorporated into the forecasts for the Information Technology testimony chapter of William J. Exon (Exhibit SDG&E-25). The regulatory accounts discussed in Section V of my testimony are also addressed in the Regulatory Accounts testimony chapter of Jason Kupfersmid (Exhibit SDG&E-43). Forecasts in the Customer Services - Field Operations testimony chapter of David H. Thai (Exhibit SDG&E-17) and the Customer Services – Information testimony chapter of Sandra Baule (Exhibit SDG&E-19) incorporate ongoing costs where the associated memorandum account is being closed.

C. Organization of Testimony

My testimony is organized as follows. Section II reviews Clean Transportation's sustainability and climate goals. Section III addresses Clean Transportation's non-shared O&M costs. Section IV addresses the requested capital to fund the EV Infrastructure Rule and the

business justification for IT capital projects. Section V addresses the closure of several regulatory accounts. Section VI provides a brief conclusion. Section VII provides my qualifications.

II. SUSTAINABILITY AND SAFETY CULTURE

Sustainability, safety and reliability are the cornerstones of SDG&E's core business operations and are central to SDG&E's GRC presentation. SDG&E is committed to not only deliver clean, safe, and reliable electric and natural gas service, but to do so in a manner that supports California's climate policy, adaptation, and mitigation efforts. In support of the legal and regulatory framework set by the state, SDG&E has set a goal to reach net zero GHG emissions by 2045, adopted a Sustainability Strategy to facilitate the integration of GHG emission reduction strategies into SDG&E's day-to-day operations and long-term planning, and published an economy-wide GHG Study⁵ that recommends a diverse approach for California leveraging clean electricity, clean fuels, and carbon removal to achieve the 2045 goals through the lens of reliability, affordability, and equity. The Sustainability Strategy serves as SDG&E's guide to enable a more just and equitable energy future in SDG&E's service territory and beyond. As a "living" strategy, SDG&E will continue to update the goals and objectives as technologies, policies, and stakeholder preferences change. See the Sustainability Policy testimony of Estela de Llanos (Exhibit SDG&E-02).

In this GRC, SDG&E focuses on three major categories that underpin the Sustainability Strategy: mitigating climate change, adapting to climate change, and transforming the grid to be the reliable and resilient catalyst for clean energy. SDG&E's goal is to contribute to the decarbonization of the economy by way of diversifying energy resources, collaborating with regional partners, and providing customer choice that enables an affordable, flexible, and resilient grid.

Many of the activities described in further detail in this testimony advance the state's climate goals and align with SDG&E's Sustainability Strategy. Specifically, the proposed Clean Transportation base business activities will drive progress in the areas of Climate Mitigation and Grid Transformation.

The Path to Net Zero: A Decarbonization Roadmap for California (April 2022) (available at https://www.sdge.com/sites/default/files/documents/path_to_net_zero.pdf?nid=21961).

Safety is a core value and SDG&E is committed to providing safe and reliable service to all its stakeholders. This safety-first culture is embedded in every aspect of the Company's work. In 2020, SDG&E commenced development and deployment of a Safety Management System (SMS), which better aligns and integrates safety, risk, asset, and emergency management across the entire organization. The SMS takes a holistic and proactive approach to safety and expands beyond "traditional" occupational safety principles to include asset safety, system safety, cyber safety, and psychological safety for improved safety performance and culture. SDG&E's SMS is a systematic, enterprise-wide framework that utilizes data to collectively manage and reduce risk and promote continuous learning and improvement in safety performance through deliberate, routine, and intentional processes.

SDG&E remains focused on identifying and implementing the most cost-effective solutions with the potential to make the greatest impact on reducing GHG emissions, while maintaining a safe and reliable energy system. SDG&E believes that safety, reliability, and sustainability are inextricably linked and fundamental to the Company's ability to continue to operate successfully. Please see the Sustainability Policy testimony of Estela de Llanos (Exhibit. SDG&E-02) for additional detail on SDG&E's Sustainability Strategy and the Safety, Risk and Asset Management testimony of Ken Deremer (Exhibit SDG&E-31) for additional detail of SDG&E's Safety Policy.

