MAILED 11/07/03

Decision 03-10-086 October 30, 2003

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 M) for Authority to Continue Funding of LEV Programs.	Application 02-03-047 (Filed March 25, 2002)
Application of Southern California Edison Company (U 338-E) to Extend the Operation of its Electric Vehicle Adjustment Clause Mechanism and Related Accounts Until the Date of the Commission's Final Decision in SCE's Test Year 2003 General Rate Case Proceeding.	Application 02-03-048 (Filed March 25, 2002)
Application of Pacific Gas and Electric Company for Review of and Authorization for Recovery of Costs Relating to Its Low Emission Vehicle (LEV) Program for 2002 through 2005. (U 39 E)	Application 02-03-049 (Filed March 25, 2002)

DECISION APPROVING FUNDING FOR LOW EMISSION VEHICLES

TABLE OF CONTENTS

Title **Page**

DECISION ON FUNDING FOR LOW EMISSION VEHICLES

1. Summary

This decision acts on applications by Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Pacific Gas and Electric Company (PG&E) (collectively, utilities or IOUs) for funding for the discretionary aspects of their Low Emission Vehicle (LEV) programs.

We continue to support the environmental benefits of programs designed to develop and support motor vehicles powered by electricity and natural gas. PU Code §§ 740.8, 740.3 and previous Commission decisions require that utility discretionary LEV programs should be in the ratepayers' interest, have a reasonable probability for success, avoid duplication with existing research, and maintain safety and reliability of utility services. In addition, PU Code § 451 in general, requires utilities to maintain adequate service to promote the safety, health, and comfort of the public. The ratepayer-funded LEV activities fall into three key areas. First, the IOUs share information they have gained as operators of their own LEV fleets with other actual or potential fleet owners. This information sharing is the key focus of the IOUs' "customer education" activities. Second, they evaluate new LEV products to determine their impact on the energy grids they operate. This appears to be their principal activity aimed at enhancing system reliability. Third, they provide information on safe fueling and charging techniques to third parties who use IOU-owned fueling stations and charge electric vehicles.

We approve all projects until the end of 2005. We also provide guidance as to future filings for these programs and establish procedures by which more

comprehensive standards for these programs may be created. This decision allows[1]:

- $2,035,000 for SoCalGas' proposed programs (annual spending);
- $5,026,000 for PG&E's proposed programs (annual spending);
- $182,179 for SCE's proposed program (annual spending); and
- $889,000 for SDG&E's proposed programs (annual spending).

We note that SCE has requested only interim funding pending the effective date of our decision in its General Rate Case (GRC). SoCalGas and SDG&E (together, the Sempra Utilities) have similarly requested only interim funding pending our decision in their next base margin proceedings. However, PG&E has requested funding of approximately 5.026 million dollars (in 2002 dollars) for its proposed 2003-2005 LEV program.

We also note that several other public agencies, including California Energy Commission (CEC) and the California Air Resources Board (CARB) support funding of IOU LEV programs in order to reduce air pollution and related health problems and to reduce our economy's dependence on petroleum and foreign oil. The Commission and the CEC have also recently adopted the Energy Action Plan, which calls for coordination by governmental agencies in their efforts to address the state's energy needs, including the use of natural gas. We therefore commit to discuss our future LEV policies with the CEC as part of the implementation of the Energy Action Plan.

[1] Tables describing allowed projects are provided in Section C, titled: "Allowed Funding."

2. Background

A. Market for LEVs

The market for pure electric vehicles (EV) is developing. While nearly all EVs are in California,[2] there are only 2,300 battery EVs on California's roads.[3] A report SCE and PG&E submitted to the Commission states that "according to vehicle manufacturers, expected California light-duty[4] EV [2002] sales are currently estimated at about 400 vehicles."[5] There are currently no plug-in hybrid vehicles – vehicles with both an electric motor and an internal combustion engine that are cable of operating completely with the electric motor and a battery system charged from the electric grid – available on the market in the U.S.[6]

Fuel-cell technology is just beginning to find its way into vehicles, and may be a driver of natural gas demand in the future. Fuel cell powered vehicles consume hydrogen to create electricity, which is used to power electric motors for locomotion. Currently, the most efficient means of producing hydrogen is

---

[2] 2 RT 230-31. References to the Reporter's Transcript are abbreviated as "RT." Thus, 2 RT 230-31 refers to Volume 2 of the Reporter's Transcript at pages 230-31.

[3] Testimony of Analisa Bevan for California Air Resources Board (Commission Hearing Exhibit [Exh.] 1200), at 1.

[4] Light-duty EVs include passenger cars and trucks.

[5] *Report on the Electric Vehicle Markets, Education, RD&D and the California Utilities' LEV Programs,* March 22, 2002 (Exh. 100), at 2-2.

[6] *Id.* at 2-4 – 2-5.

based on natural gas (just as gasoline is made from crude oil). Although full-scale commercialization of fuel cell technology is not anticipated until at least 2010 due to "significant engineering and technology challenges [that] lie ahead,"[7] we note that the emerging fuel cell technology will be dependant on utility infrastructure.

On the natural gas side, the picture is slightly better. There are approximately 100,000 natural gas vehicles (NGVs) in the United States, 20% of which are in California. There are approximately 200 liquefied natural gas vehicles operating in California.[8]

Most of the increases in LEV production (except the production of internal combustion engine / electric hybrid vehicles that do not require electric charging) have been driven by regulatory requirements.

B. History of IOU LEV Funding

We approved IOU ratepayer funding for LEVs in 1993 in Decision (D.) 93 07-054, after the Legislature enacted Pub. Util. Code § 740.3 *et seq.* The statute provides that the Commission should work with other state agencies, air quality management districts, the motor vehicle industry and the IOUs to evaluate and implement policies to promote the development of equipment and infrastructure needed to promote the use of electric power and natural gas to fuel low-emission vehicles. . The statute prohibits the Commission from passing funding for such programs through to ratepayers unless they are in the ratepayers' interest. In 1999, the Legislature amended Pub. Util. Code § 740.8 to

[7] *Id.* at 2-5.

