BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking on the Commission's own motion to consider alternative-fueled vehicle tariffs, infrastructure and policies to support California's greenhouse gas emissions reduction goals.	Rulemaking 09-08-009 (Filed August 20, 2009)

OPENING BRIEF AND REVIEW OF ACTIVITIES OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own motion to consider alternative-fueled vehicle tariffs, infrastructure and policies to support California's greenhouse gas emissions reduction goals.	Rulemaking 09-03-009 (Filed August 20, 2009)

OPENING BRIEF AND REVIEW OF ACTIVITIES OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)

I.
INTRODUCTION

Pursuant to the January 12, 2010 Assigned Commissioner's Scoping Memo and in accordance with Commission's Rules of Practice and Procedure, San Diego Gas & Electric Company ("SDG&E") and Southern California Gas Company ("SoCalGas") (collectively "SEU") file their opening brief ("Brief") responding to the preliminary interpretation of existing California statutes and Commission decisions that finds that providers of electric charging services for use as a transportation fuel are not electrical corporations and public utilities under Pub. Util. Code §§ 216 and 218. The ruling makes a further preliminary interpretation that facilities that are solely used to provide electricity as a transportation fuel do not constitute "electric plant" pursuant to Pub. Util. Code § 218. SEU submits that the preliminary determinations set forth above are correct.

The Scoping Memo also requires SDG&E and SoCalGas to submit a review of the utilities' activities currently ongoing related to alternative fueled vehicles. SDG&E and SoCalGas fulfill this requirement in their "Review of Activities Currently Ongoing Related to Alternative Fueled Vehicles ("Review") attached to Brief as an Attachment.

II.
DISCUSSION

A. SEU AGREES WITH THE SCOPING MEMO'S PRELIMINARY DETERMINATION CONCERNING COMMISSION JURISDICTION OF THIRD PARTY ELECTRIC CHARGING SERVICE PROVIDERS

The Commission determined in a 1991 decision (D.91-07-018) in the context of third-party provision of natural gas as a motor vehicle fuel that: "…resale of the commodity would not require any regulation by the CPUC". SEU submits that third-party entities which simply provide access to electric vehicle charging or provide bundled charging infrastructure for electric vehicle refueling purpose would not be jurisdictional public utilities or electrical corporations under the Public Utilities Code sections cited above.

In Decision No. 91-07-018, 1991 Cal. PUC LEXIS 509 (Cal. PUC 1991), the Commission found that alternate ("natural gas") fuel providers should not be subject to CPUC jurisdiction reasoning as follows:

> DRA proposes that the Commission should adopt rules and tariff provisions which would allow private entities to either transport or purchase natural gas from PG&E for resale at a service station for NGVs. This would serve to foster a competitive market for the sale of CNG. If CNG is a viable alternate fuel, then third parties other than utilities will be willing to invest in NGV service stations and accept the market risks associated with such an investment. Moreover, regulations in California mandate that the gasoline industry must provide for the dispensing of alternate fuels such as CNG. These vendors should be provided the opportunity to sell gas to this potential new market as an unregulated service. The transmission and distribution of gas to the NGV refueling station would continue to be regulated under a tariff, but resale of the commodity would not require any regulation by the CPUC.

Findings of Fact

> 18. Persons operating service stations for the sale of CNG, other than those who are public utilities by reason of operations other than operating a service station, are not subject to regulation by this Commission. Those persons may sell CNG at prices they deem appropriate.
>
> 19. Our jurisdiction on CNG sales is limited to PG&E's side of the meter and the connection to the service stations' side of the meter.

Similarly, in D. 91-07-017 [1991 Cal. PUC LEXIS 508 (Cal. PUC 1991)], the Commission found:

> Findings of Fact
>
> > 18. Persons operating service stations for the sale of CNG for use solely as a motor vehicle fuel, other than those who are public utilities by reason of operations other than operating a service station, are not subject to regulation by this Commission. Those persons may sell CNG as a motor vehicle fuel at prices they deem appropriate.
> >
> > 19. Our jurisdiction on CNG sales is limited to SDG&E's side of the meter and the connection to the service stations' side of the meter.