State policy requires California to rapidly reduce GHG emissions, reaching net zero emissions by 2045. Meeting this target will require transitioning to ZEVs as soon as possible, as the transportation sector is the largest source of GHG emissions in California.⁶ Accelerating the transition to ZEVs is not simply a matter of meeting state policy goals, however. Particulate emissions from vehicles—in particular diesel and medium-duty and heavy-duty vehicles—directly impact public health.⁷ The California Air Resources Board has determined that these pollution burdens are not equally shared among Californians because pollution from diesel vehicles is concentrated along transit corridors and industrial areas, neighborhoods that the state

California Air Resources Board, "California Greenhouse Gas Emissions for 2000 to 2019" (July 28, 2021) at 7 (Figure 3).

⁷ California Air Resources Board, "Overview: Diesel Exhaust & Health" (available at https://ww2.arb.ca.gov/resources/overview-diesel-exhaust-and-health).

refers to as disadvantaged communities.⁸ Furthermore, Senate Bill (SB) 350 and Commission decisions hold that "as a matter of law, transportation electrification in California must be equitable." SDG&E's base business activities to accelerate the transition to ZEVs support this equity goal by reducing barriers to EV adoption, and may improve community health by reducing pollution emissions from fossil fuel vehicles.

III. NON-SHARED COSTS

"Non-Shared Services" are activities that are performed by a utility solely for its own benefit. Corporate Center provides certain services to the utilities and to other subsidiaries. For purposes of this GRC, SDG&E treats costs for services received from Corporate Center as Non-Shared Services costs, consistent with any other outside vendor costs incurred by the utility. Table JLR-2 summarizes the total non-shared O&M forecasts for the listed cost categories.

TABLE JLR-2 Non-Shared O&M Summary of Costs

CLEAN TRANSPORTATION (In 2021 \$)			
Categories of Management	2021 Adjusted-	TY2024	Change (000s)
	Recorded (000s)	Estimated (000s)	
A. Clean Transportation	3,300	4,831	1,531
Total Non-Shared Services	3,300	4,831	1,531

A. Expansion of Clean Transportation

1. Description of Costs and Underlying Activities

The SDG&E Clean Transportation function supports state ZEV adoption goals through activities beyond Commission-authorized incremental EV infrastructure programs. These activities outside of incremental infrastructure programs include:

• Collaboration on ZEV infrastructure planning with regional governments and non-profit organizations, including the San Diego Accelerate to Zero Emissions

See, e.g., California Health and Safety Code Sections 39711, 39713, 39715, 39721, and 39723; See also e.g. California Public Resources Code, Section 75200. A map of disadvantaged communities as identified by the State of California can be found here: https://www.arcgis.com/apps/View/index.html?appid=c3e4e4e1d115468390cf61d9db83efc4.

⁹ D.21-07-028 at 28.

- (A2Z) initiative, ¹⁰ a partnership aiming to develop and implement an EV and Transportation Electrification Strategy for the San Diego region;
- Participating in transportation-related Commission rulemakings that do not approve specific incremental utility EV infrastructure programs or authorize funding, such as Rulemaking (R.) 18-12-006 (the DRIVE OIR);
- Engaging in policy development, participating in workshops—frequently as a requested speaker—and submitting comments on transportation-related proceedings at the California Energy Commission, California Air Resources Board, and United States federal agencies;
- Performing in-depth analysis of market forces to develop data-driven strategies
 that support Clean Transportation opportunities and inform electric load
 forecasting, including to support the California Energy Commission Integrated
 Energy Policy Report (IEPR);
- Supporting implementation of the EV Infrastructure Rule through marketing the Rule, educating customers about the Rule's benefits and customer participation requirements, advising customers about load management options, and conducting required post-installation load checks; and
- Completing CPUC-mandated reporting activities that are not funded through incremental EV infrastructure programs, such as the semi-annual Vehicle-Grid Integration (VGI) reporting that is required—but not funded—by a recent Commission decision.¹¹

2. Forecast Method

A base year (BY) forecast method was selected for both labor and non-labor costs because the last recorded year accurately reflects the expense level associated with current activity levels and is the appropriate basis for forecasting TY 2024 expenses. The pace of transportation electrification in California is increasing, as is the volume of Commission mandates on the SDG&E Clean Transportation function. As these requirements are unlikely to

Accelerate to Zero Emissions: A Regional Collaboration to Curb Air Pollution and Climate Change through Transportation Electrification. Further information available at: http://a2zsandiego.com/static/zero/index.html.

