



December 7, 2018

Mary Nichols, Chair
Richard Corey, Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Chairwoman Nichols and Mr. Corey:

I am writing to respond to the assertion that Electrify America is not sufficiently investing in rural areas of California, as raised yesterday by some members of the Legislature. There appears to be considerable misunderstanding regarding our investments in Cycle 1 and misinformation relating to our planned investment in Cycle 2. In fact, Electrify America is disproportionately investing in rural California areas and smaller cities in both Cycle 1 and Cycle 2 due to: (1) major investments in small communities along regional routes; (2) focused investment in smaller metro areas; and (3) a new investment effort specifically targeted in rural, disadvantaged communities in Cycle 2. We also strive to ensure that 35 percent of our investments are in disadvantaged and low income communities, across urban, suburban, and rural areas.

Electrify America's largest investment – by far – has been to deploy California's first brand-neutral network of ultra-fast charging stations across all of California. In the Cycle 1 ZEV Investment Plan, we are investing approximately \$75 million in more than 50 ultra-fast EV charging stations at shopping centers, Walmart stores, Target stores, grocery stores, and "mom and pop" establishments in small communities. At least 40 percent of these stations are in "rural" areas – representing approximately \$30 million in spend. Additionally, many stations are in smaller inland cities that serve rural areas. For example, large ultra-fast stations are "coming soon" in Imperial County's El Centro; the Central Valley's Madera and Selma; and Northern California communities of Dunnigan and Crescent City, with dozens more stations in permitting today. This investment is in excess of the proportion of residents in rural CA. Cycle 2 will continue this, with \$25-30 million in investment along regional routes specifically focused in rural areas of the Central Valley, Sierra Mountain communities, Eastern Mojave Desert communities, and in rural areas along California's central coast. While the specific station locations along these routes have not been selected, based on the routes selected, we estimate that 80 percent of these stations will be in rural communities in Cycle 2, representing a \$20-24 million spend.



Second, after doing stakeholder meetings in Central and Coachella Valley communities over the past year, Electrify America decided that piloting a completely new investment category focused on providing public Level 2 charging at health care and educational institutions in the Central Valley, Imperial Valley, and Coachella Valley could help these communities go electric. This pilot program is in addition to the considerable investment in DC fast charging in these same areas -- and the \$2 million budgeted for this program alone is the right size to demonstrate the viability of a new investment category, which could grow in future cycles if successful. Contrary to the view that this is a minor investment, this program represents Electrify America's entire investment in public Level 2 charging in Cycle 2, deploying hundreds of chargers at approximately 40 sites in disadvantaged and low-income communities.

Third, Electrify America, due to feedback from California stakeholders urging investment in smaller rural cities, has already proposed to shift investment from the biggest cities to inland, smaller, and more rural communities in its Cycle 2 California ZEV Investment Plan. The "metro" investment will be targeted to nine metro areas with approximately 32 million residents. The target areas are large enough to include rural areas, including much of San Bernardino and Riverside Counties (including the Coachella Valley), and all of Placer, Yolo, Sonoma, Santa Cruz, Sacramento and Fresno counties -- areas famous for their rural character and agricultural production.

Analysis of third-party data demonstrates that the need for charging investments in the Bay Area, L.A., and San Diego will be exponentially larger than smaller, inland communities during Cycle 2. Figure 22 of the Cycle 2 California ZEV Investment Plan shows that the need for new charging stations in Los Angeles is nearly 100 times the need in Fresno, Santa Cruz, Santa Rosa, or Sacramento. But Electrify America's investment is being made disproportionately in the smaller communities based on the robust and helpful feedback we received during our year-long outreach process. We have made a substantial and reasonable shift in resources, but as a data-driven company committed to investments that drive ZEV adoption in California, we do not see evidence that could justify further reducing investment in the parts of the state where the need is greatest without negatively impacting ZEV adoption.

Finally, Electrify America's Cycle 2 ZEV Investment Plan proposes \$17 million in brand neutral education and awareness spending to communicate the benefits of adopting ZEVs. Through television, radio, STEM education, ride and drive events, and sponsoring the work of community-level organizations, Electrify America will touch Californians across the state, including rural areas. And we will strive to ensure that 35 percent of these investments are targeted at low income and disadvantaged communities.



In conclusion, Electrify America has concentrated its investments disproportionately in rural California communities to date, and we have proposed to continue to do so across multiple distinct infrastructure investment categories in Cycle 2. I appreciate that our Cycle 2 California ZEV Investment Plan, at 93-pages and packed full of data and analysis, can be difficult to navigate, but please know that I would be happy to walk you through our Cycle 2 investments in detail if that would be helpful. I am confident that you will be impressed by our commitment to rural communities.

Thank you for your interest in Electrify America's investments.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Palazzo', with a long horizontal flourish extending to the right.

Giovanni Palazzo
President & CEO

- cc: The Honorable Frank Bigelow
- The Honorable Jim Wood
- The Honorable Cathleen Galgiani
- The Honorable Scott Wilk
- The Honorable Jeff Stone
- The Honorable Tom Lackey
- The Honorable Cecilia Aguiar-Curry
- The Honorable Rudy Salas
- The Honorable Jay Obernolte
- The Honorable Jim Patterson
- The Honorable Mike Morrell
- The Honorable Devon Mathis