

September 14, 2001

**ADVICE 2340-G**

(Pacific Gas and Electric Company ID U39 G)

**Subject: Authorization for Bridge Funding of PG&E's Existing Low Emission Vehicle (LEV) Program**

Public Utilities Commission of the State of California

**Purpose**

Pacific Gas and Electric Company (PG&E) is hereby seeking authorization for bridge funding of its current Low Emission Vehicle (LEV) program, starting January 1, 2002, and continuing through the effective date of the rates resulting from a Commission decision issued in PG&E's next General Rate Case.<sup>1</sup>

**Background**

The Commission originally authorized PG&E's LEV program in Decision (D.) 91-07-018. Key CPUC decisions of record include:

- D. 91-07-018 authorized PG&E revenues of up to \$12.485 million over a two-year period to provide for, among other things, the installation of utility and customer natural gas vehicle (NGV) refueling stations and the development of natural gas (CNG) technology for commercialization. This authorization expired December 31, 1993.
- D. 92-12-057 and D. 93-10-073 authorized \$6.242 million for continuation of the NGV Pilot program until a decision was reached in Phase II of the LEV program.
- D. 95-11-035 (Phase II) authorized \$40.344 million for a 6-year LEV program to expire on December 31, 2001.

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<sup>1</sup> PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

PG&E intends to seek authorization for recovery of LEV program expenses as part of its next General Rate Case proceeding.

### **Continuation of Funding**

PG&E requests authorization to continue to expend up to \$8.268 million annually of balancing account funding, a level consistent with that already authorized by the existing LEV Program on an annualized basis. The program would retain all aspects and mechanisms of the currently authorized PG&E's LEV program, and will continue to provide the services mandated by the CPUC in D. 95-11-035, including:

- Funding the incremental cost of purchasing natural gas vehicles for PG&E's fleet, in accordance with federal and local regulations,
- Construction, operation and maintenance of PG&E-owned natural gas fueling stations,
- Customer education regarding the safe and efficient use of natural gas vehicles, and
- Research, development, and demonstration activities to support these initiatives.

Attachment I to this filing provides a summary of the annual program expenses requested for continuation of the bridge funding period, as previously authorized by the Commission.

### **LEV Program**

In 1995, the Commission approved a LEV Program with the goal of establishing a self-sustaining market for natural gas vehicles (NGVs) in PG&E's service territory. Bridge funding of the existing LEV Program will address the following challenges:

- **Ensuring the safe use of light-, medium-, and heavy-duty natural gas vehicles.** PG&E's Customer Information and Education program will help ensure that customers use NGVs in a safe and efficient manner. This is particularly important as air districts in Northern California consider public and private fleet rules for light-, medium-, and heavy-duty vehicles similar to those already adopted by the South Coast Air Quality Management District (SCAQMD). The recently adopted SCAQMD Fleet Rules are designed to significantly reduce mobile emissions and reduce health risks associated with diesel emissions by requiring the purchase of natural gas vehicles for fleets sponsored by local governments, schools, refuse collectors, and other entities.

- Ensuring continued customer information about LEVs and their safe use.**  
 PG&E, as the local gas utility, remains the primary source of information regarding electric vehicles (EV) and NGVs for prospective fleet customers. While there are other sources for EV and NGV information (e.g., OEMs (Original Equipment Manufactures), fuel providers, equipment suppliers, etc.), PG&E is a recognized leader in the EV and NGV industries, and a valued resource for customers considering natural gas and electric vehicle options. PG&E is ensuring that previous investment in NGV and EV expertise is made available to new customers. PG&E cooperates with other entities to deliver timely and accurate information in the following general areas: product, infrastructure, economics, emissions, funding, safety, and local/state/federal rules and regulations.