¹¹ D.20-12-029 at 77-78 (Ordering Paragraph 1).

lessen in the future, using current activity levels as the basis for forecasting TY 2024 expenses is justified.

3. Cost Drivers

Both labor and non-labor have exhibited an overall upward trend during the 2017-2021 historical period. This is primarily due to the increased focus on the expansion of Clean Transportation activities in response to new state policies, increasing the expected adoption of ZEVs. For example, Executive Order B-48-18 issued in 2018 set the target of 5 million ZEVs in California by 2030. This goal was surpassed by Executive Order N-79-20, which was issued in 2020 and sets the goal that all passenger vehicles sold in California be zero-emission by 2035. State ZEV adoption goals are likely to continue to increase, requiring an increasing matching commitment from electric utilities.

a. Labor

SDG&E requests \$125,000 in labor for a new data scientist position beginning in 2023. This data scientist will support SDG&E's CPUC-mandated EV data reporting and regional ZEV planning by analyzing EV adoption and transportation data in the San Diego region to better target SDG&E's ZEV infrastructure offerings. This role will also contribute to SDG&E's collaboration with regional planning efforts like the A2Z initiative.

SDG&E also requests \$250,000 in labor for two new TE Advisor positions beginning in 2024 that will support the proposed TE Advisory and Consultation Services function. This request represents a gradual ramping up of SDG&E's efforts to advise customers curious about adopting ZEVs but who are outside of incremental Commission-approved programs. Currently, SDG&E receives many requests for information from customers considering switching to zero-emission vehicles. Many of these customers are unable to participate in SDG&E's Commission-authorized EV infrastructure programs because they are—for various reasons—unable to meet the participation requirements of these programs, or their need falls into gaps not currently covered by incremental utility programs. For example, SDG&E has received requests for information about EVs and charging options from small businesses and non-profits not able to participate in SDG&E's Medium-Duty/Heavy-Duty EV Infrastructure Program due to barriers like short-term premise leases or the fact that light-duty vehicle fleets are excluded from the Program. The volume of these requests will increase as ZEV adoption grows and more commercial customer segments are required to adopt ZEVs through state regulation.

As an infrastructure provider and trusted energy advisor SDG&E is uniquely positioned to answer customer questions about ZEV adoption, but currently lacks the resources to assist customers outside of incremental EV infrastructure programs. As part of the TE Advisory and Consultation Services function, these TE Advisors will assist customers in their ZEV adoption process, including answering customer questions, explaining infrastructure options, and potentially assisting customers in completing applications for state and federal ZEV grant opportunities.

b. Non-Labor

SDG&E requests \$250,000 in non-labor above the BY 2021 to fund a broad-based EV awareness campaign. SDG&E is currently running an award-winning EV awareness campaign under the moniker "LOVELECTRIC" that informs customers about the benefits of ZEVs, locations of EV chargers, and availability of incentive funding. The campaign's objectives are to overcome common consumer barriers to EV adoption including range anxiety and a perceived lack of charging options. This broad awareness campaign is not part of program-specific ME&O funded through Commission decisions authorizing incremental EV infrastructure programs.

SDG&E plans to expand this EV awareness campaign and expand its reach to SDG&E's equity and lower-income customers through additional communication tactics designed specifically to target and engage underserved populations. If funded, SDG&E will tailor messaging to address the benefits and opportunities of EVs available to underserved populations, including information about used EVs and associated incentives. Tactics may include digital advertising and print publications in languages prevalent in the San Diego region.

SDG&E requests \$906,000 in non-labor to cover ongoing O&M for the 2016 Vehicle Grid Integration Pilot Program as approved by D.16-01-045, which was marketed as the Power Your Drive Pilot, and SB 350 Priority Review Pilots as approved by D.18-01-024. These ongoing O&M costs are primarily data fees, which are paid to the EV Service Providers (EVSP) that manage billing at Power Your Drive Pilot and Priority Review Project sites and are necessary to keep these chargers in operation. These data fees are currently being recorded to the Vehicle Grid Integration Memo Account (VGIMA) and Clean Transportation Priority Balancing

The LOVELECTRIC campaign won first place for a Solar, Storage, Electric Vehicles, and Electrification Campaign in the E Source 2021 Utility Ad Awards. *See* https://www.esource.com/435211h9fh/e-source-announces-2021-utility-ad-awards-contest-winners.

