

**BEFORE THE
MARYLAND PUBLIC SERVICE COMMISSION**

POTOMAC EDISON COMPANY'S
PROPOSAL FOR AN ELECTRIC
SCHOOL BUS PILOT

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Case No. 9741

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SURREBUTTAL TESTIMONY

OF

COURTNEY LANE

ON BEHALF OF THE OFFICE OF PEOPLE'S COUNSEL

September 27, 2024

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1 **Q. Was this testimony prepared by you or under your direction?**

2 A. Yes. My testimony was prepared by me or under my direct supervision and
3 control.

4 **I. Summary of Conclusions and Recommendations**

5 **Q. Please summarize your primary conclusions and recommendations.**

6 A. PE's rebuttal testimony identifies several improvements to its Electric
7 School Bus (ESB) Pilot proposal. For example, Mr. Krauthamer indicates
8 that the company is able to adopt the additional metrics I proposed in my
9 direct testimony, including those related to underserved communities to the
10 extent feasible, and those proposed by Staff witness Matthew T. Hoyt.¹ In
11 addition, Mr. Jones provides additional information on the company's
12 outreach to school bus contractors and barriers to their participation to
13 justify its initial proposed pilot budget for Carroll and Howard Counties.

14 However, PE did not sufficiently address the other concerns raised in my
15 direct testimony.

16 • Mr. Jones fails to provide additional details for how PE will test and
17 evaluate a vehicle-to-grid (V2G) use case. I therefore continue to
18 recommend that the Commission require PE to make a compliance
19 filing with a proposal for at least one initial V2G demonstration

¹ Rebuttal Testimony of Michael I. Krauthamer, at pg. 18, lines 11-19.

1 project that identifies a V2G objective to be tested through deploying
2 a specific V2G use case, the parameters for how PE will test the
3 technology, and the specific evaluation metrics PE will track to
4 evaluate the V2G use case.

- 5 • Mr. Jones does not provide sufficient justification for why PE cannot
6 require participating school systems to deploy a certain percentage of
7 ESBs awarded through the pilot to routes serving underserved
8 community census tracts. The *Climate Solutions Now Act of 2022*
9 (CSNA)² does not prohibit a utility from requiring school systems to
10 prioritize underserved communities in the selection of ESB routes.
- 11 • Ms. Fall misconstrues my direct testimony, erroneously claiming that
12 my recommendation would result in PE not having a path to recover
13 its non-capital costs.³ Ms. Fall also fails to address my concerns that
14 customers will pay more over the amortization period than they
15 would if rebate costs were expensed in the year incurred. The
16 company should revise its cost recovery proposal to recover the costs
17 of non-capital ESB Pilot costs in the same manner it would recover
18 other operation and maintenance (O&M) expenses or propose to
19 recover those costs through an annual surcharge rider.

² 2022 Md Laws Ch. 38 (codified in relevant part at Md. Code Ann., Pub. Util. Art. (PUA) § 7-217).

³ Rebuttal Testimony of Staphanie L. Fall, at 4, lines 2-3.

1 **II. Response to PE Witness Mark Jones**

2 **A. PE’s ESB Pilot should address barriers to school bus contractors.**

3 **Q. How does Mr. Jones respond to your recommendation that PE be**
4 **required to make a compliance filing with a summary of the company’s**
5 **outreach to school bus contractors serving Carroll and Howard**
6 **Counties and a request for additional ESB Pilot funds as needed based**
7 **on that outreach?**

8 A. Mr. Jones provides a summary of the company’s market research related to
9 independent contractors, which included conversations with independent
10 school bus contractors. He explains that contractors “expressed an
11 unwillingness to participate based on the perceived financial risks associated
12 with new technology, an unproven supply and maintenance network,
13 potential extended downtime, unknown maintenance and repair costs, and
14 concern that the battery may not last the life of the bus.”⁴ For these reasons,
15 he indicates that PE does not plan to request additional ESB Pilot budget for
16 Carroll and Howard Counties at this time.

17 While Mr. Jones does not specify if PE’s conversations were with school
18 bus contractors serving Carroll and Howard Counties, he states that the
19 company has a list of the locations where the school bus contractors park
20 their buses. Carroll County has nine contractor locations in PE’s service

⁴ Rebuttal Testimony of Mark Jones, at 8, lines 4-8.

1 territory with a total of 39 buses and Howard County has one contractor in
2 the company's service territory with three buses.⁵

3 **Q. How will PE accommodate Carroll and Howard Counties should their**
4 **school bus contractors become interested in the ESB Pilot?**

5 A. Mr. Jones indicates that should demand for ESB incentives exceed the ESB
6 Pilot budget, PE may request additional budget from the Commission. He
7 also explains that "it is not the Company's intent to earmark dollars for
8 specific school systems as that could reduce the efficiency with how the
9 program is implemented at other school systems."⁶

10 **Q. Does Mr. Jones explain why PE's ESB Pilot budget includes funds for**
11 **Garrett County when the county's school system contracts for all of its**
12 **buses?**

13 A. No, he does not. As stated in my direct testimony, Garrett County's school
14 system contracts for all of its buses, yet PE includes a budget for Garrett
15 County in its ESB Pilot proposal. The company has still not explained why
16 it anticipates school bus contractors serving Garrett County will be
17 interested in participating in the ESB pilot, while contractors in Carroll and
18 Howard Counties will not.