[8] 4 RT 523.

provide that "interests of ratepayers, short- or long-term, mean direct benefits that are specific to ratepayers in the form of *safer, more reliable, or less costly gas or electrical service.*"[9]

We decided D.93-07-054 prior to the enactment of the foregoing definition, and therefore developed our own guidelines to determine whether ratepayers should pay for LEV programs. Those guidelines provided for ratepayer LEV funding "if the utilities can demonstrate that" the programs promote 1) reliable and efficient utility service, 2) safe service, 3) environmentally and socially responsible utility service or 4) reasonable rates.[10] Thus, the IOUs bear the burden of proof in these proceedings.

We imposed four additional requirements in D.93-07-054: compliance with statutory guidelines related to research and development and demand side management; consultation with the rest of the industry; consistency with other agencies; and preservation and accommodation of competition.

First, we required that ratepayer-funded LEV programs comply with statutory and Commission guidelines related to Research, Development and Demonstration (R&D or RD&D) and Demand Side Management. Second, the IOUs had to demonstrate that they had reviewed programs of the motor vehicle industry, state, regional and local agencies, other utilities and state and national electric and natural gas LEV research groups to ensure their programs did not unnecessarily duplicate and were complementary with the programs of these entities. Third, we required the utilities to demonstrate that their programs are

---

[9] Emphasis added.

[10] D.03-07-054, 1993 Cal. PUC LEXIS 574, at *21-29 and *32-33.

generally consistent with goals, policies and objectives of state and federal legislation and state and local agency action. Finally, utilities' programs could not unfairly compete with nonutility enterprises. We did not decide on funding for any particular LEV activities in D.93-07-054, but instead directed the IOUs to file 6-year program applications. In 1995, we issued D.95-11-035, our decision acting on those applications. We found that some of the IOUs' proposed programs satisfied the guidelines, but that others were not in the ratepayers' long-term interest. Among other things, we prohibited ratepayer funding for utility development of products for utility commercialization use and to market LEVs.

We reiterated this point in our 1998 decision denying rehearing of D.95-11-035: "[T]he Legislature and the Commission intended funding for these essentially experimental programs for a specific six-year period, not an open-ended one."[11]

We also stated in D.95-11-035 that the LEV statute does not obligate us to fund any IOU LEV programs. While the law "encourage[s] this Commission to approve utility programs that support the development of a market for [LEVs] . . . , no ratepayer funds can be expended unless the program will provide direct benefits to ratepayers in the form of safer, more reliable or less costly gas or electric service."[12] Thus, for the Commission to approve IOU programs, the IOUs must demonstrate that their ratepayer-funded LEV programs provide such direct ratepayer benefits.

---

[11] D.98-12-098, 1998 Cal. PUC LEXIS 918, at *3-4.

[12] D.95-11-035, 1995 Cal. PUC LEXIS 978, at *131.

We also prohibited the utilities from undertaking ratepayer-funded RD&D program that would concentrate on developing new engines and vehicles.[13] We made clear that while utilities could engage in new product evaluation in order adequately to plan and manage the electric vehicle recharging load, ratepayers should not fund the development of new products. D.95-11-035 authorized funding for utility LEV programs for six years. The funding expired on December 21, 2001. We extended the funding through December 31, 2002 in Resolution G-3322, and through our final decision on these applications in D.02-12-056. We explained in D.02-12-056 that, "We do not prejudge the utilities' applications for any additional funding or new program activities, or whether continued funding of existing LEV program activities pursuant to our final decision is appropriate."[14]

D.95-11-035 provided that the utilities would record their LEV program expenses in "one-way" balancing accounts. The accounts are so labeled because their usage requires the utilities to refund to ratepayer funds reflected in rates but left unspent, but does not allow them to recover from ratepayers any expenditures in excess of the authorized accounts.[15]

D.02-12-056 also made clear that we would be considering only "discretionary" LEV program activities, such as customer service, training, research and development and other "non-mandatory" LEV programs, in this

---

[13] *Id.* at *32.

[14] D.02-12-056, *mimeo.*, at 7.

[15] D.95-11-035, 1995 Cal. PUC LEXIS 978, at *138.

proceeding.[16] These discretionary programs are not the subject of statutory clean air requirements, but rather are carried out by the IOUs at their own discretion. This decision acts only on the IOUs' discretionary funding requests.

We explained that we would review "mandatory" LEV program activities in each utility's general rate case (GRC) or cost-of-service proceeding.[17] We identified as "mandatory" activities the acquisition of alternative fuel use fleet vehicles pursuant to federal law, operation and maintenance costs associated with use of alternative fuel use fleet vehicles and associated infrastructure, infrastructure (fueling facilities and related equipment) needed to support alternative fuel use fleet vehicles, employee training and instruction necessary for the use of alternative fuel use fleet vehicles, and accounting for the costs of these mandatory activities. These activities are therefore outside the scope of this decision. To the extent the IOUs have included requests for mandatory funding in their applications – even interim funding pending the outcome of their GRCs or cost-of-service proceedings – we do not act on them here. They will have to seek interim funding in those other proceedings.

C. The IOUs' Applications

In this decision, we act on each IOU application consistently, rather than allowing the IOUs different procedural options. For each program, we extend funding for two years, to expire at the end of 2005, and provide some direction

---

[16] *See Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge,* June 26, 2002.

[17] *Id.*

for future consideration of these programs. The IOUs shall file annual reports as directed elsewhere in this decision.