- 1 Account (CTPBA). SDG&E is requesting to close both of these accounts, as described in Section
- 2 V, below. If SDG&E does not continue to pay these data fees these chargers will no longer
- 3 | function, and SDG&E will not be able to report further load data from these chargers. This
- 4 | request also includes approximately \$75,000 in ongoing miscellaneous O&M costs related to
- 5 signage and decal replacement, relocation, data analysis and reporting, and ongoing Power Your
- 6 Drive marketing such as webpage updates.

IV. CAPITAL

My testimony requests capital to fund SDG&E's new EV Infrastructure Rule and the creation of a new Clean Transportation Information Technology Product Team. Table JLR-3 summarizes the total capital forecasts for 2022, 2023, and 2024, which incorporate EV Infrastructure Rule costs. These IT Product Team costs are requested in the Information Technology testimony chapter (Exhibit SDG&E-25).

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TABLE JLR-3
Capital Expenditures Summary of Costs

CLEAN TRANSPORTATION (In 2021 \$)				
Categories of Management	2021 Adjusted-	Estimated	Estimated	Estimated
	Recorded	2022 (000s)	2023 (000s)	2024 (000s)
A. Clean Transportation	0	0	0	20,000
B. Information Technology	0	1,125	1,459	1,612
Total	0	1,125	1,459	21,612

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EV Infrastructure Rule

TABLE JLR-4 Capital Expenditures Summary of EV Infrastructure Rule Costs¹³

CLEAN TRANSPORTATION				
(In 2021 \$)				
A. Clean Transportation	2021 Adjusted-	Estimated	Estimated	Estimated
	Recorded	2022 (000s)	2023 (000s)	2024 (000s)
1. Clean Transportation	0	0	0	20,000
Total	0	0	0	20,000

A.

¹³ See FN1, supra.

1. Description

The GRC forecast for Rule 45: EV Infrastructure requested here for 2022, 2023, and 2024 are \$0, \$0 and \$20,000,000, respectively. As ordered in Resolution E-5167, costs for 2022 and 2023 will be recorded in the EV Infrastructure Rule Memo Account (EVIMA) and are not requested here. For clarity, EV Infrastructure Rule costs for 2022 and 2023 are shown as zero in Table JLR-4 above.¹⁴

The EV Infrastructure Rule is an optional new service rule for separately-metered EV charging sites, with the exception of single-family homes, established by Commission Resolution 5167-E. SDG&E is required to install, own, and rate base the electrical distribution infrastructure and associated construction at these sites between the distribution system and utility meter, which is collectively referred to as the utility-side make-ready. The customer or site host bears the cost of the make-ready beyond the utility meter and the cost of the EV Supply Equipment.

2. Forecast Method

The forecast method developed for this cost category is the zero-base method. This method is most appropriate because SDG&E opened the EV Infrastructure Rule to customer enrollment on April 7, 2022. Thus, at the time of filing there is no robust record of historic costs for comparison, and the future participation rate in the EV Infrastructure Rule is unknown. SDG&E believes that the cost of the EV Infrastructure Rule will increase in the future as more eligible customers opt to take electrical service under the Rule. The overall cost of the EV Infrastructure Rule will be driven by the number of sites that take service under the Rule, which in turn is dependent on the pace of transportation electrification in California.

3. Cost Drivers

The underlying cost drivers for implementing the EV Infrastructure Rule relate to the cost of designing, installing, and maintaining the utility-side make-ready at participating sites. These costs include but are not limited to electrical equipment, conduit, trenching and repaving, and associated construction costs. Documentation of these cost drivers are included as supplemental capital workpapers.¹⁵

See SDG&E Advice Letter 3705-E (February 26, 2021) and Resolution E-5167.

¹⁵ See SDG&E-CWP-21259A.

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В. Clean Transportation Information Technology Product Team **TABLE JLR-5 Capital Expenditures Summary of Clean Transportation IT Product Team Costs**

Information Technology Capital (In 2021 \$)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
1. Clean Transportation Product Team 2023-2024 CWP 00903H	0	1,186	1,612
2. Clean Transportation Product Team 2022-2023 CWP 00903I	1,125	273	0
Total	1,125	1,459	1,612

1. **Description**

The forecast for the Clean Transportation Information Technology (IT) Product Team for 2022, 2023, and 2024 are \$1,125,000, \$1,459,000, and \$1,612,000, respectively. These IT Product Team costs are requested in the Information Technology testimony chapter (Exhibit SDG&E-25) but are included here for reference.