SEU submits that third party electrical fuel providers are legally indistinguishable from the CNG fuel providers above. A search of the law and subsequent Commission decisions provide no basis to conclude otherwise.

B. ALL ELECTRIC TARIFF CHANGES SHOULD BE CONSIDERED IN PHASE 2

The Scoping Memo also asks whether if the Commission finds that providers of electric charging services for use as a transportation fuel are not electrical corporations and public utilities under Pub. Util. Code §§ 216 and 218, any Electric Tariff Rules, specifically Rules 18 and 19 would require modification. SDG&E submits that certain limited modifications may be required to Rule 19 but that any such modifications should be made in the context of considering rate design policy and direct charging management set for Phase 2 of this proceeding, and not separately.

Similarly, if the Commission determines that third-party electric charging service providers are not subject to its regulation, then a significant issue the Commission must address would be how to best ensure that the electric IOUs offer tariffed electric vehicle charging services at rates and conditions of service that do not unduly discriminate against such third-party providers, assuming such parties exist.

SEU submits that these issues should be considered in Phase 2.

III.
CONCLUSION

SEU appreciate the opportunity to present their views concerning the above issues.

Respectfully submitted

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ATTACHMENT

Southern California Gas Company and San Diego Gas & Electric
Review of Activities Currently Ongoing Related to Alternative Fueled Vehicles

Southern California Gas Company and San Diego Gas & Electric
Review of Activities Currently Ongoing Related to Alternative Fueled Vehicles

From Scoping Ruling January 12, 2010 in R09-08-009:

> *2.1.3. Monitoring of Ongoing and Near-Term Utility Activities*
>
> *In conjunction with the legal briefs submitted on §§ 216 and 218, the utility respondents are directed to include a review of the utilities' activities currently ongoing related to alternative fueled vehicles. This review should include a description of expenses or capital costs associated with these activities and how these expenses or capital costs are recovered from ratepayers. If these expenses or capital costs are not recovered from ratepayers, the analysis should describe how these costs or capital costs are accounted for. In addition, the utilities should describe their goal to accommodate near-term growth (2010-2015) in the electric and natural gas vehicle markets.*
>
> *While the Phase 1 decision will not specifically address ongoing and near-term expenditures, I believe it will be helpful to the Commission and parties to gather information on the utilities' ongoing alternative fueled vehicle activities early in this rulemaking.*

As requested in the Scoping Ruling, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) below provide a review of their activities currently ongoing related to alternative fueled vehicles.

Overview

SoCalGas and SDG&E have conducted activities in support of natural gas-fueled vehicles since the enactment of Public Utilities Code 740.3 in 1990. Programs to support Natural Gas Vehicle (NGV) customers were funded through separate Low Emission Vehicle (LEV) funding proceedings outside of the utility's General Rate Case (GRC) until the TY2008 GRC, which incorporated LEV activities including SoCalGas and SDG&E customer information, education, and training programs supporting NGV customers, as well as RD&D.

In 2009, SoCalGas and SDG&E provided 104 million therms of gas to 284 meters on rates dedicated to use of natural gas as a vehicle fuel. This is equivalent to 75 million diesel gallons. Displacement of diesel fuel with the natural gas fuel supplied by SoCalGas and SDG&E in 2009 amounts to a net reduction of over 250,000 metric tons of CO_2 emissions, over 1,000 tons of NOx emissions, and over 450 tons of PM-10 emissions[1]. SoCalGas operates over 900 natural-

[1] Assuming CNG displaces diesel fuel, based on well-to-wheels emissions values for urban buses, "Full Fuel Cycle Assessment: Well-to-Wheels Energy Inputs, Emissions, and Water Impacts" prepared for California Energy Commission by TIAX LLC, revised 8/1/2007 (CEC-600-2007-004-REV), Figure A-8 and Figure A-10.

gas powered customer-service trucks and other vehicles; SDG&E operates over 100 such vehicles. Utility vehicles are refueled at facilities located at 20 SoCalGas bases and 6 SDG&E bases, many of which also provide public-access NGV refueling. SoCalGas is also engaged in RD&D activities related to NGV technologies.

