

**BEFORE THE  
MARYLAND PUBLIC SERVICE COMMISSION**

IN THE MATTER OF THE APPLICATION \*  
OF THE POTOMAC EDISON COMPANY \*  
FOR ADJUSTMENTS TO ITS RETAIL \* Case No. 9695  
RATES FOR THE DISTRIBUTION OF \*  
ELECTRIC ENERGY \*

\* \* \* \* \*

**SURREBUTTAL TESTIMONY**

**OF**

**COURTNEY LANE**

**ON BEHALF OF THE OFFICE OF PEOPLE’S COUNSEL**

**July 14, 2023**

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1                                   **SURREBUTTAL TESTIMONY OF**  
2                                   **COURTNEY LANE**

3  
4                                   **INTRODUCTION**

5   **Q.     Please state your name and business address.**

6   A.     My name is Courtney Lane. I am a principal associate at Synapse Energy  
7           Economics, Inc. (Synapse) located at 485 Massachusetts Avenue, Suite 3,  
8           Cambridge, MA 02139.

9   **Q.     Have you previously submitted testimony in this proceeding?**

10  A.     Yes. I submitted direct testimony in this proceeding on June 9, 2023, on  
11          behalf of the Office of People’s Counsel.

12  **Q.     What is the purpose of your surrebuttal testimony?**

13  A.     The purpose of my surrebuttal testimony is to respond to the rebuttal  
14          testimony of The Potomac Edison Company’s (PE or the Company) witness  
15          Mark Warner. My surrebuttal testimony rebuts several key aspects of his  
16          rebuttal testimony but does not attempt to address every instance of  
17          disagreement. Thus, silence on any particular issue should not be interpreted  
18          as agreement.

19  **Q.     What materials did you rely on to develop your testimony?**

20  A.     In addition to the testimony of Mr. Warner, the sources for my testimony are  
21          my professional knowledge and experience.

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

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

**I. Summary of Conclusions and Recommendations**

**Q. Please summarize your primary conclusions regarding witness Warner's rebuttal testimony.**

A. Witness Warner does not sufficiently address the concerns I raised related to his flawed methodology in assessing the cost-effectiveness of PE's electric vehicle (EV) program offerings. I continue to stand behind the conclusions from my direct testimony.

**Q. Please summarize your recommendations.**

A. My primary recommendations remain the same as those in my direct testimony,<sup>1</sup> which include the following:

- The Commission should require PE to revise and resubmit its benefit-cost analysis (BCA) as follows:
  - PE should conduct a BCA for the Residential Charger Rebate program on its own that includes the participant share of the Level 2 charger costs, net of the utility rebate.
  - The combined Residential Charger Rebate and OPOB BCA should include the participant share of the Level 2 charger costs, net of the utility rebate.

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<sup>1</sup> While I acknowledge the timing concerns raised by PE Witness Stephanie L. Fall on page 7 of her rebuttal testimony regarding changes to the existing pilot program, I continue to recommend that residential charger rebate programs require customers to participate in EV time-of-use rates.

- 1           ○ The Off-Peak/Off-Bill (OPOB) program BCA and the combined  
2           Residential Charger Rebate and OPOB BCA should include a  
3           sensitivity (i.e., a range) of assumptions regarding the persistence of  
4           off-peak charging behavior after the program's expiration. Benefits  
5           that are dependent on the existence of a program should not be  
6           counted in a BCA after the program ends unless there is sufficient  
7           evidence to support their inclusion.

8       **II.     Response to PE Witness Warner**

9       **Q.     What is witness Warner's response to your recommendation that PE**  
10       **should conduct a BCA for the Residential Charger Rebate program?**

11      A.     Witness Warner indicates that it is neither meaningful nor necessary to  
12           conduct a BCA for the Residential Charger Rebate program because it is a  
13           subset of customers that represents a control group.<sup>2</sup> Mr. Warner states that  
14           the Commission explicitly limited the number of customers that could  
15           participate in the OPOB program to create the control group.<sup>3</sup> Lastly, he  
16           states that performing a formal EV BCA on this subset of customers or  
17           “control group” is not necessary since the benefits are known to be zero.<sup>4</sup>

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<sup>2</sup> Rebuttal Testimony of Mark Warner at 4, lines 21-24.