The Clean Transportation IT Product Team designs and deploys new software applications to support Clean Transportation's business activities and the implementation of Commission-approved EV Infrastructure programs. These software applications include the

Clean Transportation Customer Solutions tool, which is a Customer Relationship Management software application that allows the Clean Transportation Customer Solutions Advisors and the Project Management Organization to log, manage, and collect required data from customers and completed sites participating in SDG&E EV infrastructure programs. The tool serves as the system of record for data elements and documents that are required in regulatory compliance reports.

In addition, the IT Product Team develops and enhances systems that allow production support team members to monitor EV charging stations at Clean Transportation project sites where SDG&E provides ongoing charging station maintenance and service. The EV Charging Station Network Operations tool (NetOps) is used to diagnose issues and dispatch service orders for charging stations. Other tools are planned for development to assist with charging station site commissioning and management, specifically related to ongoing lifecycle management of charging station hardware.

These tools are critical to the successful implementation of SDG&E's EV initiatives but are not funded through any incremental program. Funding this IT Product team will allow IT work associated with the Clean Transportation function to be developed and supported in-house rather than bidding out work to outside companies, increasing the efficiency and responsiveness of Clean Transportation IT support.

V. REGULATORY ACCOUNTS

A. Vehicle Grid Integration Balancing Account (VGIBA)

The Vehicle Grid Integration Balancing Account (VGIBA) is a one-way interest bearing balancing account that records the authorized revenue requirement and actual incremental costs from implementing the 2016 Vehicle Grid Integration Pilot Program as approved by D.16-01-045, which was marketed as the Power Your Drive Pilot (PYD Pilot). The VGIBA was opened in April 2016 via Energy Division approval of SDG&E Advice Letter 2868-E. Costs recorded in the VGIBA consist of the capital and expense costs of implementing the PYD Pilot, including material and labor costs, purchased EV supply equipment, and program administration. SDG&E

closed construction on PYD Pilot in 2019 and submitted a final report to the Commission in April 2021.¹⁶

As documented by SDG&E, the cost of the PYD Pilot exceeded the Commission-authorized budget of \$45 million.¹⁷ A portion of this overspend is attributable to changes in state regulation that increased the cost of installing EV charging. SDG&E originally filed its application for the PYD Pilot in April of 2014.¹⁸ The Commission decision approving the project was issued in January of 2016.¹⁹ In January 2017,²⁰ the California Building Code and the California Green Building Standards Codes (CALGreen)²¹ were updated to include new requirements for EV charging stations which, directly or by reference, changed the Americans with Disabilities Act (ADA) requirements for EV charging station installation.²² These changes amended the definition of a parking space to provide that spaces with EV charging are not considered parking for the purpose of computing the required number of accessible parking spaces.²³ This changed the number of ADA-compliant EV parking spaces required when EV

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San Diego Gas & Electric, "Power Your Drive Research Report" (April 2021) (PYD Report) (available at https://www.sdge.com/sites/default/files/regulatory/SDG%26E%20FINAL%20Power%20Your%20D rive%20Research%20Report%20April%202021.pdf).

¹⁷ PYD Report at 7.

¹⁸ See A.14-04-014.

¹⁹ D.16-01-045.

See CA.gov, DGS, California Building Standards Code, 2016 Triennial Edition of Title 24, stating ("The 2016 California Building Standards Code (Cal. Code Regs., Title 24) was published July 1, 2016, with an effective date of January 1, 2017."), available at https://www.dgs.ca.gov/BSC/Codes.

CalGreen are regulations for energy efficiency, water efficiency and conservation, material conservation and resource efficiency, environmental quality, and more. CalGreen includes mandatory measures to support the goals of the State's greenhouse gas reduction program.

See California Building Standard Code (CBC) Section 11B-812.1, states ("Electric vehicle charging stations (EVCS) shall comply with Section 11B-812 as required by Section 11B-228.3.") (available at https://codes.iccsafe.org/content/CBC2016V1ESJAN18/chapter-11b-accessibility-to-public-buildings-public-accommodations-commercial-buildings-and-public-housing).