SDG&E has had programs in support of Electric Transportation (ET) and electric vehicles since 2006 (a prior electric vehicle program was discontinued in the late 1990s). SDG&E ET programs have been funded through the GRC beginning with TY2008. SDG&E offers customers residential electric vehicle rates (EV-TOU, EV-TOU-2, and EV-TOU-3) that have been in place since the 1990s.[2] As part of the current Electric Transportation (ET) program, SDG&E funds and manages various RD&D projects related to PEV technologies with funding authorized for electric RD&D in the last General Rate Case. Under current policy and tariffs, any distribution system upgrades required to serve electric transportation load would be handled in the same manner as required to meet other electric load.

The revenue requirement to fund all ongoing alternative-fuel vehicle related activities was authorized pursuant to the Settlement between SoCalGas, DRA and TURN, and the Settlement between SDG&E and DRA, adopted in the 2008 GRC Decision D.08-07-046. The 2008 GRC cycle is for the years 2008 - 2011[3]. The authorized costs are included in customer rates according to the manner approved in the Biennial Cost Allocation Proceeding Decision D.09-11-006.

SDG&E and SoCalGas have not yet established detailed goals for Alternate Fuel Vehicles programs for 2010-2015 timeframe. However, SDG&E and SoCalGas believe that, in order to support the rapid expansion of use of electricity and natural gas transportation fuels that will be necessary to meet the state's GHG and clean-air goals, utilities will need to assume an expanded role in supporting market development, educating customers and ensuring that adequate infrastructure is available to support market growth. In order to ensure early support for AFV market development and market certainty that adequate infrastructure will be in place, SDG&E and SoCalGas support the development of Commission policy authorizing utilities to own and operate charging and natural gas fueling infrastructure in a manner that does not hinder market-based solutions protects consumers, and appropriately allocates costs among ratepayers. . One prominent goal of SDG&E and SoCalGas in the near term is to participate actively with stakeholders in the AFV OIR process to ensure that proper policy foundations are in place to support the accelerated growth of AFV markets.

Natural Gas Vehicle Program

NGV customers are geographically distributed throughout the SoCalGas and SDG&E service territories. At the end of 2009, SoCalGas and SDG&E served approximately 284 (non-

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[2] Currently 30 customers are on EV-TOU rates: 29 on EV-TOU-2 (whole house option), and one on EV-TOU (dual meter option). These optional rates are available to provide time-of use electricity to customers who have PEV equipment. As of January 1, 2010 the definition for eligibility for these rates has been clarified to mean those PEVs that are registered with the CA DMV for road use.

[3] SoCalGas and SDG&E have requested an extension through 2012.

residential) meters/customers dedicated to fueling NGVs. Most of these NGV customers own and operate both vehicles and related fueling infrastructure dedicated to their own use, but some NGV customers operate "public access" fueling stations to serve the general public and nearby vehicle fleets. NGV customers vary significantly in terms of the number and type of vehicles operated. Fleets serviced include transit buses, school buses, waste haulers, street sweepers, airport fleets (taxis, shuttles), goods movement fleets, and commuter vehicles.

NGV customers receive service under one of two primary tariff options referred to as G-NGV or GT-NGV tariffs. Under these tariffs, customers must choose whether to receive procurement service from SoCalGas and SDG&E or from a third party. Other tariffs exist that allow customers to choose additional services such as gas storage, electronic metering, and Internet access to gas transactions. The type of service and information required by NGV customers varies widely. To meet this wide array of customer needs, SoCalGas and SDG&E provide individualized account management services using specialist NGV account managers that assist customers in identifying, developing and implementing NGV transportation solutions and process improvements.

NGV-specific services and information provided to customers by NGV account managers are summarized in Table 1:

Table 1 – SoCalGas and SDG&E NGV Customer Services and Information

IV. CATEGORY	V. NGV INFORMATION, EDUCATION, AND TRAINING PROVIDED
Utility Service	Requests for gas service, explanation of utility tariffs and rules, analysis of gas quality and supply, installation scheduling, line extension allowances, supply and service options.
Rules & Regulations	CARB fleet rules, SCAQMD fleet rules, compliance dates, regulatory alternatives, HOV lane access, EPA, DOE, CARB, fuel specifications, state and federal tax credits
Infrastructure	Production of CNG fuel, compressor & equipment, space requirements for compressor systems, fuel storage requirements, noise level issues, CNG station costs, design issues, permit requirements, construction issues, gas quality, option and dispensers for fast-fill, public access, difference between LNG and CNG, fuel cards and readers, billing, metering, meter calibration.
Safety	Tank safety, pressure relief devices, facility modifications for maintenance, cylinder inspection, gas detection, emergency shut-offs, training, CNG station standards.
Public Access Stations	Dispensers required, pressure offerings, card reader access, billing card management, CNG fueling station maps, training, emergency shutdown requirements.
Economics	Historical natural gas prices, compressed vs. uncompressed prices, economics of station ownership, CNG taxes and exemptions.
Air Quality Emissions	Emissions of natural gas vs. diesel, emission reductions from conversions, emissions trading, emission ratings for specific products.

IV. CATEGORY	V. NGV INFORMATION, EDUCATION, AND TRAINING PROVIDED
Funding	Sources of funding, timing and availability of requests for proposals, timing of program opportunities, availability of station grants, vehicle incentive funding, and tax credits.
Light-duty Product	OEMs with natural gas products, models available, engine size, horsepower, fuel economy, fuel capacity/range, differential price of vehicle, safety, viability of conversions, reliability, new product introduction.
Heavy-duty Product	OEMs with natural gas products, chassis options, engine options, transmission options, fuel capacity and expansion options, payload capacity, fuel tank placement, type of tanks, safety, dual-fuel engine availability, reliability, new product introduction, re-power options, products in development with manufacturers, timing of new product availability

SoCalGas and SDG&E NGV Program staff also support company participation in the regulatory activity of agencies including the CPUC, California Energy Commission (CEC), Federal Energy Regulatory Commission (FERC), air quality management districts, Energy Information Agency, and others.

NGV Program staff also provide NGV customers information on permitting, codes and standards, grant funding and financial assistance, product availability, and refueling stations necessary to operate safely, reliably, economically and in compliance with all applicable regulations. Communications materials are collected from third parties or developed internally and include brochures, direct mailers, instructional materials, and fact sheets. The NGV Program staff ensures that these materials and tools are current, readily available and in many cases, readily accessible on the Internet.

Communication materials are developed to notify customers of any changes in service and supplements to official tariffs. For example, with every rate proceeding and major tariff change, customers request information on how the changes will impact their operation. Tools and materials are provided to address these inquiries so customers can make informed business decisions.

Customers frequently request information on available grant funding, lists of vendors for NGV-related products and services, information on "public access" NGV stations, vehicle product availability, and other alternate fuels technologies. SoCalGas provides regular, timely reports on these issues through presentations, handouts, and direct conversations with customers.

SoCalGas and SDG&E conduct training courses and seminars for NGV fleet operators and NGV refueling station operators. Courses typically address the safe operation and refueling of NGVs, NGV storage cylinder inspections, and the safe, reliable and efficient operation and maintenance of NGVs and NGV refueling stations. The NGV Program staff is responsible for keeping up to date on regulatory policies, important regulatory issues, applicable codes, standards, regulations,

and technologies. The NGV Program staff supply NGV account managers and customers with the appropriate NGV information and training.

NGV account managers and the NGV Customer Service staff maintain relationships with numerous industry and customer organizations. These relationships provide valuable opportunities to provide and receive information on customer needs, technology development and availability, regulatory trends and safety standards. NGV customers, their trade organizations and other community entities often request that SoCalGas and SDG&E personnel provide information or speak at conferences on NGV-related tariffs, rules, issues and the distribution and consumption of natural gas.

SoCalGas and SDG&E also provide traditional utility services to NGV customers, including but not limited to, the following:

- Contract Management
- Specialized Contracts Negotiation
- Tariff Explanations
- Tariff Compliance
- Rate Analysis
- Regulatory Compliance and Support
- Customer Support

SoCalGas and SDG&E also provide traditional utility information and services to NGV customers including but not limited to, the following:

- Natural gas pricing, rates and tariffs
- Regulatory information
- Compliance and technology information
- Air quality regulations and solutions
- Gas technology
- Seminars and training
- SoCalGas business website

All NGV Program costs were included in the last applicable general rate case. In 2009, the NGV Program incurred costs of $1.160 million for SoCalGas, and $244,957 for SDG&E.

