

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 18-2660-INV

Investigation into promoting the ownership and use of electric vehicles in the State of Vermont	
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Order entered: 12/20/2018

**INFORMATION REQUESTS RE: TRANSPORTATION FUNDS**

On May 21, 2018, Act 158 (H.917) of the 2017-2018 Vermont legislative session took effect upon its signing by the Governor. Section 25 of Act 158 directed the Public Utility Commission (“Commission” or “PUC”) to conduct an evaluation and submit a report by July 1, 2019, concerning issues related to the charging of electric vehicles (“EVs”).

In response to this legislative directive, the Commission initiated this investigation and has to date conducted two workshops and solicited written comments from participants on a variety of EV-related issues. In response to the information gathering and exchanges that have occurred so far in this proceeding, the Commission is currently developing a recommendation for the Vermont Legislature on the appropriate extent of Commission jurisdiction, if any, over electric vehicle supply equipment (“EVSE”). That recommendation will be submitted to the Legislature in the near future, and participants in this proceeding will have the opportunity to respond to the recommendation through the legislative process.

In today’s order, the Commission continues its mandate under Act 158 and seeks input from participants on options for funding the maintenance of Vermont’s transportation infrastructure as EV usage continues to rise in Vermont.

Section 25(d)(3)(A) of Act 158 directs the Commission to provide to the Legislature: jointly with the Secretary of Transportation, recommended options to address how EV users pay toward the cost of maintaining the State’s transportation infrastructure, including consideration of methods to assess the impact of EVs on that infrastructure and how to calculate a charge based on that impact, the potential assessment of a charge to EVs as a rate per kilowatt hour delivered to an EV; varying such a charge by size and type of EV; and phasing in such a charge.

Vermont's state-sourced transportation revenues are funded from a combination of gasoline and diesel taxes, purchase and use taxes, and motor vehicle fees.<sup>1</sup> As of 2016, 35% of that state-sourced transportation revenue came from gasoline and diesel fuel taxes.<sup>2</sup>

However, gasoline consumption has declined since 2005. A reduction in vehicle miles traveled coupled with state investments in transit, rail, park-and-rides, and carshare programs, the growth of hybrid and electric vehicles, and federal fuel economy standards have all contributed to reduced gasoline consumption. Falling revenues due to this reduced consumption of gasoline were offset in part in 2013 by an increase in the gas tax.<sup>3</sup>

Additionally, the State has established policies related to greenhouse gas emissions and renewable energy that will likely further contribute to a decrease in gasoline consumption and therefore revenues from the gasoline tax. Among these are (1) Vermont joining the Zero Emission Vehicle Memorandum of Understanding with seven other states to promote the use of EVs and the deployment of infrastructure necessary to support that use<sup>4</sup> and (2) the policies embedded in Section 25 of Act 158 itself.

Consistent with Section 25 of Act 158, the Commission seeks recommendations from the participants in this investigation on "options to address how EV users pay toward the cost of maintaining the State's transportation infrastructure." The Commission requests that participants respond to the questions below. In responding, participants should take into consideration how their recommendations address, among other things, potential revenues generated, the sustainability and consistency of the revenue source, the ease and costs of implementation and enforcement, the effects of the revenue source on transportation choices, consistency with State goals and policies, and equity of the revenue source, including whether it reflects the extent of usage of or impacts on the state's transportation infrastructure.

#### Questions:

1. Describe your preferred method for generating revenue from users of EVs in Vermont, including how any charges would be calculated, collected, and tendered to the State. Please list the pros and cons associated with your preferred method.

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<sup>1</sup> *Vermont Transportation Funding Options, Final Report*, Vermont Agency of Transportation, January 14, 2016.

<sup>2</sup> *Id.* at 10, figure 3.

<sup>3</sup> *Id.* at 10-13.

<sup>4</sup> *Id.* at 15-18.

2. Does your preferred method account for the amount of transportation infrastructure usage or impacts the driver of an EV would have on Vermont's roads? If so, explain how such usage and/or impacts are accounted for. If not, explain why your method is appropriate.
3. Does your preferred method raise concerns regarding economic or geographical equity among those who would be contributing to the revenue source?
4. Is the revenue source sustainable or is it subject to fluctuations over time? If it is subject to fluctuations over time, is it easily adjustable to account for such fluctuations?
5. Can your preferred method be phased in over time? If so, what are the revenue implications from such a phase in?
6. Does your preferred method treat EVs differently than fossil-fueled vehicles? If so, explain how it treats them differently and why the differing treatment is warranted.
7. Please list the pros and cons of a per kWh fee assessed on EV charging.
8. Please list the pros and cons of an annual registration fee for EVs in lieu of a per kWh fee assessed during charging.
9. If your preferred method uses an annual registration fee in lieu of a per kWh fee, should this approach also be applied to all vehicles in lieu of existing gas taxes? If no, why not? If yes, what level of annual registration fee would be required to adequately fund Vermont's transportation infrastructure?
10. Please list the pros and cons of a special purchase and use tax on EVs in lieu of a per kWh fee while charging or an annual registration fee.
11. If your preferred method uses a special purchase and use tax fee in lieu of a per kWh fee or annual registration fee, should this approach also be applied to all vehicles in lieu of existing gas taxes? If no, why not? If yes, what level of purchase and use tax would be required to adequately fund Vermont's transportation infrastructure?
12. Please list the pros and cons of a fee based on vehicle miles travelled. Please include in your response a description of how such a fee system would be implemented.
13. If your preferred method uses a vehicle miles travelled fee in lieu of a special purchase and use tax, a per kWh fee, or annual registration fee, should this approach also be applied to all vehicles in lieu of existing gas taxes? If no, why not? If yes, what level of vehicle miles travelled fee would be required to adequately fund Vermont's transportation infrastructure?
14. Please state whether a per-kWh charge, annual registration fee, special purchase and use tax, or vehicle miles travelled fee should be varied based on the size or type of EV. Please explain.
15. What is the status of Vermont's transportation revenues with respect to infrastructure needs at this time?
16. Are revenues from the current gasoline tax falling to the point where it is necessary to find an immediate or near-term substitute for or addition to the gas tax?
17. Are there other considerations that these questions do not reflect, and if so, what are they?

Any responses to these questions must be filed with the Commission no later than close of business on Friday, January 9, 2019. For instructions on how to file your responses in ePUC, please see the memorandum from the Clerk's Office issued October 24, 2018. Please do not file your responses as "public comments."

**SO ORDERED.**


Dated at Montpelier, Vermont, this 20th day of December, 2018.



John J. Cotter, Esq.  
Deputy General Counsel

OFFICE OF THE CLERK

Filed: December 20, 2018

Attest:   
Deputy Clerk of the Commission

*Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov))*

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