²³ *Id.* at Section 11B-208.1, states ("For the purposes of this section, electric vehicle charging stations are not parking spaces; see Section 11B-228.").

charging is installed, and modified signage requirements.²⁴ These changes affected commercial facilities, office buildings, and multi-family dwellings built after 1991 with publicly-accessible areas, all target customers for the PYD Pilot.²⁵

These changes to the California Building Code and CALGreen Code significantly increased the costs of PYD Pilot sites by requiring SDG&E to install entirely new ADA spaces and associated accessibility site improvements such as path of travel, sidewalks, and ramps at many PYD sites. Furthermore, an evaluation of whether the ADA changes were applicable had to be applied to every PYD Pilot site, even if it was eventually determined that the new ADA rules did not apply.

SDG&E estimates that approximately \$3,500,000 of the PYD Pilot overspend is attributable to these ADA regulation changes. As these changes were made in 2017, they were not foreseeable in SDG&E's design of the PYD Pilot, nor the Commission's January 2016 decision approving the Pilot. Because SDG&E could not have anticipated these changes prior to filing the proposed PYD budget, it is reasonable for SDG&E to collect costs above the \$45 million PYD Pilot budget attributable to ADA changes from ratepayers. SDG&E requests to recover \$48.5 million recorded to the VGIBA, which consists of the approved \$45 million budget plus the \$3.5 million incremental costs attributable to the changes in ADA regulations.

As discussed in the Regulatory Accounts testimony (Exhibit SDG&E-43), SDG&E requests to close this account and transfer the December 31, 2023 VGIBA electric undercollected balance to the Electric Distribution Fixed Cost Account (EDFCA) for inclusion in rates.

B. Vehicle Grid Integration Memorandum Account (VGIMA)

The Vehicle Grid Integration Memorandum Account (VGIMA) is an interest-bearing memorandum account that tracks long-term O&M expenses and participation payments for participating in the 2016 Vehicle Grid Pilot Program as approved by D.16-01-045, which was marketed as the PYD Pilot. The VGIMA was opened in May 2016 via Energy Division approval

Id. at Section 11B-228.3.2, states ("Where EVCS are provided in more than one facility on a site, the number of EVCS complying with Section 11B-228.3.2 provided on the site shall be calculated according to the number required for each facility."). See also id. at Section 11B-228.3.2.1 and Table 11B-228.3.2.1.

See ADA Title III Regulation 28 CFR Part 36, Appendix A -- Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities.

of SDG&E Advice Letter 2881-E. As discussed above, SDG&E closed construction on PYD Pilot sites in 2019 and submitted a final report to the Commission in April 2021. As discussed in the Regulatory Accounts testimony (Exhibit SDG&E-43), SDG&E requests to close this Account and to transfer the December 31, 2023 VGIMA electric under-collected balance to the EDFCA for inclusion in rates.

D.16-01-045 requires that California Alternative Rates for Energy (CARE) customers be excluded from paying the costs associated with the PYD Pilot.²⁶ Costs associated with the VGIBA and VGIMA have not been charged to customers on CARE rates. However, with the closures of the VGIBA and VGIMA SDG&E will no longer be able to separately track costs associated with the PYD Pilot. As the PYD Pilot has completed construction SDG&E anticipates that future costs incurred by EV chargers installed under this Pilot will comprise of minor expenses such as maintenance and data fees. SDG&E requests that going forward costs of the 2016 Vehicle Grid Pilot Program be recovered from all customers, as was approved by the CPUC for the Power Your Drive Extension Program.²⁷ This approach is consistent with other CPUC-approved EV Infrastructure Programs.²⁸

C. Clean Transportation Priority Balancing Account (CTBA)

The Clean Transportation Priority Balancing Account (CTBA) is a one-way balancing account to record SDG&E's authorized revenue requirement and costs associated with the SB 350 Priority Review Projects (PRPs) approved in D.18-01-024 and the Residential Charging Program approved in D.18-05-040. The CTBA was opened via Energy Division approval of SDG&E Advice Letter 3178-E. Costs recorded in the CTBA consist of capital and expense costs of implementing the SB 350 PRPs. SDG&E completed the six authorized PRPs and a third-party evaluator submitted a final report on these Projects to the Commission on March 31, 2021.²⁹ SDG&E did not implement the Residential Charging Program that was permitted by D.18-05-

²⁶ D.16-01-045 at 180 (Conclusion of Law [COL] 38).