NGV-Related RD&D

In 2009, SoCalGas incurred $1.23 million in expenses for RD&D projects related to NGVs in addition to the program expenditures summarized in the prior section and funded under a separate RD&D program. Areas of study included: Legacy Engines, Fuel Specification Issues, Refueling Strategies, Engine Demonstration, CEC and GTI Activity, and CNG Port Project. SoCalGas plans similar RD&D activities related to NGVs in 2010 and beyond. Funding levels will be determined each year by the relative priority of technology challenges and demonstration project opportunities related to clean transportation vehicles and supporting infrastructure.

Natural Gas Transmission and Distribution Impacts

New NGV load generally requires main and/or service infrastructure modifications to be made to the distribution system to provide utility service. Infrastructure improvements for NGV stations are planned on a regional basis in conjunction with information received on potential changes in residential and commercial & industrial activity and associated impact on utility infrastructure. Incremental costs associated with infrastructure improvements were included in the most recent GRC filing

Near-Term NGV Program Goals

SoCalGas and SDG&E intend to accommodate near-term growth (2010 – 2015) in the NGV market by seeking additional resources in the next applicable general rate case. In addition, SoCalGas and SDG&E would envision an expanded role in provision of fueling infrastructure. It is expected that trends that might impact the growth of NGVs and the NGV refueling stations in Southern California and utility resource requirements will include the following:

- New policies aimed at accelerating the growth of AFV markets to support California LCFS goals
- Air Quality Regulations and Legislation
- Increasing Petroleum Prices
- Increasing availability of NGV vehicles

SoCalGas' and SDG&E's plans include enhancing our successful efforts to support the continued use of natural gas by existing NGV customers, and to build on our program success to support accelerated growth of the NGV market beyond that which has been achieved under current policy frameworks.

Electric Transportation Program

SDG&E's current Electric Transportation (ET) Program was launched in 2006 in anticipation of a dramatic increase in the importance of electric transportation as a tool in meeting the GHG goals for California. This new program is the successor to an earlier program discontinued in the late 1990's due to lack of market development. The SDG&E Electric Transportation program supports the following ET market areas:

On Road Plug-in Electric Vehicles including light duty passenger vehicles being brought to market (including Nissan LEAF, GM Volt, etc.); medium duty PEVs such as vans and medium duty trucks manufactured by Ford, Smith, and others; and heavy duty PEVs. Program components include education, demonstration projects, customer service and community outreach and coordination for PEVs.

Non- Road Electric Transportation Equipment includes electrification of airport ground support equipment, electric forklift fleets, and port material handling equipment.

Idle Reduction including cruise and cargo ship shore power applications, truck stop electrification projects, refrigerated cargo unit electrification, and AMTRAK rail locomotive cold ironing.

The program also includes representing SDG&E Electric Transportation issues with the following agencies:

- CARB (Low Carbon Fuel Standard, Zero Emission Vehicle Mandates and Regulations, Alternative Fuel Report for State – AB 1007, AB 32 support)
- CEC (PIER Projects, Regional support for AB 118 applications including eTec $8 MM awarded 8/2009)
- CPUC (OIR Responses, PEV Workshop, Pricing & Technology Study)

As part of its ET program, SDG&E also holds the following positions:

- Board of Directors and Policy Committee – Electric Drive Transportation Assoc. (EDTA) – Federal Focus on policy and initiatives for ET. (since 2007)

- Board of Directors – California Electric Drive Transportation Coalition (CalETC) – Coalition of CA Utilities' ET Programs for CA policy and initiatives for ET. (since 2006)

- Chairman of San Diego Clean Cities Coalition (DOE Program) for San Diego Regional Clean Fuels Coalition (2008 – Present)

SDG&E has been a member of the Electric Power Research Institute (EPRI) for all ET program segments since 2006. Within EPRI SDG&E serves as an Advisory Board Member for ET program segments helping to set program segment priorities and research priorities. SDG&E also participates as an EPRI Infrastructure Working Council (IWC) member for PEVs and is involved in SAE PEV standard setting (including establishment of J1772 connector standard), equipment reviews, research initiatives, etc.) SDG&E is also an IWC member for the Non-Road Vehicle Program, as well as the IWC for Idle Reduction Programs, which are also concerned with standards, equipment reviews, and research initiatives for these program segments.