19 **Q. Does Mr. Jones explain how the company plans to address the barriers**
20 **to school bus contractor participation in the ESB Pilot?**

⁵ *Id.*, at 9, lines 9-13.

⁶ *Id.*, at 10, lines 10-13.

1 A. No, he does not. Instead, Mr. Jones indicates that PE will provide
2 educational and advisory resources to all school systems within its service
3 territory related to “the merits of ESBs, the dynamics and logistics of
4 installing electric vehicle supply equipment (“EVSE”), charging the ESBs,
5 and available federal and state funding for ESBs and related infrastructure.”⁷

6 **Q. Does the information provided by Mr. Jones alleviate your concerns**
7 **related to Carroll and Howard Counties?**

8 A. In part. I find that the company no longer needs to include a summary of
9 PE’s outreach to school systems and contractors in Carroll and Howard
10 Counties, the number of school bus parking locations within the PE service
11 territory, opportunities for V2G at identified locations, and interest in ESB
12 Pilot participation in a compliance filing. Based on the additional
13 information provided by the company related to its outreach with school bus
14 contractors and the barriers that may limit their participation in the pilot. Mr.
15 Jones also provides the information I requested related to the number of
16 contractors and school buses in Carroll and Howard Counties. Finally, he
17 explains that the ESB Pilot does not earmark dollars for specific school
18 systems. I understand this to mean that Carroll and Howard Counties can
19 request pilot funds in the same manner as the other counties even though PE
20 does not include a budget for these counties in its ESB Pilot proposal, and

⁷ *Id.*, at 8 lines 21-22 and 9 line1.

1 should demand for ESB incentives exceed expectations, PE may request
2 additional funds from the Commission.
3 However, I still have concerns related to the ability of these counties to
4 benefit from the ESB Pilot. It is unclear how the company’s proposal to
5 provide educational and advisory resources to school systems that contract
6 for 100 percent of their school buses will be beneficial if their contractors
7 are not willing to participate in the ESB Pilot. I therefore recommend that
8 PE develop educational and advisory resources specific to school bus
9 contractors as part of its ESB Pilot.

10 **B. Vehicle to Grid Demonstration**

11 **Q. What is the company’s response to your recommendation that the**
12 **Commission require PE to include at least one proposal for a**
13 **demonstration project to test a V2G use case?**

14 A. Mr. Jones states that PE’s Application at pages 5, 18, and 19, and his direct
15 testimony at pages 19 and 20, include a “series of V2G capabilities and
16 metrics which will be performed, measured, and reported to determine V2G
17 feasibility.”⁸ Mr. Jones also explains that PE has identified a “relatively
18 discrete” number of expected V2G pilot locations based on its understanding
19 that Frederick County Public Schools (FCPS) and the ESB provider for
20 Montgomery County Public Schools (MCPS) will participate in the ESB

⁸ *Id.*, at 5, lines 17-18 and footnote 11.

1 Pilot and the location of their school bus depots.⁹ Mr. Jones indicates that
2 this information paired with discovery responses is sufficient.¹⁰

3 **Q. Is the information provided by Mr. Jones the same as your**
4 **recommendation for a proposal for a demonstration project to test a**
5 **V2G use case?**

6 A. No, it is not. A proposal for a demonstration project to test a V2G use case
7 should define a specific objective for a V2G use case (e.g., test the viability
8 of V2G as a distribution grid asset by providing grid-connected energy
9 storage during system peak) and indicate how it will test that objective. For
10 example, PE should provide details on the number ESBs needed to test that
11 objective, the number of treatment groups, the specific conditions when ESB
12 batteries will be discharged (i.e., every day, seasonal, etc.), and the number
13 of hours, and the length of the demonstration (i.e., one summer, three years).
14 Finally, a proposal should include a list of evaluation metrics specific to the
15 V2G test case.

16 The sections of the PE ESB application cited by Mr. Jones do not provide
17 this level of specificity and do not identify the specific grid services the

⁹ *Id.*, at pg. 6, lines 9-14.

¹⁰ *Id.*, at pg. 6, lines 16-17.

1 company intends to utilize for V2G. Furthermore, the metrics for V2G are
2 equally vague, listing “V2G-related learnings during the reporting period.”¹¹

3 Given the fact that PE indicates it has identified a “relatively discrete
4 number of expected locations” for school systems that will participate in the
5 ESB Pilot,¹² the company has not justified why it is unable to provide this
6 level of detail for each specific V2G objective it seeks to test.

7 **Q. Why is it important that the company be required to provide a proposal**
8 **for a V2G demonstration project as part of its ESB Pilot application?**

9 A. As stated by the company “the primary purpose of the ESB Pilot is for PE to
10 utilize the energy stored in the ESB battery.”¹³ Given the importance of V2G
11 to the ESB pilot and the fact that ratepayers are paying for ESBs with
12 bidirectional power flow capabilities, the company should be required to
13 provide a detailed plan for how it will test and evaluate this technology.