²⁷ D.21-04-014 at 96 (COL 10).

²⁸ See D.19-08-026 and D.19-11-017.

See Priority Review Projects Final Report, (available at https://www.sdge.com/sites/default/files/regulatory/%5BFINAL%5D%20SDG%26E%20Final%20P RP%20Report.pdf).

040 and no costs associated with the Residential Charging Program are recorded in the CTBA.³⁰ As discussed in the Regulatory Accounts testimony (Exhibit SDG&E-43), SDG&E requests that the CTBA be closed and the balance transferred to the EDFCA for inclusion in rates.

D. Working Group Facilitator Memorandum Account (WGFMA)

The Working Group Facilitator Memorandum Account (WGFMA) is an interest-bearing account to record costs associated with hiring a facilitator to organize and facilitate the interagency Vehicle-Grid Integration Working Group (VGI Working Group). The VGI Working Group was convened pursuant to the Assigned Commissioner's Scoping Memo and Ruling in R.18-12-006 dated May 2, 2019. This Scoping Memo and Ruling directed the investor-owned utilities to develop a solicitation to select a technical facilitator to lead the VGI Working Group and specified that the utilities may create a memorandum account to track the costs associated with hiring the facilitator ³¹

SDG&E, Pacific Gas and Electric Company, and Southern California Edison Company (together, the Joint Investor Owned Utilities [IOUs]) issued a Request for Proposals and subsequently selected a facilitator for the VGI Working Group. SDG&E held the facilitator contract on behalf of the IOUs and the WGFMA was established via Energy Division approval of SDG&E Advice Letter 3387-E. The IOUs received approval to extend the six-month VGI Working Group and facilitator contract to one year in January 2020 via the approval of SDG&E Advice Letter 3446-E. With the facilitator's assistance the Working Group convened between 2019 and 2020 and the facilitator authored a final report that was published in June 2020. Costs tracked in the WGFMA consist of the contracted cost of the VGI Working Group facilitator contract. As described in Advice Letter 3446-E, the cost of the facilitator contract is derived from the Request for Proposals, is consistent with the market rate for similar work, and the facilitator committed to providing detailed descriptions of the work performed for each cost incurred. As discussed in the Regulatory Accounts testimony (Exhibit SDG&E-43), SDG&E

See SDG&E Advice Letter 3341-E (February 7, 2019).

R.18-12-006, Assigned Commissioners Scoping Memo and Ruling (May 2, 2019) at 17-18.

See Final Report of the California Joint Agencies Vehicle-Grid Integration Working Group (June 30, 2020) (Available at https://gridworks.org/wp-content/uploads/2020/07/VGI-Working-Group-Final-Report-6.30.20.pdf).

requests that the WGFMA be closed and to transfer the electric WGFMA balance to the EDFCA for inclusion in rates.

E. Electric Vehicle Infrastructure Memo Account (EVIMA)

The Electric Vehicle Infrastructure Memo Account (EVIMA) is an interest-bearing memorandum account that tracks the incremental costs associated with Rule 45: EV Infrastructure. SDG&E opened the EVIMA through Advice Letter 3705-E, which was filed pursuant to Commission Resolution E-5167 and approved by the Commission's Energy Division on October 7, 2021.³³ Costs will be recorded in the EVIMA between the opening of the EV Infrastructure Rule in April 2022 and the end of 2023. As SDG&E opened the EV Infrastructure Rule to customer applications in April 2022, significant costs have not been booked to the EVIMA. However, SDG&E Advice Letter 3908-E forecasts a revenue requirement of approximately \$7,580,000 associated with EV Infrastructure Rule work in 2022 and 2023³⁴

Starting in 2024, costs associated with the EV Infrastructure Rule will be recovered through the EVIBA as described in Section IV of my testimony. As discussed in the Regulatory Accounts testimony (Exhibit SDG&E-43), SDG&E requests that the EVIMA be closed and to transfer the December 31, 2023 EVIMA under-collected balance to the EDFCA for inclusion in rates.