1 SoCalGas/SDG&E's Applications

SoCalGas and SDG&E filed a joint application seeking $2,924,000 in total discretionary LEV funding. This amount breaks down as follows:

SoCalGas	
Item	**Requested Funding (annual)**
Customer information, education and training	$1,100,000
NGV R&D	$935,000
Subtotal SoCalGas	$2,035,000
SDG&E	
NGV customer information program	$450,000
EV customer information program	$439,000
Subtotal SDG&E	$889,000
Total SoCalGas/SDG&E	$2,924,000

2 PG&E's Application

PG&E seeks $5,026,000 per year in discretionary LEV funding for the period that ends at the end of 2005. Using PG&E's chart, this amount breaks down as follows:

Program Activities		**Program Description**	**$ (Million)**
Customer Education			
I.	LEV Vehicle Safety and Infrastructure Training	Fueling, Vehicle, and Infrastructure Safety training for PG&E employees as well as outside fleet operators and individuals	$0.496
II.	LEV Technology and Infrastructure Introduction;	Matching technology with PG&E fleet requirements; participating on LEV industry boards to ensure coordination and non-duplication of	$1.799

Program Activities		Program Description	$ (Million)
	Regulatory Requirements and Funding Availability Education; Emissions Benefits; and Industry Participation	efforts; sharing ”learnings” with customers	
III.	PG&E Tariff Availability and Eligibility; and Interconnection Services	Answer customer inquiries regarding applicable LEV-related gas and electric tariffs, including use of off-peak electric rates to minimize peak	$0.340
Customer Education Subtotal			**$2.635**
RD&D			
IV.	Small Scale Natural Gas Liquefier Demonstration	Demonstrate INEEL technology to test its ability to safely deliver low-cost liquefied natural gas to PG&E fleet to reduce fleet operation costs. LNG may also be provided, under an experimental rate, to other customers; also, evaluate use of LNG to help reduce gas distribution system costs and avoid	$0.624
V.	Small Specialty EV Charging Architecture Development	Support development of common, global charging systems for on-road and off-road EVs	$0.184
VI.	Fuel Cell Vehicle Station Demonstration	Provide support for a natural gas-to-hydrogen reformer demonstration by the CA fuel cell partnership to ensure safety and understand utility-specific system impacts and load management implications for the future	$0.540
RD&D Subtotal			**$1.348**
Technology Application Assessment			
VII.	Distribution	Evaluate EV and NGV load additions	$0.550

Program Activities		Program Description	$ (Million)
	System Load Impact Assessments	to minimize costs to distribution system	
VIII.	Safety Codes and Standards Support	Minimize utility compliance costs and protect utility and customer interests as EV and NGV codes and standards are developed	$0.089
IX.	LEV Performance Assessments	Determine actual field performance of LEV technology in PG&E fleet applications to ensure safety and to lower fleet costs; share "learnings" with customers	$0.299
X.	Participate in Others' LEV Demonstrations	Gather LEV related performance knowledge through project cost-sharing, to reduce PG&E fleet	$0.105
Technology Application Assessment Subtotal			**$1.043**
TOTAL			**$5.026**

3 SCE's Application

According to its chart, SCE appears to seek only $182,160 in discretionary funding, although its request is not at all clear.

Activities Related To:	Utility Role	Alleged Ratepayer Benefit	Budget (annual)
Emergency response to EVs	SCE primary source of EV safety information concerning issues related to utility operations.	Safety awareness and emergency preparedness.	$ 27,342
Information Network.	Source for information on utility EV programs including time-of-use rates, etc.	Customer information source for EV load management information, safety hook-ups, etc.	$ 45,540
EV Loan program	Collects EV use profile data and assists in designing load management.	Load management, time-of-use, etc.	$ 36,432
Customer Outreach	Disseminate information to customers and public about EV fleets, rates, load management, etc.	Customer information sources for utility EV load management, safety, energy efficiency, etc.	$ 72,864
TOTAL			$182,160

D. Other Parties' Responses to the Applications

The Commission's Office of Ratepayer Advocates (ORA) protested the IOUs' applications, asking that the Commission discontinue ratepayer funding of LEV activities that are not directly related to utility obligations under various government mandates to purchase, operate and maintain LEVs. Specifically, ORA requests that we discontinue funding for LEV RD&D activities, which it alleges should be covered by existing RD&D funding derived from charges for Public Purpose Programs. It also asks us to discontinue funding for consumer information, education and training activities relating to commercially available LEV products and services.

The Southern California Generation Coalition (SCGC), consisting of the Los Angeles Department of Water and Power, the City of Burbank, the City of Glendale, the City of Pasadena, the Imperial Irrigation District, Williams Energy and Reliant Energy, protested the application of SoCalGas and SDG&E. SCGC recommends that the SoCalGas customer service function be limited to providing safe service to entities that directly fuel NGVs. It also alleges that government agencies or other organizations should provide NGV information to the public, rather than the utility. For NGV RD&D, it claims that ratepayers should not fund these activities because LEV product manufacturers are better suited to do so. Finally, it asserts that utility RD&D activities should be funded through the Natural Gas Public Purpose Program surcharge.

The Western States Petroleum Association (WSPA), a non-profit trade organization representing companies involved in the petroleum industry, protested the application of SoCalGas and SDG&E. WSPA is concerned that the proposed LEV programs exceed the parameters adopted in D.95-11-035 and that

additional clarification is needed to fully understand the utilities' customer education and RD&D activities.

Liberty Fuels (Liberty), an equipment developer, opposes the utilities' applications. Liberty claims that the utilities have used ratepayer funds to monopolize the NGV market and that continued funding will provide the utilities with an unfair advantage over the private sector. In support of its allegations, Liberty says that past spending has been inappropriately devoted to lobbying and promotional efforts that are contrary to D.95-11-035. Additionally, Liberty claims, utility RD&D efforts have been directed toward developing new products that should be undertaken by private companies. As a case in point, Liberty suggests that natural gas compressor manufacturers are better suited to conduct RD&D for such products than the utilities.

The California Energy Commission (CEC), a state agency with an interest in the conservation and/or displacement of petroleum fuels and promotion of fuel diversity, supports the utilities' continued role in expanding the use alternative fuels. Its primary interest is to define the scope and scale of the utilities' LEV programs. In particular, CEC maintains that ratepayer funded RD&D is appropriate to support compliance with the EPAct, although public-private partnerships should be explored.

The California Air Resources Board (CARB), a state agency authorized to adopt regulations intended to meet clean air standards, supports the utilities' applications. CARB claims that the utilities' LEV programs have been and continue to be supportive of the agency's efforts to reduce transportation-related emissions. CARB also states the utilities have provided valuable input into developing guidelines for LEV incentives and promoting the availability of grants. According to CARB, utility training and education activities based on

their fleet experience is important in fostering the public's acceptance of zero emission vehicles. Additionally, the utilities' continued participation in CARB's Infrastructure Working Group is important for developing infrastructure standards.