In recent years SDG&E co-developed the Multi-unit Dwelling Installation Guideline for EPRI (published 2009) and since 2007 has served on the Advisory Council For Rocky Mountain Institute's Project "Get Ready" as a resource advisor for RMI initiatives to assist US and Canadian cities to become plug in ready. SDG&E's Electric Transportation program has also included participation in San Diego Association of Governments (SANDAG) Regional Alternative Fuel Planning Committee since 2006.

SDG&E has served as Vice Chair of the San Diego Regional Sustainable Partnership Transportation Committee since 2007, and has served on the San Diego Unified School District Alternative Fuel Committee for curriculum and resource development since 2006. SDG&E is also a member and supporter of the San Diego EcoCenter's Alternative Fuel Education Program, an innovative program that has provided alternative fuel education to over 38,000 middle school

students within the San Diego Region. SDG&E established the Plug-in Hybrid Electric Vehicle (PHEV) education exhibit for the center in 2007.

Recent major projects undertaken by SDG&E as part of its Electric Transportation Program include:

Plug-in Hybrid Electric Vehicle (PHEV) Demonstration Project – 2006 to Present.

Pre and post conversion vehicle comparison and educational project involving the conversion of two Prius Hybrid Electric Vehicles (HEVs) into PHEVs using Hymotion Conversion Kits. Conversion was initiated with a half day education day for the region along with a "live conversion of the vehicle" during the event. The program has used employee driving experiences since 2007 to collect and submit data to Idaho National Labs for inclusion in their national PHEV analysis and study.

Balqon Demonstration Project – 2008

The Balqon Project was a regional demonstration of a heavy duty yard hustler PHEV at the SYSCO Food Distribution Center in Poway, CA. Also included was, an educational program and a two day demonstration of equipment for regional fleet managers (Port of San Diego, Lindberg Field, Military, etc.)

Electric Vehicle (EV) Readiness Project – 2008 to Present

Initiated a collaboration with Nissan to help prepare the San Diego Region for wide-scale electric vehicle adoption. Initiatives included outreach/education to Fleet Managers in the region via the Clean Cities Coalition as well as the 19 municipalities represented by SANDAG. Program included a "Ride and Drive Demonstration" of the vehicle technology in San Diego. These efforts will pave the way for wide-scale introduction of PEVs in the region beginning at the end of 2010 with the launches of the Nissan Leaf and Chevy Volt.

eTec Stimulus Fund Infrastructure Project – 2009 to Present

SDG&E collaborated with leaders in the greater San Diego region (e.g., SANDAG, Clean Cities Coalition, CCSE, UCSD, SD Lung Association) to support eTec's bid for stimulus dollars in the "Transportation Electrification" category of DOE funding. When announced this project was identified as the largest PEV charging infrastructure deployment project in US history. Additional SDG&E support was provided for the application to the California Energy Commission's AB118 funding for successful alternative fuel stimulus fund projects. An additional $8 MM award was announced several weeks following the federal announcement and the additional money will afford San Diego the largest infrastructure project of the five regions included under the eTec Project. (i.e. San Diego, CA, Seattle, WA, Portland, OR, Phoenix, AZ and Knoxville, TN regions). The ground-breaking PEV rate experiment which focuses on assessing response of consumer charging behavior to alternative pricing structures will be

conducted in conjunction with this project[4]. This element is further discussed under Electric RD&D.

Multi-unit Outreach Project – SDG&E is using the Multi-unit Dwelling installation Guide it co-developed with SMUD for EPRI to initiate a regional outreach program for Home Owner Association, Property Manager, Developers, Building Industry representatives, etc.) in the San Diego Region. The difficulties of multi-unit dwellings (e.g., units may not have designated parking, location of electrical support infrastructure, constrictive CC&Rs relative to the use of common spaces for PEV charging infrastructure) will make addressing the interests of individuals who wish to own a PEV and live in these communities a varied, often site specific and challenging proposition. By beginning education early with these groups and raising the awareness of the technology, the options, players/stakeholders, etc., it is hoped that the transition for these groups and for their communities to accommodate these transportation options for their residents. Initial outreach has already begun with community electrical inspectors, home owner; property manager and building industry associations.