F. High Power Interim Rate Waiver Balancing Account (HPWBA)

The High Power Interim Rate Waiver Balancing Account (HPWBA) is a two-way, interest-bearing balancing account that tracks under-collection or over-collection associated with SDG&E's Interim Rate Waiver. The Interim Rate Waiver is a temporary policy authorized by D.20-04-009 that allows separately-metered direct current fast charging (DCFC) and medium-duty/heavy-duty (MD/HD) EV customers to temporarily take service on SDG&E's TOU-M electric rate. Commission D.21-12-023 subsequently directed SDG&E to create a two-way balancing account to track any revenue shortfall or surplus from the Interim Rate Waiver and report on and address any shortfall or surplus in its next GRC Phase 2 application.

³³ SDG&E Advice Letter 3705-E (February 26, 2021).

SDG&E Advice Letter 3908-E (December 6, 2021) at 5.

³⁵ D.20-04-009 at 16 (OP 1).

³⁶ D.20-12-023 at 39 (OP 11).

SDG&E opened the HPWBA through Advice Letter 3694-E. The Interim Rate Waiver was closed to new customers January 1, 2022 and will close entirely on July 1, 2022. As discussed in the Regulatory Accounts testimony (Exhibit SDG&E-43), SDG&E requests that the HPWBA remain open as, pursuant to D.20-12-023, SDG&E will address the treatment of any HPWBA shortfall or surplus in its next General Rate Case Phase 2 application.

VI. CONCLUSION

SDG&E remains committed to supporting California's transition to zero-emission vehicles and achieving its important climate goals. This requires the continuation of the base business activities that support electrification in the transportation sector, along with the ongoing Commission-authorized EV infrastructure programs that are working toward the same purpose. SDG&E has developed an effective Clean Transportation team that develops program applications, participates in regional planning efforts, completes Commission-mandated reporting, and conducts broad ME&O campaigns to educate customers about the benefits and the need for EVs. Expanding these Clean Transportation functions will allow SDG&E to better support its customers in their transition to ZEVs, further participate in ongoing regional ZEV planning efforts, and help California meet its EV adoption goals through SDG&E's implementation of the EV Infrastructure Rule

This concludes my prepared direct testimony.

VII. WITNESS QUALIFICATIONS

My name is Jennifer L. Reynolds. My business address is 8306 Century Park Court, San Diego, California, 92123. I am the Director of Clean Transportation for SDG&E. In this position, I am primarily responsible for developing and leading innovative programs to advance the adoption of zero-emission vehicles. Prior to this role, I held positions of increasing responsibility in SDG&E's Business Services department with the most recent being the Manager of Business Services. Before joining SDG&E, I was the Corporate Responsibility and PAC Manager for Sempra Energy.

I received a Bachelor of Science degree in Psychology from the University of California, San Diego; a master's degree in Justice, Law and Society from American University; and an MBA from San Diego State University.

I have previously submitted testimony before the California Public Utilities Commission.

APPENDIX A GLOSSARY OF TERMS

APPENDIX A – Glossary of Terms

Acronym	Definition
A2Z	Accelerate to Zero Emissions
BY	Base Year
CEC	California Energy Commission
CTBA	Clean Transportation Priority Balancing Account
CTPBA	Clean Transportation Priority Balancing Account
DCFC	Direct Current Fast Charging
EV	Electric Vehicle
EV Infrastructure Rule	Electric Rule 45: EV Infrastructure
EVIBA	EV Infrastructure Rule Balancing Account
EVIMA	EV Infrastructure Rule Memorandum Account
EVSP	EV Service Providers
GHC	Greenhouse Gas
GRC	General Rate Case
HPWBA	High Power Interim Rate Waiver Balancing Account
IEPR	Integrated Energy Policy Report
IOUs	Investor Owned Utilities
IT	Information Technology
ME&O	Marketing, Education, and Outreach
O&M	Operations and Maintenance
PMO	Program Management Office
PRP	Priority Review Project
PYD Pilot	Power Your Drive Pilot
SB	Senate Bill
SMS	Safety Management System
SDG&E	San Diego Gas & Electric
TY	Test Year
VGI	Vehicle-Grid Integration
VGI Working Group	Vehicle-Grid Integration Working Group
VGIBA	Vehicle Grid Integration Balancing Account
VGIMA	Vehicle Grid Integration Memo Account
WGFMA	Working Group Facilitator Memorandum Account
ZEV	Zero-Emission Vehicle