The South Coast Air Quality Management District (SCAQMD), a public agency with air quality regulatory authority over the South Coast Air Basin, supports the utilities' applications. It claims that the proposed utility LEV programs, including public information and RD&D components, are vitally necessary to assist the agency with its expedited implementation of its air quality management plan. SCAQMD also says that utility public information programs help users understand a myriad of governmental certification categories and equipment options. Furthermore, issues related to fuel specifications concerning the agency benefit from utility involvement. Utility participation in SCAQMD's Technology Advancement Office promotes non-duplicative LEV RD&D efforts and certain other enhancements.

CALSTART, an organization that works with industry and government to develop advanced transportation technologies to improve air quality, supports the utilities' applications. Since 1992, CALSTART has "launched over $150 million dollars in [advanced transportation] technology … [RD&D] programs" with "funding from over 20 different government entities"[18] as well as private companies such as General Motors, Volvo, and PG&E. CALSTART claims that ratepayer funding is needed for LEV RD&D because manufacturers are unwilling to make investments in this area and there are government spending

[18] Boesel Testimony (Exh. 800) at 10.

shortfalls. The group also cites a need for utility involvement in the development of natural gas hybrid electric vehicles.

The Environmental Coalition (Environmental Coalition or Coalition), consisting of the National Resources Defense Council, the Coalition for Clean Air, the Planning and Conservation League, and the American Lung Association of California, supports the utilities' applications. The Coalition disputes the characterization that some elements of the utilities' programs are "discretionary" and claims that all aspects of the IOUs' programs are necessary. According to the Coalition, utility LEV programs benefit ratepayers by playing a key role in improving air quality, sharing LEV related information with customers and promoting safety. In its view, unless these programs are extended, the ratepayers' investment in the utilities' past activities and experience with LEVs would be lost.

E. IOUs' Current Staffs and Fueling Stations

As best we can discern, the IOUs currently have the following staffs handling LEV activities:

- SoCalGas/SDG&E have downsized their staff from 39 to 7 employees.

- PG&E has approximately 10 full time equivalent staff persons (FTEs) performing the customer service function,[19] 3 FTEs in the RD&D area, and 2-1/2 FTEs in the Technology Application Assessment group.[20]

[19] 2 RT 238.

[20] 2 RT 239.

- SCE did not provide relevant information.

The IOUs have the following fueling stations for LEVs:

- SoCalGas has 20 or 21 NGV fueling stations.[21] Fourteen are open to the public. SDG&E has 3 fueling stations.[22]
- PG&E has 22 NGV fueling stations.[23]
- SCE has no NGV fueling stations since it is an electricity-only utility.

3. Discussion

A. Introduction

The decision before us today, is whether to approve the funding requests and grant extensions for discretionary LEV programs of the utilities. The history of LEV programs for this Commission has already been detailed and will not be repeated here. The question arises though, what criteria should the Commission use to approve discretionary LEV programs for the instant proceeding? PU Code §740.3(c) states,

> "The commission's policies authorizing utilities to develop equipment or infrastructure needed for electric-powered and natural gas-fueled low-emission vehicles shall ensure that the costs and expenses of those programs are not passed through to electric or gas ratepayers unless the commission finds and determines that those programs are in the ratepayers' interest. The commission's policies shall also ensure that utilities do not unfairly compete with nonutility enterprises. "

---

[21] 1 RT 50, 73.

[22] 1 RT 60.

[23] 1 RT 144.

PU Code § 740.3(c) is further clarified in PU Code § 740.8, which states,

> "As used in Section 740.3, "interests" of ratepayers, short-or long-term, mean direct benefits that are specific to ratepayers in the form of safer, more reliable, or less costly gas or electrical service."

There is no mistake that these two sections of the PU Code establish the criteria that must be satisfied in order for LEV programs to be approved. When read jointly in isolation, these two sections seem to purport that the sole purpose of LEV programs is to provide *either* safer, more reliable or less costly electric or natural gas service. (emphasis added) Indeed, LEV programs should be designed to fulfill this goal and any LEV program in deviation of these stated goals should be given limited weight if not denied in whole.

But what is missing from this analysis is what LEV programs were designed to accomplish. While it is true that LEV programs should be allowed if they result in direct ratepayer benefits, this truism must also be read with the utilities' overall obligation they have when designing programs that expend ratepayer funds. In relevant part, PU Code §451 states that,

> "Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities…as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

We acknowledge that utility discretionary LEV programs should be in the ratepayers' interest as previously defined, but we also need to keep in mind the utilities' continuing obligation to provide services that promote the safety, health, comfort, and convenience of its patrons, employees and the public. This is a

statutory responsibility of the utilities, but also the Commission. LEV programs should also seek this end.

It is obvious that improved air quality promotes the health and comfort of the ratepayers of the utilities, the employees of the utilities and also the general public of the state of California. The Commission supports this goal. We also appreciate the length to which the Commission's sister agencies along with environmental groups went to demonstrate that not only are the LEV programs of the utilities in the ratepayers' interest, but that they also were designed to address poor air quality conditions in California.[24] We stated in D.95-11-035 that "we cannot approve . . . utility programs solely because they may help improve air quality . . ."[25] This point is uncontested. The corollary from this is that improved air quality is but one of the deciding factors. The IOUs bear the burden of proving that their programs meet the criteria we have adopted in our LEV decisions.

B Activities Allowed

1. RD&D Projects and the INEEL Project

We find that PG&E's and SoCalGas' proposed RD&D projects along with the INEEL project are in the ratepayers' interest and thus approve the utilities' request for the funding of these projects.

---

[24] Exhibit 700, "Testimony of the Environmental Coalition on the utility Applications for Low Emission Vehicles programs," p. 14; Exhibit 1200, "Prepared Direct Testimony of Analisa Bevan" on behalf of the California Air Resources Board, p.1.

[25] 1995 Cal. PUC LEXIS 978, at *91.