SDG&E incurred costs of $449,312 (including labor and non-labor) in 2009 associated with the Electric Transportation Program. SDG&E expects growth of the EV market to drive increased ET program costs in 2010-2015. Projected costs will be included in the next GRC, or recovered through a separate proceeding if so determined in the present Rulemaking.

Electric Transportation-Related RD&D

In 2009, SDG&E expended $100,000 for RD&D projects in the electric transportation area. All projects were associated with SDG&E participation in the EPRI ET Program and development of a roadmap for identification of new technologies to demonstrate and evaluate. SDG&E plans further RD&D activities including technology development related to PEV's in 2010 and beyond including projects related to Smart Charging, Smart Grid integration and T&D impacts. As announced at the Rulemaking pre-hearing conference, SDG&E plans to request Commission authorization of experimental PEV rates to be used coincident with the eTec/Nissan collaboration. As described in all-stakeholder workshops sponsored by SDG&E on December 15, 2009 and January 22, 2010, and summarized in a proposed research plan distributed on January 29, 2010, the experimental rates will provide valuable data to help with the development of PEV ratemaking policy by investigating the impact of TOU electricity pricing on PEV consumer charging behavior, as well as other related factors such as the use of smart charging enabling technology and relevant consumer characteristics[5].

Costs for these RD&D projects are recovered through an RD&D balancing account authorized under the GRC through 2011.

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[4] SEu's Experimental Rate Proposal is contingent upon CPUC approval.

[5] Use of experimental rates in this study are subject to CPUC approval. For proposal details see "Understanding the Impact of Electricity Pricing & Technology on Consumer PEV Time-of-Use Charging Behavior Research, Development & Demonstration Proposal" by SDG&E and SoCalGas, submitted to R.09-08-009 service list January 29, 2010.

Near-Term PEV Program Goals

SDG&E sees the opportunity with SDG&E's collaboration with eTec and Nissan and the launch of other vehicles in the region toward the end of 2010 to create early PEV market momentum. It is SDG&E's goal to facilitate near-term growth (2010 – 2015) in the PEV market in the San Diego region by ensuring infrastructure availability, appropriate rate structures and consumer support programs are in place. This Rulemaking offers SDG&E the opportunity to work with stakeholders and policy makers to ensure that the pace and scope of market development is consistent with the needs of the PEV market. This Rulemaking is especially timely because it affords the opportunity to send a strong signal to PEV OEMs, PEV consumers and other market participants that the CPUC will use its authority to ensure that the market will be well supported with infrastructure and convenient solutions for service initiation, pricing and billing. Electric utilities are positioned to play a critical role in all of these areas. SDG&E's specific ET Program expansion plans will be proposed in the next GRC, or through a separate proceeding if so determined in the present Rulemaking, and will include a growth plan proposal that ensures that market support activities keep pace with the PEV adoption trajectory in the SDG&E territory.

Utility Fleet

SoCalGas operates 735 bi-fuel CNG vehicles and 174 CNG dedicated vehicles. SDG&E operates 98 bi-fuel CNG vehicles and 11 CNG dedicated vehicles. These include passenger cars, pickups, and converted utility body vehicles that were previously manufactured by Toyota, Ford, GM, and Honda. These vehicles help SoCalGas and SDG&E to meet their environmental impact goals, as well as providing the companies with practical experience in the direct operation and maintenance of an NGV fleet.

In addition, the SoCalGas and SDG&E fleets both include solar traffic control arrowboards, CNG-powered forklifts, electric forklifts, and electric personnel carriers/stock chasers. SoCalGas also operates propane-powered forklifts.

NGV-fueled utility fleet vehicles are refueled at utility bases, some of which also provide public-access fueling. There are 26 SoCalGas refueling stations and 6 SDG&E fueling stations. Total NGV throughput at those bases was 1,211,974 cubic feet in 2009, of which 25% was public access.

The utilities requested funding for all fleet-related activities under the last GRC. Federal funding and tax incentives are also being sought to offset the incremental costs of conversion projects.

Also, as noted above, SDG&E has converted two Prius Hybrid Electric Vehicles (HEVs) into PHEVs using Hymotion Conversion Kits and are utilizing these vehicles as part of its fleet.