Categories of information sought by existing and prospective customers in each area include:

<b>Product</b>	Technology related information including, but not limited to: vehicle/chassis availability, engine availability and performance (e.g., horsepower, torque, fuel economy, range, durability, reliability, etc.), re-power options, engine upgrades, vehicle/engine differential price, fuel capacity, costs of equipment options, location of fuel tanks safety equipment and issues (e.g., sensors, shut-off valves, training), dual-fuel versus bi-fuel versus dedicated vehicle considerations, conversions versus OEM product, new product, and OEM plans for new releases.
<b>Infrastructure</b>	Information related to EV charging and NGV compressor stations, including, but not limited to: NGV station design, evaluation, and performance; EV charger installation; NGV station site specific concerns (fleet size, fueling window, system costs, permits, public access, maintenance facility upgrades, safety systems, weights and measures issues, fuel specifications, fuel card access, etc.), fuel network compatibility; inductive versus conductive charging; codes and standards.
<b>Economics</b>	Information related to electric and natural gas pricing (past, present, and forecasted); on-peak versus off-peak rates; station ownership versus third-party turn-key operations; pricing options.
<b>PG&amp;E Account Setup</b>	Information and support activities related to existing PG&E NGV and EV fueling/station rates to include: rate option discussion, rate-contract account setup, station fueling card(s) distribution, fueling tax processing.

<b>Emissions</b>	Information related to EV and NGV emissions performance, including: emissions test results of specific products; in-use performance, diesel and gasoline emissions: durability; warranties; remote versus in-situ performance; emissions trading; grant specific economic competitiveness calculations (\$/ton emissions reduced).
<b>Funding</b>	Identify specific funding sources and funding available to offset incremental costs of EVs and NGVs and to support the construction of infrastructure (e.g., incentives, grants, matching funds, tax deductions/credits, etc.). Provide assistance in the preparation of incentive applications and grant requests.
<b>Safety</b>	Information for a wide range of safety related issues, to include: safe operation of EVs and NGVs; EV and NGV safety equipment (etc. pressure relief devices; emergency shut-off devices, etc.), cylinder inspection training; fueling and charging safety training; first responder safety training;
<b>Regulatory Requirements</b>	Training and workshops to enable fleet operators to become familiar with existing and expected regulatory requirements affecting their fleets, including: CARB fleet rules; HOV lane access requirements; fueling station standards; and fuel specifications.

- **Ensuring continued compliance with all LEV-related regulatory mandates.** PG&E's fleet also must respond to federal Environment Protection Agency requirements and other regulatory mandates, and potentially, future fleet rules introduced by local air districts, which will require the accelerated purchase of dedicated light-duty, medium-duty, and heavy-duty natural gas vehicles and/or electric vehicles. These purchases will require logistical support and continued funding of vehicle incremental costs.
- **Ensuring adequate infrastructure for PG&E's LEV fleet.** PG&E's electric vehicle charging network and natural gas fueling infrastructure will need to be expanded to accommodate mandated vehicle purchases. An expanding fleet charging network and CNG fueling infrastructure will necessitate an appropriate operation and maintenance budget to ensure safe and reliable performance of all fueling facilities.
- **Ensuring continued NGV fueling safety training.** Increasingly, fleets and private individuals utilizing NGVs are choosing to use PG&E fueling facilities for their fueling needs. PG&E believes that it is essential to continue providing fueling safety training to natural gas vehicle owners. Fleet managers and individual customers are provided with hands-on training on how to operate PG&E's fueling facilities safely. They are also given instructions regarding emergency procedures. PG&E works with other natural gas fuel providers to ensure they provide similar safety training.

Bridge funding for PG&E's LEV program will ensure that these services and operations will continue to be provided to customers.

### **Protests**

Anyone wishing to protest this filing may do so in writing, sent via U.S. mail or facsimile, by **October 3, 2001**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

IMC Branch  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via electronic mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission the addresses shown below.

Pacific Gas and Electric Company  
Attention: Les Guliasi  
Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226

### **Effective Date**

PG&E requests that this advice filing become effective on regular notice, **October 24, 2001**, which is 40 days after the date of filing.

### **Notice**

In accordance with G.O. 96-A, Section III, Paragraph G, PG&E is electronically and postal mailing copies of this advice letter to the utilities and interested parties shown on the attached list and to the parties listed in I.91-10-029, R. 91-10-028, and A. 97-12-020. Address change requests should be directed to Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

[http://www.pge.com/customer\\_services/business/tariffs/](http://www.pge.com/customer_services/business/tariffs/)

Vice President, Regulatory Relations

Attachments

Service Lists – I. 91-10-028, R. 91-20-028, A. 97-12-020