<sup>3</sup> *Id.* at 4, lines 24-25.

<sup>4</sup> *Id.* at 5, lines 1-6.

1   **Q.   Does witness Warner's response address your concerns?**

2   A.   No, it does not. First, Mr. Warner does not provide a citation to where in the  
3       record the Company proposed a control group or where the Commission  
4       explicitly limited OPOB participants to create a control group. Second,  
5       regardless of the label used to define participants in the Residential Charger  
6       Rebate program, it should not excuse the Company from conducting a BCA  
7       for this program.

8       As noted in my direct testimony, the role of a BCA is to provide  
9       transparency of the costs and benefits associated with a utility program.<sup>5</sup>

10      This provides valuable information about program design and whether  
11      modifications are warranted to improve cost-effectiveness. In labeling a  
12      subset of participants in the Residential Charger Rebate program as a  
13      “control group,” the Company hides the fact that providing rebates for  
14      chargers without a requirement for off-peak charging yields zero benefits.

15      While Mr. Warner states this “outcome is already known,” this information  
16      may not be known by regulators or stakeholders seeking to review and  
17      evaluate this program. Nowhere in Mr. Warner's BCA or the Company's  
18      mid-term and semi-annual reports filed in Case No. 9478 is it made clear  
19      that rebates for residential chargers alone do not provide benefits. This is a

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<sup>5</sup> Direct Testimony of Courtney Lane at 4, lines 11-16.

1 key piece of information that is needed to inform the review of future utility  
2 EV programs, and conducting a BCA for the Residential Charger Rebate  
3 program would bring this information to light.

4 **Q. What is Mr. Warner's response to your recommendation that the**  
5 **Residential Charger Rebate and OPOB BCA should include the**  
6 **participant share of the Level 2 charger costs?**

7 A. Mr. Warner indicates that the BCA examines a subset of customers that both  
8 received a charger rebate and participated in the OPOB program.<sup>6</sup> Mr.  
9 Warner then explains that this combined BCA matches the baseline for the  
10 "Residential Managed Charging" offer class as defined in the Electric  
11 Vehicle Benefit/Cost Analysis Methodology by the Maryland Joint-Utilities  
12 (EV-BCA Whitepaper).<sup>7</sup> He states this offer class does not include EV  
13 charger costs because it assumes the customer already has an EV and a  
14 charger.<sup>8</sup> He states that if the customer already owns a charger, then those  
15 charger costs are part of the baseline and are netted off in the EV-BCA  
16 calculation.<sup>9</sup>

17 **Q. Does witness Warner's response address your concerns?**

18 A. No, it does not. As I indicated in my direct testimony, I do not agree that a  
19 BCA that combines the Residential Charger Rebate program and the OPOB

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<sup>6</sup> Warner Rebuttal Testimony at 5, lines 12-13.

<sup>7</sup> *Id.* at 5, lines 15-17.

<sup>8</sup> *Id.* at 5, lines 21-23.

<sup>9</sup> *Id.* at 5, lines 23-27.

1 program aligns with the “Residential Managed Charging” offer class BCA  
2 methodology as defined in the EV-BCA Whitepaper.<sup>10</sup>

3 As noted by Mr. Warner, the “Residential Managed Charging” offer class  
4 assumes a customer already owns a charger.<sup>11</sup> This assumption is not  
5 consistent with the fact that PE’s Residential Charger Rebate program  
6 provides a \$300 rebate to help offset the costs associated with the purchase  
7 and installation of an eligible Level 2 smart charger.

8 Participants in this program presumably do not have the eligible Level 2  
9 charger and therefore require a rebate. If the Residential Charger Rebate  
10 program participants do not already have an eligible Level 2 charger, then  
11 the rebate is an appropriate incentive to encourage adoption of the charger.

12 If the Residential Charger Rebate program participants already have an  
13 eligible Level 2 charger, then the rebate is unnecessary and is not a good use  
14 of ratepayer funds.<sup>12</sup> Nowhere does Mr. Warner explain how a customer can  
15 simultaneously already own a charger and require a \$300 incentive to

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<sup>10</sup> In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio, Electric Vehicle Benefit/Cost Analysis Methodology by the Maryland Joint-Utilities, prepared by Mark Warner, Gabel Associates Inc., in support of the EV-BCA Work Group (EV-BCA Whitepaper), ML No. 238013 (CN 9478, Dec. 1, 2021) (approved by the Commission via letter order, ML No. 238539 (Jan. 13, 2022)), at 18.