In 2009, SoCalGas acquired 29 new CNG Honda Civics. SDG&E acquired 8 new CNG Honda Civics.

Over the next five years, SoCalGas and SDG&E plan to pursue the conversion of 3/4Ton pickups & utility bodies with Ford CNG compatible engines in partnership with aftermarket

converters. A project is also under evaluation to design and produce dedicated CNG powered Gas Operations Crew trucks for SoCalGas on a 33,000 lb. GVW chassis.

Additionally, SDG&E plans to add to its fleet new electric vehicles as well as heavy-duty vehicles designed with electric power take-offs to power auxiliary equipment such as aerial bucket trucks. Specifics of the AFV program for the utility fleet will be filed in the next GRC.

Incremental T&D Costs

T&D expenditures related to electric transportation load have been modest in the past (apart from large public transit projects like trolley systems) and have been managed through GRC budgets as other new construction or new load. As the PEV market begins to accelerate, T&D impacts are likely to become significant enough to require special planning and new processes to meet the required timelines. For example, market launches of the Nissan Leaf and Chevy Volt in late 2010 will require infrastructure to serve a few thousand vehicles versus less than 100 today (estimated).

These incremental costs could not be anticipated at the time of the most recent GRC filing and were not included in SDG&E testimony. SDG&E may include both capital and O&M costs as well as additional RD&D costs, for the evaluation and implementation of T&D impacts incremental to EV adoption in its next GRC, or other ratemaking proceeding. A key near term focus will be the development of forecasting methods and scenarios for T&D impacts of PEV load, Smart integration of EV's to maximize T&D utilization and minimize necessary upgrades, and prediction of areas of concentration on the distribution system (clustering).

Near-Term Plans to Support Alternative Fueled Vehicle Market Growth

In closing, it is the goal of SDG&E and SoCalGas to facilitate the acceleration of near-term growth (2010 – 2015) in the electric and natural gas vehicle markets. SDG&E and SoCalGas will work with all stakeholders and policy makers to ensure that the pace and scope of market development is consistent with the needs of the alternative fueled vehicle markets. Regarding the NGV market growth, SDG&E's and SoCalGas' efforts continue to support the retention of current NGV fleets, and we will propose to expand our efforts to support the acceleration of the market from the growth it has experienced since the mid 1990's to help ensure that it reaches its potential as a key element of the LCFS solution for medium and heavy-duty vehicles. Regarding PEV market growth, SDG&E and SoCalGas believe that during this formative stage of market development a strong signal must be sent to OEMs, PEV consumers, and other market participants that critical infrastructure and policy frameworks will be in place to support market growth. They also believe that the state's electric utilities must play a vital role in providing Smart electric T&D infrastructure, Smart charging facility expansion, streamlining charging facility installation, and customer education, outreach and support. In order to ensure early support for AFV market development, as noted above, SDG&E and SoCalGas support the development of Commission policy permitting utilities to own and operate charging and fueling infrastructure in a manner that does not hinder market-based solutions, protects consumers, and appropriately allocates costs among ratepayers. One prominent goal of SDG&E and SoCalGas in the near term is to participate actively with stakeholders in the AFV OIR process to ensure

that proper policy foundations are in place to support the accelerated growth of AFV markets. SDG&E and SoCalGas commend the CPUC for launching this Rulemaking with its expedited schedule, which sends a strong message of California's commitment to the alternative fueled vehicle market.

CERTIFICATE OF SERVICE

Pursuant to Rule 3.2 of the Commission's Rules, I hereby certify that I have this day served a copy of the foregoing **OPENING BRIEF AND REVIEW OF ACTIVITIES OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)** on all parties of record in **R.09-08-009**by electronic mail and by U.S. mail to those parties who have not provided an electronic address to the Commission.

Copies were also sent via Federal Express to Administrative Law Judge Regina DeAngelis and Commissioner Nancy Ryan.

Dated at Los Angeles, California, this 8th day of February, 2010.

/s/ Marivel Munoz
Marivel Munoz

CALIFORNIA PUBLIC UTILITIES COMMISSION
Service Lists: R.09-08-009 - Last changed: February 3, 2010

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