



**Florida Petroleum Marketers
Association, Inc.**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

November 9, 2020

Adam Teitzman, Director
Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
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COMMISSION
CLERK

Re: Florida Power & Light Company's Petition for Approval of Optional Electric Vehicle Public Charging Pilot Tariffs, Docket No. 20200170-EI

Dear Mr. Teitzman,

Thank you for the opportunity for the Florida Petroleum Marketers Association (FPMA) to provide public comment to the Florida Public Service Commission (the "Commission") Docket No. 20200170-EI, regarding the Florida Power & Light Company's ("FPL") petition for approval of optional electric vehicle public charging pilot tariffs (the "Petition").

1. The Commission's Mission Statement and Goals.

In addressing the Petition, FPMA requests that the Commission consider whether such a pilot tariff would be fair and unbiased. Acting in a fair and unbiased manner is at the heart of the Commission's Mission Statement and Goals. The Commission's Mission Statement is "To facilitate the efficient provision of safe and reliable utility services at fair prices."¹ The Commission's Goals for Economic Regulation include: "To the extent possible, streamline regulatory requirements to provide an open, accessible and efficient regulatory process that is fair and unbiased" and "Provide a regulatory process that results in fair and reasonable rates while offering rate base regulated utilities an opportunity to earn a fair return on their investments." *Id.* (emphasis added). FPMA maintains that the

¹ <http://www.psc.state.fl.us/AboutPSC/PSCMission>.

Commission should resist any temptation to impose the cost needed to accommodate electric vehicle (“EV”) charging on rate payers who do not own an EV.

2. Authority to Approve “Pilot Program.”

As a threshold matter, it is unclear whether the Commission has authority to approve the requested “pilot program” in the Petition. The word “pilot” does not appear anywhere in Chapter 350, Florida Statutes (Florida Public Service Commission), Chapter 366, Florida Statutes (Public Utilities) or Title 25, Florida Administrative Code (Public Service Commission). Assuming it has statutory authority to engage in a “pilot program,” the Commission should inform the public of the specific statutory authority that would allow for imposition of rates in an unfair and biased manner and in a manner that would subsidize some EV providers to the detriment of others.

3. Legislative Mandate.

Effective July 1, 2020, the Florida legislature enacted section 339.287, Florida Statutes – Electric vehicle charging stations; infrastructure plan development. That section directs the Department of Transportation to coordinate, develop, and recommend a master plan for current and future plans for the development of electric vehicle charging station infrastructure along the State Highway System. The Commission, in consultation with the department and the Office of Energy within the Department of Agriculture and Consumer Services, is primarily responsible for the following goals and objectives in developing the plan:

- Projecting the increase in the use of electric vehicles in this state over the next 20 years and determining how to ensure an adequate supply of reliable electric vehicle charging stations to support and encourage this growth in a manner supporting a competitive market with ample consumer choice.
- Evaluating and comparing the types of electric vehicle charging stations available at present and which may become available in the future, including the technology and infrastructure incorporated in such stations, along with the circumstances within which each type of station and infrastructure is typically used, including fleet charging, for the purpose of identifying any advantages to developing particular types or uses of these stations.
- Considering strategies to develop this supply of charging stations, including, but not limited to, methods of building partnerships with local governments, other state and federal entities, electric utilities, the business community, and the public in support of electric vehicle charging stations.

- Identifying the type of regulatory structure necessary for the delivery of electricity to electric vehicles and charging station infrastructure, including competitive neutral policies and the participation of public utilities in the marketplace.

§339.287(c), Fla. Stat. (emphasis added). By December 1, 2020, the department is to file a status report with the Governor, the President of the Senate, and the Speaker of the House of Representatives with its preliminary recommendations, including recommendations for legislation. §339.287(f), Fla. Stat.

Absent from the mandate is any directive or authority to grant petitions permitting tariffs for EV charging stations by public utilities. On the contrary, the legislative mandate emphasizes the importance of “supporting a competitive market,” entering into partnerships, “competitive neutral policies,” and the participation of public utilities “in the marketplace.” The request for EV public charging tariffs is in direct opposition to these stated goals.

4. Fairness.

The Commission should not adopt rates that are unfair and biased. If a pilot program is approved, it should ensure that ratepayers are not asked to subsidize a new technology or subset of users to the detriment of others.

- a. *Fairness will not be achieved by negatively impacting Florida’s transportation sector and tourism industry.*

Florida is the fourth-largest energy consuming state, using almost eight times as much energy as it produces.² Florida’s transportation sector accounts for 39.9% of the state’s end-use consumption, consuming 1,775.2 trillion BTUs in 2018.³ “Florida’s tourism industry is one of the largest contributors to the state’s economy, and a progressive and diversified transportation system is vital to the tourist industry.”⁴ Tourism in Florida contributes to the state having the third-highest motor fuel demand and sixth-highest jet fuel use in the United States.⁵ To remain competitive, Florida’s tourism industry, including the transportation sector, needs to have access to affordable and reliable electricity.

² <https://www.eia.gov/state/?sid=FL>

³ Id.

⁴ <https://www.fdacs.gov/ezs3download/download/90056/2572665/Media/Files/Energy-Files/2019-OOE-Annual-Report.pdf>

⁵ <https://www.eia.gov/state/?sid=FL>

- b. Fairness will not be achieved by distorting the free market for retail sale of vehicle fuel.

