



October 19, 2022

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
500 E. Capital Ave.
Pierre, SD 57501

**RE: Docket AA22-002 – In the Matter of the South Dakota Public Utilities Commission
Electrification of Transportation Investigation**

Dear Ms. Van Gerpen:

On June 21, 2022, the South Dakota Public Utilities Commission (Commission) opened Docket AA22-002 to consider amendments to Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (PURPA) that were contained in the Infrastructure Investment and Jobs Act of 2021 (IIJA). The following standard was added to PURPA:

- (21) Each State shall consider measures to promote greater electrification of the transportation sector, including the establishment of rates that –
- A. Promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
 - B. Improve the customer experience associated with electric vehicle charging, including by reducing vehicle charging times for light-, medium-, and heavy-duty vehicles; and
 - C. Accelerate third-party investment in electric vehicle charging for light-, medium- and heavy-duty vehicles; and
 - D. Appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

On July 20, 2022, the Commission issued an order that requires the South Dakota Electric Public Utilities to file comments by October 21, 2022, addressing the following items in relation to the amendment to Section 111(d) of the Public Utility Regulatory Policies Act of 1978 as contained within IIJA:

- a. A report of existing measures used to promote electrification of the transportation sector by the electric public utility.
- b. Existing rate mechanisms that:
 1. Promote affordable and equitable electric charging options, if any;
 2. Improve customer experience associated with charging, if any;
 3. Accelerate third-party investment, if any;
 4. And appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle infrastructure, if any.
- c. Previous actions taken by the Public Utilities Commission or State Legislature to implement the standard or comparable standard, if any.
- d. Appropriate measures to promote greater electrification of the transportation sector, if any.

NorthWestern Corporation, dba NorthWestern Energy (NorthWestern or NWE), appreciates this opportunity to respond to the Commission's order and detail our efforts in support of the electrification of South Dakota's transportation sector. Our responses follow below.

1. A report of existing measures used to promote electrification of the transportation sector by the electric public utility.

NorthWestern has been actively engaged in South Dakota's efforts to promote the electrification of its transportation sector at the state and local levels. NorthWestern was a successful applicant to receive funding from the Volkswagen Settlement Mitigation Trust, from both the first and second rounds, that is being administered by the South Dakota Department of Agriculture and Natural Resources (DANR). Volkswagen funds from the first round received by NorthWestern are being used to install electric vehicle charging stations in Chamberlain and Mitchell. Volkswagen funds from the second round are being used by NorthWestern to install electric vehicle charging stations in Yankton, Huron, and Aberdeen. Those charging stations are expected to be received and installed in 2023. All those stations are expected to be owned and operated by our unregulated entity, NorthWestern Energy Solutions.

NorthWestern also provided technical assistance to the South Dakota Department of Transportation (DoT) through its stakeholder process as it prepared South Dakota's Electric Vehicle Fast Charging Plan in response to the IJA. DoT's plan is the platform for South Dakota to receive funding from the National Electric Infrastructure Program for the installation of EV charging infrastructure along our interstate systems and other transportation routes in South Dakota. We will continue to provide our support and assistance to DoT as needed.

During the 2021 South Dakota legislative session, NorthWestern collaborated with other electric utility providers and the car dealers association to pass SB 80 – An Act to exempt the provision of electricity through electric vehicle charging stations from the definition of electric utility. SB 80 amended SDCL 49-34A to add a new section that allows anyone who owns or operates an electric vehicle charging station to resell or provide electricity to the public and not be considered an electric utility as defined elsewhere in statute. This was an important legislative fix to existing electric utility statute as without this legislation, anyone who provided retail electric sales for EV charging would have been considered an electric utility and would have fallen under the regulatory purview of the Commission. Passage of SB 80 cleared the way for retail EV charging stations and created new revenue streams for local businesses who wish to provide that customer service without the regulatory burden of being considered an electric utility. It also provided additional support to the expansion of EV transportation through expanding EV charging locations in South Dakota.

We continue to work with our peer electric utility providers and car dealers in looking for opportunities to promote EVs and how we can best communicate the benefits of EV transportation to the public. Development of the necessary EV infrastructure continues to be discussed within our working groups to determine how we can expand that infrastructure within South Dakota to the benefit of all. One such effort is the Drive Electric South Dakota. Drive Electric South Dakota is a working group of electric providers and car dealers that is collaborating with the Drive Electric USA organization to promote EVs and provide public

educational opportunities through the development of a South Dakota specific website. Drive Electric USA has helped a number of states in their promotions for electric transportation. Drive Electric USA is currently working on a grant application to the US Department of Energy to secure \$100,000 in funding over the next three years to assist us in this effort. If successful, we hope to start receiving those funds in the September/October 2023 timeframe.

2. Existing rate mechanisms that:

- a) Promote affordable and equitable electric charging options, if any;**
- b) Improve customer experience associated with charging, if any;**
- c) Accelerate third-party investment, if any;**
- d) And appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle infrastructure, if any.**

Interest in electric vehicle charging stations is growing as more and more South Dakotans buy EVs. While overall numbers of EVs in South Dakota remain relatively low, as technology and battery capacity continue to improve, the need for a strong charging infrastructure will need to be in place to meet demand. We are working with and responding to questions from residential customers and a wide variety of commercial entities who are interested in installing electric vehicle charging stations for their own use or for public use.

In response to existing electric rate mechanisms, NorthWestern has not established individual rate structures to specifically accelerate or support of electric vehicle transportation. We are currently utilizing Rate 33 in our electric tariffs for those commercial customers who choose to install EV chargers. Residential customers who install EV chargers behind their existing residential meters will continue to be billed at their normal residential rates for any electricity used for EV charging purposes. As EV transportation continues to grow in South Dakota and demand for the subsequent need for supporting infrastructure, NorthWestern may revisit its existing electric rate structures to ensure appropriate cost recovery for these facilities and their use. NorthWestern will remain in contact with the Commission as the need for EV transportation infrastructure grows to ensure the appropriate rate structures are in place.

3. Previous actions taken by the Public Utilities Commission or State Legislature to implement the standard or comparable standard, if any.

NorthWestern is not aware of any previous actions taken by the Commission or State Legislature to implement this standard or any comparable standard in South Dakota.

4. Appropriate measures to promote greater electrification of the transportation sector, if any.

The electrification of the transportation sector provides an excellent opportunity for the Commission to work with South Dakota electric utility providers, transportation interests (e.g. car dealers, trucking industry, school bus companies, or other transportation providers), policy makers and public to help develop the appropriate infrastructure for EV expansion. Additionally, the Commission can be an information clearinghouse for South Dakotans to access so they can

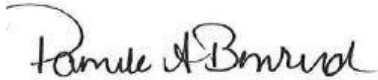
NorthWestern Energy Responses
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learn about EVs, charging infrastructure options and federal/state/local funding opportunities available in support of EVs.

Please let us know if you have any questions or need additional information.

Sincerely,

Pamela A. Bonrud



Director-Government and Regulatory Affairs

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