RD&D programs do not have immediate ratepayer benefits in the form of safer, more reliable or less costly electric and natural gas service as dictated by PU Code § 740.8 nor do they immediately fulfill the utilities' obligations under PU Code § 451. This is yet another reason why we seek to further improve the standard under which utility LEV programs will be judged. As a matter of fact, the RD&D programs of the utilities with respect to LEVs, seek to ensure safety and understanding for utility-specific load impacts and load management implications for the future. Specifically, the RD&D programs of the utilities seek to decrease distribution system costs by collecting data for best managing *upcoming* loads, while at the same time, enhancing the ability of a utility to influence codes and standards.[26]

The evidence also demonstrates that the INEEL project is consistent with the Commission's prior LEV decisions and the RD&D guidelines. PG&E states that it "did not design, develop or manufacture INEEL's liquefier, but is merely demonstrating it."[27] In addition, INEEL is similar to PG&E's and SoCalGas' CNG Station Technologies collaborative RD&D project which would lead to commercialization and would reduce costs and increase safety. This project was approved in D.95-011-035. The benefits to ratepayers are lower utility costs by obtaining a safe, reliable, lower-cost source of LNG to decrease PG&E's (and

[26] Specific examples include: mitigating high Btu gas supply impacts on PG&E's compliance with CARB NGV fuel specification, assessing home/office gaseous fuel compressors' impacts on metering accuracy, and customer pressure regulator and appliance failure avoidance, and minimizing infrastructure costs imposed by new LEV codes and standards (PG&E, Exh. 200, pp. 2-42 to 2-46; {G&E, Tr. 37; SoCalGas, Eaves, Tr. 88)

[27] PG&E opening comments on Commissioner Lynch Alternate Decision, p. 8

SoCalGas') fleet diesel fuel costs and to augment gas distribution pipeline gas supply during emergency curtailments.[28]

2. Programs That Provide Information and Training to Customers and Enhance Safety

Many of the programs proposed by the IOUs are designed to provide potential LEV customers with general information about LEV technologies (including the costs of operating LEVs) and promoting LEVs to the public. These activities in combination should promote our goal of promoting the use of LEVs in California.

Utilities are a first point of contact for LEV customers. Customers take advantage of the IOU's knowledge of tariff schedules as well as their first-hand experience on using LEV technologies as their fleet vehicles.

In addition, consumers have learned to look to the utilities for information on how to refuel their LEVs safely. As noted by the Environmental Coalition, no other entity has the obligation to ensure that refueling is done in a safe manner. In this decision, we allow the IOUs to use funds to provide information to consumers that educates customers on how to safely fuel and charge their vehicles.

3. Programs That Enhance Reliability

The IOU funding directed at ensuring "reliable" service focuses on assessment of the load impacts of various LEV types, such as electric, natural gas, and fuel cell vehicles. These technologies rely on utility infrastructures to deliver the energy they need to provide environmentally friendly locomotion.

[28] PG&E, Exh. 200, pp. 2-38 to 2-39

No other stakeholder has the resources necessary or the need to conduct load impact studies or assess the impact of LEV technologies on utility's service efficiency, reliability, and quality. LEV programs that are designed to study load impacts are important and fulfill one of the standards that must be met as set out by Pub. Util. Code § 740.8 to provide that "interests of ratepayers, short- or long-term, mean direct benefits that are specific to ratepayers in the form of safer, more reliable, or less costly gas or electrical service."

The Environmental Coalition states that, "The impact on the local distribution system is a viable concern for the utilities."[29] In addition, the Environmental Coalition witness discusses that the effect of adding either a single battery electric vehicle or a fuel cell electric vehicle to a local distribution network is similar to adding a new home:

> "The hydrogen fuel cell home refueling stations would be exactly analogous with the battery electric vehicle home refueling recharging scenario. And I believe utilities have aptly demonstrated that such a significant load, which would be about equivalent to an adding another household to that - a doubling of the household, full household load, that that could have a significant issue in terms of upgrading of transmission distribution lines and in terms of power quality…Well, how is that different from a computer or a laptop? Well again, it's doubling the load of a house. It's not the same as adding incrementally small, new pieces of small electric equipment, which would draw very, very low current. This is a significant load."[30]

---

[29] Opening Comments of the Environmental Coalition on the Proposed Decision on the Funding for Low Emission Vehicles, p. 6

[30] Reporter's transcript p.452, lines 2-17 - witness Roland Hwang from the Environmental Coalition

In D.95-11-035 we also proposed a similar analogy when approving the utilities' system load impact evaluation programs when we stated, "It has become almost axiomatic to describe an electric vehicle as a house on wheels."[31] We approved these programs in D.95-11-035 when we stated that,

> "All of the system impact evaluation activities proposed by SCE and SDG&E in their settlement agreements as well as those proposed by PG&E are consistent with the guidelines and the related categories suggested by the energy Commission and should be approved."[32]

We therefore allow all IOU program funding in this area to continue as we still maintain our earlier position on the importance of these programs and the proper role they play in enhancing the reliability of utility electric and gas service while enhancing air quality.

C. Summary of Allowed Funding

In summary, we allow each IOU the following discretionary LEV funding for the two-year period from the effective date of this decision.

SoCalGas			
Item	**Requested Funding (annual)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
Customer information, education and training	$1,100,000	Allowed	
NGV R&D	$935,000	Allowed	

[31] D.95-11-035, 1995 Cal. PUC LEXIS 978, at *122

[32] *Ibid* at 123

Subtotal SoCalGas	Requested $2,035,000	Allowed $2,035,000	Disallowed
SDG&E			
NGV customer information program	$450,000	Allowed	
EV customer information program	$439,000	Allowed	
Subtotal SDG&E	Requested $889,000	Allowed $889,000	Disallowed 0
Total SoCalGas / SDG&E	$2,924,000	$2,924,000	

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
Customer Education				
XI. LEV Vehicle Safety and Infrastructure Training	Fueling, Vehicle, and Infrastructure Safety training for PG&E employees as well as outside fleet operators and individuals	$0.496	Allowed	

