

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

April 5, 2023

Deputy Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: South Placer Municipal Utility District
Comments on Draft Advanced Clean Fleets (ACF) Regulation

The South Placer Municipal Utility District (District) appreciates the opportunity to provide comments on the ACF draft regulatory language (March 23 iteration) for public fleets as proposed by California Air Resources Board (CARB) staff. While the latest iteration of the ACF regulation reflects some of the exemptions and extensions that have been requested, we remain seriously concerned with the following and must request further amendments accordingly.

Timelines and Public Funding

The proposed regulations continue to impose aggressive timelines for public fleets to comply and do not consider existing local agency budget constraints and funding methods for capital projects.

While the District prepares annual budgets, we have a five-year capital budget cycle that cannot be easily repurposed at the scale this proposed regulation would require. Mandating compliance to start January 1, 2024, for a proposed regulation that would require significant and immediate investment and allocation from local agency budgets for the preconstruction, site preparation, and coordination with energy providers is simply unattainable.

Electrifying service yards to support an electrified fleet is a much greater undertaking than a simple electricity panel upgrade or some quick trenching in the parking lot. Upgrading infrastructure, purchasing vehicles, training workforce, and complying with mandated reports is not something local agencies can easily comply with. Inflation and other cost increases have already stretched budgets to their limits.

The proposed regulation also ignores existing market realities and the time needed to develop and ramp up an infrastructural system that can support an electrified fleet of essential vehicles. If required to comply with the proposed regulation as drafted, the projected infrastructure and fleet costs will add substantial rate increases across multiple public works and utility service departments. There is no current funding for these increased costs. It will take at least a year to put together a funding plan and then could take another year or more to place new taxes on the ballot

or hold Proposition 218 protest proceedings. If voters reject such tax and fee increases, local agencies will be left with no resources to afford the immediate up-front costs necessary to comply with the regulation.

While savings may eventually manifest from retiring or repurposing assets oriented to internal combustion engines (ICE), they will have no effect on the upfront capital expenses. For these reasons, we believe that local governments need an extension of at least four years from regulation adoption and we encourage the State of California to develop a substantial grant program to support local governments in complying without imposing an undue burden upon their ratepayers and taxpayers already struggling to make ends meet at this time of high inflation.

Exemptions.

The District provides sewer collection and treatment services to a population of over 80,000 residing in the City of Rocklin, Town of Loomis and the unincorporated communities of Newcastle, Penryn and Rogersdale in Placer county. The District's vehicles are essential to the health and safety of residents and should be fully exempt from the regulation. While some of these vehicles are captured under the current emergency vehicle exemption, it should be expanded.

In addition to emergency vehicles currently defined in the California Vehicle Code, the following local agency vehicles must be operable 24 hours per day, 365 days per week. Any interruption in their regular use could jeopardize the health and safety of the communities they serve. Given the most likely current or future ZEV options will depend upon a consistently accessible source of electricity, the risk of disruption whether due to an earthquake, public safety power shutoff, rolling brownout, wildfire, flood, or other natural disaster is too great to risk the operability of these vehicles and health and safety of Californians. This should include trucks, combination cleaning trucks, and other vehicles essential to the repair and maintenance of water, wastewater, and other utilities. These are particularly critical during and following the very events that could interrupt the ability of ZEVs to operate.

In addition, we are requesting a Small Agency/Department automatic exemption based on fiscal hardship. We also request you expand the existing delayed implementation for small vehicle fleets in non-designated (non-low population) counties to include agencies that purchase less than two vehicles in a calendar year. Otherwise, the current "rounding-up" rule would apply the regulation to 100% of vehicles purchased by agencies purchasing just one vehicle in the initial three-year implementation period even though that period is intended to only require 50% of vehicles comply. Agencies purchasing just one vehicle in a calendar year are the smallest agencies in the state that are least capable of complying with the reporting mandates and costs associated with the regulation. Moreover, in purchasing just one vehicle an agency has no means to mitigate the added cost of ZEV additions as an agency purchasing multiple vehicles can by strategically purchasing 50% ICE vehicles for the vehicle models that may be least affordable as ZEVs.

Price Caps.

We request that CARB impose price caps to ensure the market positively responds with vehicles at competitive rates. Local governments strive to be good stewards of the taxpayer's dollars, but without price caps, complying with the proposed regulations may force a purchase of ZEVs that are put to market at an artificially inflated rate. With the inclusion of a percentage price cap,

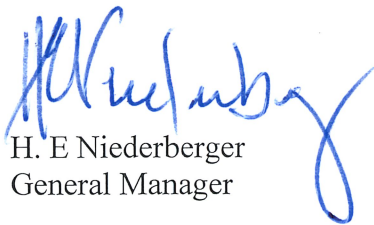
manufacturers will be unable to potentially manipulate the market with unwarranted unit costs.

Inventories

We request CARB provide a list of available manufacturers that have market-ready vehicles in the medium- to heavy- duty class sizes, 2B- 8. Availability of model/body types of multiple weight classes (and functions) are not confirmed by fleets, but rather by manufacturers informing CARB that models will be available.

Again, thank you for allowing us the opportunity to provide written responses to the proposed ACF Regulations.

Sincerely,

A handwritten signature in blue ink, appearing to read "H. E. Niederberger", is written over the printed name and title.

H. E Niederberger
General Manager

cc: California Special Districts Association (via email: advocacy@csda.net)