It is patently unfair and unnecessary to distort the free market for the retail sale of vehicle fuel. Retail outlets selling liquid fuel or compressed natural gas for motor vehicles do not receive subsidies from all car owners. Likewise, all users of electricity should not have to subsidize the retail sale of EV fuel. A level playing field would serve the legislative mandate and the Commission's mission statement and goals. If utilities want to enter and compete in the retail vehicle fuel market against other sellers of vehicle fuel, they should compete fairly. Seeking to enter the market for the retail sale of vehicle fuel with zero market entry costs is not competing fairly. The private sector cannot compete with zero market entry costs. Permitting rate-based EV charging stations undercuts the competitive nature of the refueling marketplace and could lead to a monopoly harming consumers through less competition and higher costs.

- c. Fairness will not be achieved by requiring a majority of non-EV owning utility customers to subsidize a small minority of EV owning customers.

According to the Florida Department of Agriculture, Office of Energy 2019 Annual Report, EV's account for less than 1 percent of new car sales in Florida and the estimated expected growth of EV sales will only be 12.5 percent by 2028.⁶ Fairness is not achieved by increasing the rate base of all utility customers to recover the costs of EV charging equipment when a majority of the customers do not use EVs. EVs are not a common, ubiquitous good used by the majority of ratepayers. The entire class of ratepayers should not be forced to subsidize infrastructure used by only a small minority of customers.

- d. Fairness will not be achieved by forcing lower income customers to subsidize well-to-do EV owners.

"EV buyers are affluent deal-seekers," according to John Krafcik, president of TrueCar.⁷ EV sticker prices are higher than comparable gas vehicles. EV purchases are strongly correlated with income levels.⁸ A recent study found that the average annual income of an EV owner is significantly higher than the owner of a gasoline powered vehicle. The average buyer of a regular Ford Focus had a household income of \$77,000 per year, as compared to an annual household income of \$199,000 for the average owner of Ford Focus EV. Buyers of the EV Fiat 500e average 45 years of age with an annual

⁶ FPSC Review of the 2019 Ten-Year Site Plans of Florida's Electric Utilities;
<https://www.fdacs.gov/ezs3download/download/90056/2572665/Media/Files/Energy-Files/2019-OOE-Annual-Report.pdf>

⁷ <https://www.cnbc.com/2015/05/06/young-affluent-drivers-buy-these-cars.html>.

⁸ <https://www.truecar.com/blog/which-generation-is-going-green/>.

household income of \$145,000. That's twice the income level of Fiat 500 buyers.⁹ Lower income consumers and people in disadvantaged communities spend a large proportion of their annual income on energy bills. Even small increases in electricity bills could lead to energy insecurity and the inability to pay for basic necessities such as food and medications. The elderly and anyone on a fixed income would also be adversely affected. Any increase to energy bills will decrease funds available for food, medications, and other necessities. Fairness clearly would not be achieved by placing the burden of subsidizing EV drivers on lower income customers and seniors dependent on fixed incomes, the majority of whom do not use EVs.

- e. Fairness will not be achieved by subsidizing EV charging when a private market is available.

Currently, EV manufacturers and others are entering into contracts with private landowners for the construction of EV charging stations and the sale of electricity. Rate payer subsidies of EV charging will result in unfair competition.

5. Environmental Concerns.

Greenhouse gas emissions associated with the raw materials and production stage of EVs are between 1.3 and 2.0 times higher than for internal combustion engine vehicles.¹⁰ While coal consumption in Florida's electric power sector has fallen, it still accounted for 12 million tons of coal consumption in 2018.¹¹

6. Conclusion.

Thank you for providing us with the opportunity to address our concerns. FPMA supports the Commission's goals of providing utility service at fair prices through an efficient, fair and unbiased regulatory process. FPMA also supports the legislature's directive to coordinate, develop, and recommend a master plan for the development of electric vehicle charging station infrastructure along the State Highway System in a manner supporting a competitive market with ample consumer choice. Unfortunately, the requests in the Petition run contrary to these stated goals and directives.

⁹ <https://www.cnbc.com/2015/05/06/young-affluent-drivers-buy-these-cars.html>.

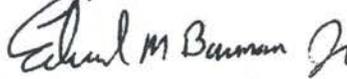
¹⁰ Congressional Research Institute, *Environmental Effects of Battery Electric and Internal Combustion Engine Vehicles*, June 16, 2020 <https://fas.org/sgp/crs/misc/R46420.pdf>.

¹¹ <https://www.eia.gov/state/?sid=FL#tabs-1>

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If you have any questions, please feel free to contact me at ned@fpma.org or by phone at (850) 877-5178.

Respectfully submitted,



Edward M. "Ned" Bowman, Jr.
Executive Director

About FPMA:

The Florida Petroleum Marketers Association, Inc. is a non-profit, nationally recognized, marketer driven, premier Association dedicated to fostering the business health and vitality of Florida's petroleum marketers, dealers, suppliers and convenience store retailers. FPMA strives to promote a growth oriented business community in the state of Florida and work to ensure that every one of our members reaps the benefits of a fairly regulated and business friendly environment.