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
XII. LEV Technology and Infrastructure Introduction; Regulatory Requirements and Funding Availability Education; Emissions Benefits; and Industry Participation	Matching technology with PG&E fleet requirements; participating on LEV industry boards to ensure coordination and non-duplication of efforts; sharing "learnings" with customers	$1.799	Allowed	
XIII. PG&E Tariff Availability and Eligibility; and Inter-connection Services	Answer customer inquiries regarding applicable LEV-related gas and electric tariffs, including use of off-peak electric rates to minimize peak	$0.340	Allowed	
Customer Education Subtotal		**Requested $2.635**	**Allowed $2.635**	**Disallowed $0**
RD&D				

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
XIV. Small Scale Natural Gas Liquefier Demonstra-tion	Demonstrate INEEL technology to test its ability to safely deliver low-cost liquefied natural gas to PG&E fleet to reduce fleet operation costs. LNG may also be provided, under an experimental rate, to other customers; also, evaluate use of LNG to help reduce gas distribution system costs	$0.624	Allowed	
XV. Small Specialty EV Charging Architecture Development	Support development of common, global charging systems for on-road and off-road EVs	$0.184	Allowed	

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
XVI. Fuel Cell Vehicle Station Demonstration	Provide support for a natural gas-to-hydrogen reformer demonstration by the CA fuel cell partnership to ensure safety and understand utility-specific system impacts and load management implications for the future	$0.540	Allowed	
RD&D Subtotal		**Requested $1.348**	**Allowed $1.348**	**Disallowed**
Technology Application Assessment				
XVII. Distribution System Load Impact Assessments	Evaluate EV and NGV load additions to minimize costs to distribution system	$0.550	Allowed	
XVIII. Safety Codes and Standards Support	Minimize utility compliance costs and protect utility and customer interests as EV and NGV codes and standards are developed	$0.089	Allowed	

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
XIX. LEV Performance Assessments	Determine actual field performance of LEV technology in PG&E fleet applications to ensure safety and to lower fleet costs; share "learnings" with customers	$0.299	Allowed	
XX. Participate in Others' LEV Demonstra-tions	Gather LEV related performance knowledge through project cost-sharing, to reduce PG&E fleet	$0.105	Allowed	
Technology Application Assessment Subtotal		**Requested $1.043**	**Allowed $1.043**	**Disallowed $0**
TOTAL		**Requested $5.026**	**Allowed $5.026**	**Disallowed**

SCE					
Activities Related To:	**Utility Role**	**Ratepayer Benefit**	**Budget**	**Allowed/ Disallowed**	**If Disallowed, Reason**
Emergency response to Evs	SCE primary source of EV safety information concerning issues related to utility operations.	Safety awareness and emergency preparedness.	$27,342	Allowed	
Information Network.	Source for information on utility EV programs including time-of-use rates, etc.	Customer information source for EV load manage-ment in-formation, safety hook-ups, etc.	$45,540	Allowed	
EV Loan program	Collects EV use profile data and assists in designing load management.	Load manage-ment, time-of-use, etc.	$36,432	Allowed	
Customer Outreach	Disseminate information to customers and public about EV fleets, rates, load management, etc.	Customer information sources for utility EV load management, safety, energy efficiency, etc.	$72,864	Allowed	
TOTAL			$182,160		

D. Other Issues

1. Change in Funding Source

SCGC urges us to change the funding source for natural gas LEV programs from the dedicated funds collected from ratepayers and accounted for in a one-way balancing account, to the Natural Gas Surcharge, a public goods charge embodied in Pub. Util. Code § 890. That statute, enacted in 2000, provides, in relevant part, for a ratepayer surcharge to fund "cost-effective energy efficiency and conservation activities and pubic interest research and development authorized by Section 740 not adequately provided by the competitive and regulated markets." SCGC claims that LEV programs in part fit the "public interest research and development authorized by Section 740" category.

SCGC may be correct that such programs meet the statutory standard, which provides essentially for R&D that "provides a reasonable probability of providing benefits to ratepayers" and supports objectives such as environmental improvement, public and employee safety and conservation.[33] ORA, for example, claims that IOU RD&D related to LEVs should be paid for out of existing RD&D funding derived from charges for public purpose programs. (ORA also asks us to discontinue funding for consumer information, and education and training activities related to commercially available LEV products and services.)

[33] Pub. Util. Code § 740.1(a) & (e)(1), (2) & (3).

It is no coincidence that SCGC's members do not currently pay the § 90 Natural Gas Surcharge, and would benefit financially if we were to change the funding source for RD&D LEV funding. We do not believe the statute requires us to make this change, however, or that we are precluded from funding LEV-related RD&D from sources other than Public Purpose Program funding.

2. Utility Proposals to Incorporate LEV Programs into Other Proceedings

The IOUs generally favor abolishing separate review of LEV programs in proceedings such as this one, and support moving up-front review of funding to their respective GRCs or cost-of-service proceedings. While we have moved the mandatory aspects of their LEV programs to the GRCs, we do not believe that we should consider the discretionary LEV programs in that forum. PG&E justifies its request on the ground that its programs have developed and grown more integrally related to PG&E's traditional utility functions.[34]

However, we never intended ratepayer-funded LEV programs to be permanent or become part of the IOUs' entrenched operations:

> [O]ur intent at the time we issued the current authorization was to fund the utilities' programs for a set period of time *with the expectation that at some point further subsidization of the LEV market by utility ratepayers would not be warranted.* As stated in Findings of Fact No. 3 in D.93-07-054, "It is not clear how long a utility presence is needed to provide a bridge to a sustainable competitive market for LEVs."[35]

---

[34] PG&E Opening Brief at 2.

[35] Resolution G-3322, Jan. 23, 2002, at 9, available at http://www.cpuc.ca.gov/PUBLISHED/FINAL_RESOLUTION/12757.htm (emphasis added).

Indeed, SoCalGas and SDG&E recognized that ratepayer funding was not a guarantee:

> "We do not believe the utility's role needs to be ratepayer funded up to the full point of sustainability…."[36]

We decline to move LEV discretionary funding into the IOUs' GRCs or cost of service proceedings.