<sup>11</sup> Warner Rebuttal Testimony at 5, lines 13-25.

<sup>12</sup> In this case, the participants in the Residential Charger Rebate program should be considered “free riders.” Free riders and free ridership are terms used to describe customers that would have taken an action (i.e., purchased a charger) absent the utility incentive or program.

1 purchase one. Due to this fact and since PE continues to offer the  
2 Residential Charger Rebate program, it can only be assumed that customers  
3 do not already have the eligible Level 2 charger, in which case the cost of  
4 the charger should be included in the BCA. However, Mr. Warner ignores  
5 this contradiction when he combines the Residential Charger Rebate  
6 program with the OPOB program for the BCA.

7 In sum, the costs associated with the purchase and installation of Level 2  
8 smart chargers are real costs and should be included in the BCA in  
9 accordance with the Maryland EV Jurisdiction-Specific Test (MD EV-JST).

10 **Q. What is Mr. Warner's response to your concern of counting off-peak**  
11 **charging benefits after the conclusion of the OPOB program?**

12 A. Mr. Warner states that the learned off-peak charging behavior from  
13 participation in the OPOB program is expected to continue after the program  
14 incentive has ended.<sup>13</sup> He indicates that most customers implement their  
15 charging schedule through programing their EV, the charger, or both, and  
16 therefore it is reasonable to assume the off-peak charging schedule continues  
17 for eight years.<sup>14</sup>

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<sup>13</sup> Warner Rebuttal Testimony at 6, lines 6-8.

<sup>14</sup> *Id.* at 6, lines 10-17.

1 **Q. Does Mr. Warner cite any evaluation or study that confirms his**  
2 **conclusion?**

3 A. No, he does not. Mr. Warner states that he is not aware of any formal  
4 EV-specific research that provides data on the persistence of off-peak  
5 charging behaviors.<sup>15</sup>

6 **Q. Does witness Warner's rebuttal address your concerns regarding the**  
7 **persistence of off-peak charging behavior after the end of the OPOB**  
8 **program?**

9 A. No, it does not. It is not reasonable to assume that 100 percent of OPOB  
10 participants continue off peak charging for eight years, even after the end of  
11 the OPOB incentive. First, even if it was proven that customers continue  
12 with their learned charging behavior, it is likely that some portion of  
13 customers would move their residences over the eight-year period. Second,  
14 if it were true that customers continue charging off-peak without an  
15 incentive, then there would be no need to enroll prior OPOB participants in  
16 the Company's EV-Only TOU rate. However, PE intends to encourage  
17 OPOB participants to enroll in the EV-only TOU rate.<sup>16</sup> Assuming that all  
18 OPOB participants continue their learned charging behavior for eight years  
19 is an unrealistic assumption that is not based on research or evaluation and  
20 inflates the cost-effectiveness of this program.

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<sup>15</sup> *Id.* at 6, lines 17-19.

<sup>16</sup> Lane Direct Testimony at 31, lines 10-11.

1       Lastly, Mr. Warner fails to address my concern regarding OPOB  
2       participants that enroll in the EV-Only TOU rate. As indicated in my direct  
3       testimony, the OPOB program ended in May 2023, and it is unclear what  
4       percentage of customers previously enrolled in OPOB will switch to the  
5       EV-Only TOU rate.<sup>17</sup> It is not appropriate to continue counting 100 percent  
6       of the benefits for customers under the OPOB program when a certain  
7       percentage may switch to the EV-Only TOU rate, which will have its own  
8       costs and benefits. When PE conducts a BCA for its EV-Only TOU rate, it  
9       should not be permitted to count any of the off-peak charging benefits  
10      associated with customers previously enrolled in the OPOB program even if  
11      they enroll in the TOU rate to avoid double counting of benefits.

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

13   **A.   Yes, it does.**

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<sup>17</sup> *Id.*, at 30, lines 14-19.