

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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In the Matter of the Application of Southern
California Gas Company (U 904 G) to Establish a
Compression Services Tariff

A.11-11-011

REPLY BRIEF OF
American Honda Motor Co., Inc.

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July 31, 2012

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Pursuant to Rule 13 of the Rules of Practice and Procedure of the California Public Utilities Commission and the Rulings of the Presiding Administrative Law Judge, **American Honda Motor Co., Inc.** files its Reply Brief in the above captioned proceeding.

**I.
INTRODUCTION**

American Honda Motor Co., Inc. (Honda) sells and markets Honda automobiles in the United States through a nationwide network of independently owned, franchised dealers.

**II.
COMMENTS**

Honda has a commercial interest in this proceeding. Honda has built natural gas powered Civics in the United States continuously since 1998. We now market natural gas powered Honda Civics in 37 states to more than 200 Honda dealers throughout the country, including 70 dealers in California. This year we plan to sell more than 3,000 natural gas powered Civics in California. Honda generally supports the purpose and scope of the Southern California Gas Company's proposals.

Honda is interested in marketing natural gas vehicles for three reasons:

- 1) natural gas is a domestically produced fuel, and dedicated natural gas vehicles help address national energy security concerns by using this fuel, and

- 2) natural gas vehicles have lower smog-forming emissions than comparable gasoline-powered vehicles (EPA has called the Civic Natural Gas the cleanest internal combustion engine vehicle it has ever tested). Lower smog-forming emissions addresses state and local health concerns , and
- 3) natural gas vehicles have approximately 20% lower greenhouse gas emissions than a comparable, similar ICE fueled by gasoline. Lower CO2 emissions from transportation helps address California goals to reduce CO2 dramatically from 1990 levels.

There are several barriers to the widespread adoption of natural gas powered automobiles, including: the availability of the fuel and the price of the vehicles. The price of the vehicles is a function of volume, and volume is primarily limited by infrastructure. The proposal of So Cal Gas for a compression services tariff (CST) can help increase the availability of the fuel – natural gas per se is not a transportation fuel, only when natural gas is compressed to 3,600 psi does it become a fuel for consumers.

Fueling station operators typically do not manufacture their fuel, they only dispense it. Gasoline is delivered by pipeline or by tanker truck and the fueling station operator meters, dispenses and collects revenue. In the case of natural gas, absent the CST, station operators must manufacture (i.e. compress the fuel) by investing in equipment, having that equipment serviced, and only then dispensing the fuel. So Cal's CST proposal removes the investment and maintenance risk from the fueling station operator and potentially setting the stage for more compressed natural gas infrastructure enabling more vehicles.

Currently, the price of compressed natural gas varies widely around the country, typically ranging from \$1.99 to \$2.79 per gge (gasoline gallon equivalent). At these prices, consumers can save anywhere from \$1 to \$2 per gge. The fuel savings, combined with HOV lane access for a single occupant, local incentives and other social signals can help promote natural gas vehicles, thereby achieving the three social goals outlined earlier: energy security, lower smog-forming emissions and lower greenhouse gas emissions.

III. CONCLUSION

For the reasons stated in SoCalGas Opening Brief and the rationale outlined in section II, above, Honda respectfully requests that the Commission approve SoCalGas' Application in this proceeding as filed.

Dated: July 31, 2012

Respectfully submitted

By: /s/

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