3 Reporting Requirements

Commencing one year from the effective date of this decision, and continuing every year thereafter, the IOUs shall file and serve the IOU Low Emission Vehicle (LEV) Programs Report, attached hereto as Appendix A, covering the previous yearly period of program activity. The Annual Report requires that the IOUs identify how each program activity relates to safety, reliability or less costly gas or electric service, report on how many people were served, submit program materials, and otherwise establish that they are meeting the requirements of D.95-11-035 and this decision.

4 Future Consideration of Discretionary LEV Programs

While we are mindful of the importance of LEV programs and the utilities' involvement in them, we have previously stated that these programs will not be funded by the utilities indefinitely. At this time, it is not clear where the market for LEVs is going. Further, it is not clear if this market will ever be sustainable. The closest answer we have from this proceeding is that the market is developing. What is also clear from this proceeding is that the exact standard

[36] *SoCalGas/SDG&E Application* at 52.

that must be met for approval of these programs is not as clear as it could be, but also, there potentially needs to be a far better showing on the part of the utilities that details how their programs are changing in response to the developing market. It is educational to understand their programs, but they must also show how dynamic these programs are as well. This is not to say that no one filed compelling evidence. To the contrary, some parties put a great deal of time and effort into their filings.

We would like the parties, and any other interested stakeholders, to work together to come up with specific criteria that will be used to judge whether LEV programs should receive continued funding in the future, while also addressing whether or not these programs should be included in the utility cost-of-service proceedings or whether they should be discontinued because they have been duplicated by market efforts. The forum for this shall be a workshop, hosted by the Energy Division, to be held no later than April 2004. The parties will then jointly file in this Docket any proposals resulting from this workshop (or workshops if necessary). The assigned ALJ should then establish, through ruling, a schedule for comments and reply comments and any other record development, as needed. Any criteria that is agreed upon by the parties should be in accordance with PU Code §§ 740.8 and 451, should also include requirements for the inclusion of cost data on how funding for these programs was spent, and should also adhere to the specific items raised by Commission Resolution G-3322. If this information is already covered in the reporting requirements imposed upon the utilities, reference to the specific reporting requirement should be made.

The workshops are required because there seems to be a lack of clarity on behalf of the parties with respect to what they need to prove in order to have

funding extended in future applications. We anticipate responding to the workshop proposal by developing guidelines that would apply when the utilities apply for funding for the next round of discretionary LEV programs. This procedure will help facilitate the coordination envisioned in PU Code § 740.3. (a)[37]

5. One-Way Balancing Accounts

In their applications, the utilities asked for a relaxation of the current one-way balancing account treatment for LEV programs. That request is denied and the utilities are directed to maintain current accounting practices for all LEV programs.

Comments on Alternate Decision

The Alternate decision of Commissioner Kennedy in this matter was mailed to the parties in accordance with Section 311(d) of the Public Utilities Code and Rule 77.1 of the Rules of Practice and Procedure. Comments were filed on October 9, 2003, by Sempra, PG&E, Clean Energy and the Environmental Coalition and reply comments were filed on October 14, 2003. Comments of the parties were generally accepted and have been incoporated herein.

[37] The commission, in cooperation with the State Energy Conservation and Development Commission, the State Air Resources Board, air quality management districts and air pollution control districts, regulated electrical and gas corporations, and the motor vehicle industry, shall evaluate and implement policies to promote the development of equipment and infrastructure needed to facilitate the use of electric power and natural gas to fuel low-emission vehicles

Assignment of Proceeding

Carl Wood is the Assigned Commissioner and Myra Prestidge is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The market for LEVs is developing.

2. The IOUs have the following fueling stations for LEVs, only a subset of which are public access stations:

- SoCalGas has 20 or 21 NGV fueling stations. Fourteen are open to the public. SDG&E has 3 fueling stations.
- PG&E has 22 NGV fueling stations.
- SCE has no NGV fueling stations since it is an electricity-only utility.

3. The INEEL project, in which PG&E and SoCalGas have participated (and PG&E proposes to participate in the future), is aimed at developing a liquefied natural gas product consistent with prior CPUC LEV decisions and RD&D guidelines.

4. PG&E has already spent between $1.6 and $2.1 million on the INEEL project to date, and SoCalGas has spent approximately $1 million on the project.

5. PG&E conducted two marketing studies related to LNG.

6. Several witnesses associated with government and nonprofit LEV programs provided evidence on the need for utility involvement in LEV programs to meet statutory requirements and other state policy goals.

7. While the bulk of the IOUs' customer education function involves maintaining customer service staffs to field contacts from potential fleet purchasers, all ratepayers benefit from the system safety and reliability information that is conveyed to potential LEV users.

8. Potential purchasers of LEV fleet vehicles include school bus operators, transit districts, government entities, garbage companies, shared ride shuttle operators, utilities and taxicab companies who generally are acting in response to statutory or air quality management district requirements

9. The IOUs' customer service staffs, among other things, tell potential fleet purchasers or fleet owners of the utilities' experience with their own fleets, furnish callers lists of LEV-related vendors and written information on new products, and provide free grant-writing assistance to third parties seeking to obtain grants and other incentives for LEV purchases. This customer service function involves gathering literature about LEVs, maintaining websites, attending trade shows and conferences, participation in industry boards and committees, and fielding customer inquiries.

10. No party introduced evidence that it had polled other obvious sources of LEV information such as automakers to determine if it is correct that IOUs are usually the first point of contact for anyone considering investing in LEVs.

11. It is in the ratepayers' interest to authorize the utilities to continue assuming the responsibility of training users at the CNG stations to ensure a safe and reliable natural gas pipeline system.

12. Although the entire natural gas fueling training exercise appears to be currently limited to educating a small number of public users at a small number of unattended fueling stations, the training exercises will grow due to increased participation in the natural gas LEV program.

13. CALSTART and SoCalGas acknowledged that natural gas fueling is now safe.

14. The impact of LEVs on the utilites' electric grid is expected to increase from current levels, especially due to growth in non-road electric vehicles.

15. Many of the IOU funding requests contain sufficient justification based on the § 740.8 requirements of safer, more reliable or less costly gas or electric service.