14 **C. PE should take steps to ensure school systems utilize ESBs in**
15 **underserved communities.**

16 **Q. How does Mr. Jones respond to your recommendation that PE require**
17 **school systems to deploy a certain percentage of ESBs to routes serving**
18 **underserved community census tracts?**

¹¹ Potomac Edison Company’s *Proposal for an Electric School Bus Pilot*, ML No. 307163(CN 9478, Jan. 17, 2024) at 18 and Jones Rebuttal Testimony at 19-20.

¹² Jones Rebuttal Testimony at 6, lines 16-17.

¹³ PE Response to OPC 1-20(b).

1 A. Mr. Jones states that the CSNA specifies that the participating school system
2 “when deploying electric school buses, consider criteria that benefit students
3 who are eligible for free and reduced price meals.”¹⁴

4 **Q. Do you agree with PE’s justification for not adopting your**
5 **recommendation?**

6 A. No, I do not. While I agree the CSNA specifies that school systems should
7 consider underserved communities when deploying ESBs, there is nothing
8 in the statute that prohibits the utilities from requiring school systems to
9 prioritize such communities.

10 For these reasons, I continue to recommend that PE, through its formal
11 agreements with school systems, require systems to deploy a certain
12 percentage of ESBs awarded through the pilot to routes serving underserved
13 community census tracts. However, should the Commission determine such
14 a requirement is not appropriate, I recommend that PE condition the ESB
15 rebates on an agreement by a participating school system that it will
16 prioritize underserved communities in the selection of ESB routes and
17 provide an annual report to PE summarizing the deployment of ESBs to
18 these communities.

¹⁴ Jones Rebuttal Testimony, at 14, lines 8-12.

1 **III. Response to PE Witness Stephanie L. Fall**

2 **Q. Is Ms. Fall correct in her assertion that your direct testimony fails to**
3 **provide the company with a path to recovering its non-capital ESB Pilot**
4 **costs?**

5 A. No, it is not. My direct testimony does not recommend that PE should not be
6 allowed to recover its non-capital ESB Pilot costs. My recommendation is
7 clear that ESB Pilot O&M costs, including financial incentives (i.e.,
8 rebates), should be treated in the same manner as PE's other utility O&M
9 costs and be expensed in the year they incur.¹⁵

10 **Q. What is your response to Ms. Fall's contention that you failed to**
11 **provide an alternative cost proposal?**

12 A. While I was silent on the manner in which the company should recover the
13 non-capital expenses, I indicated PE should expense non-capital ESB Pilot
14 costs in the year they occur. Expensing could be accomplished through a
15 surcharge rider similar to the EmPOWER programs, for example. This
16 approach would avoid the costs associated with PE's proposal to earn a
17 return on the regulatory asset when incorporated into rate base upon
18 conclusion of a future rate case and the need for customers to have to
19 finance those costs over the five-year amortization recovery period.¹⁶

20 **Q. Does this conclude your surrebuttal testimony at this time?**

21 A. Yes, it does.

¹⁵ Direct Testimony of Courtney Lane at 6, lines 1-3.

¹⁶ Direct Testimony of Stephanie L. Fall, at 5, lines 12-15.

Attachment CL-1

MARYLAND PUBLIC SERVICE COMMISSION
Maryland Office of People’s Counsel
Data Request Set No. 1
To Potomac Edison Company
(“PE” or “Company”)
Case No. 9741—EV School Bus Pilot Proposal
June 14, 2024

Prepared by: Mark Jones

Response Date: July 1, 2024

OPC-1-20

Refer to the Direct Testimony of Mark Jones on page 17, lines 1-2, related to the scenario where contractor-operated buses are parked at private facilities, which may include residential locations.

- a. Please explain what will happen to ESBs and associated EVSE rebated through the pilot should a school bus contractor no longer serve the school system?
- b. How will PE ensure that the school bus contractor uses the ESB within the PE service territory?
- c. Will residents of the home where the ESB is parked be permitted to use the EVSE for personal vehicle charging?

RESPONSE:

- a. PE will strive to mitigate this risk by engaging with school systems to enter into long-term contracts with contractors who become ESB incentive recipients. PE will also include a provision in the ESB Pilot incentive agreements with contractors which will permit PE to claw back a prorated portion of the incentive paid.
- b. The primary purpose of the ESB Pilot, in accordance with the CSNA, is for PE to test the use of the ESB battery for V2G services. Because school system boundaries do not in many cases align with utility service territories, PE cannot guarantee that a school bus contractor (or a school system) would use the ESB entirely within PE’s service territory. Because the primary purpose of the ESB Pilot is for PE to utilize the energy stored in the ESB battery, any ESB which parks at an EVSE at a location served by PE’s distribution network will be eligible to receive incentives.
- c. PE will not explicitly restrict the use of EVSE for personal vehicle charging. However, since the chargers are owned by the school district, PE cannot opine on what will be permitted by the school system.