16. The CEC urges this Commission to consider non-IOU-ratepayer sources for funding LEV programs, including public-private partnerships.

17. SCGC's members do not currently pay the § 890 Natural Gas Surcharge.

Conclusions of Law

1. Pub. Util. Code § 740.3 *et seq.* prohibits the Commission from passing funding for LEV programs through to ratepayers unless the programs are in the ratepayers' interest.

2. In 1999, the Legislature amended Pub. Util. Code § 740.8 to provide that "interests of ratepayers, short- or long-term, mean direct benefits that are specific to ratepayers in the form of *safer, more reliable, or less costly gas or electrical service.*

3. In relevant part, PU Code §451 states that, "Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities…as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

4. Ratepayers should not fund IOU LEV programs unless such programs meet the requirements set forth in PU Code §§740.8 and 451

5. The IOUs bear the burden of proving that we should continue to fund their programs. To the extent they cannot prove that their ratepayer-funded LEV programs provide ratepayer benefits, the Commission has the discretion to disallow the funding.

6. We extend the funding for the utilities' LEV programs, but this funding will sunset at the end of 2005.

7. Utilities' LEV programs may not unfairly compete with nonutility enterprises or interfere with the development of a competitive market.

8. D.95-11-035 and D.98-12-098 made clear that ratepayer funding of LEV programs would not continue indefinitely.

9. D.02-12-056 made clear that we would be considering only "discretionary" LEV program activities, such as customer service, training, research and development and other "non-mandatory" LEV programs, in this proceeding. This decision acts only on the IOUs' discretionary funding requests.

10. D.02-12-056 provided that we would review "mandatory" LEV program activities in each utility's GRC or cost-of-service proceeding. "Mandatory" LEV activities involve the acquisition of alternative fuel use fleet vehicles pursuant to federal law, operation and maintenance costs associated with use of alternative fuel use fleet vehicles and associated infrastructure, infrastructure (fueling facilities and related equipment) needed to support alternative fuel use fleet vehicles, employee training and instruction necessary for the use of alternative fuel use fleet vehicles, and accounting for the costs of these mandatory activities. These activities are outside the scope of this decision.

11. The use of ratepayer funds to educate customers on how to fuel and charge their vehicles safely meets the requirement that LEV funding enhance customer safety.

12. While Pub. Util. Code § 890 Public Purpose Program surcharge revenue may be an appropriate funding source for IOU RD&D programs, we should deny SCGC's and ORA's request to shift funding to this source given that we are only extending the IOU programs till the end of 2005.

13. We should deny the IOUs' request to incorporate discretionary LEV funding into their GRCs or cost-of-service proceedings ordering workshops to

help shape how future consideration of LEV programs will be handled is consistent with PU Code § 740.3. (a)

14. The utilities shall maintain current accounting practices for LEV programs.

O R D E R

IT IS ORDERED that:

1. We grant the applications by Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Pacific Gas and Electric Company (PG&E) (collectively, utilities or IOUs) for funding for the discretionary aspects of their Low Emission Vehicle (LEV) programs as set forth below.

SoCalGas			
Item	**Requested Funding (annual)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
Customer information, education and training	$1,100,000	Allowed	
NGV R&D	$935,000	Allowed	
Subtotal SoCalGas	Requested $2,035,000	Allowed $2,035,000	Disallowed $0
SDG&E			
NGV customer information program	$450,000	Allowed	
EV customer information program	$439,000	Allowed	

	Requested	Allowed	Disallowed
Subtotal SDG&E	$889,000	$889,000	0
Total SoCalGas/SDG&E	$2,924,000	$2,924,000	$0

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
Customer Education				
XXI. LEV Vehicle Safety and Infrastructure Training	Fueling, Vehicle, and Infrastructure Safety training for PG&E employees as well as outside fleet operators and individuals	$0.496	Allowed	
XXII. LEV Technology and Infrastructure Introduction; Regulatory Requirements and Funding Availability Education; Emissions Benefits; and Industry Participation	Matching technology with PG&E fleet requirements; participating on LEV industry boards to ensure coordination and non-duplication of efforts; sharing "learnings" with customers	$1.799	Allowed	

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
XXIII. PG&E Tariff Availability and Eligibility; and Inter-connection Services	Answer customer inquiries regarding applicable LEV-related gas and electric tariffs, including use of off-peak electric rates to minimize peak	$0.340	Allowed	
Customer Education Subtotal		**Requested $2.635**	**Allowed $2.635**	**Disallowed $0**
RD&D				
XXIV. Small Scale Natural Gas Liquefier Demonstra-tion	Demonstrate INEEL technology to test its ability to safely deliver low-cost liquefied natural gas to PG&E fleet to reduce fleet operation costs. LNG may also be provided, under an experimental rate, to other customers; also, evaluate use of LNG to help reduce gas distribution system costs	$0.624	Allowed	

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
XXV. Small Specialty EV Charging Architecture Development	Support development of common, global charging systems for on-road and off-road Evs	$0.184	Allowed	
XXVI. Fuel Cell Vehicle Station Demonstra-tion	Provide support for a natural gas-to-hydrogen reformer demonstration by the CA fuel cell partnership to ensure safety and understand utility-specific system impacts and load management implications for the future	$0.540	Allowed	
RD&D Subtotal		**Requested $1.348**	**Allowed $1.348**	**Disallowed $0**
Technology Application Assessment				
XXVII. Distribution System Load Impact Assessments	Evaluate EV and NGV load additions to minimize costs to distribution system	$0.550	Allowed	

PG&E				
Program Activities	**Program Description**	**$ (Million)**	**Allowed/ Disallowed**	**If Disallowed, Reason**
XXVIII. Safety Codes and Standards Support	Minimize utility compliance costs and protect utility and customer interests as EV and NGV codes and standards are developed	$0.089	Allowed	
XXIX. LEV Performance Assessments	Determine actual field performance of LEV technology in PG&E fleet applications to ensure safety and to lower fleet costs; share "learnings" with customers	$0.299	Allowed	
XXX. Participate in Others' LEV Demonstra-tions	Gather LEV related performance knowledge through project cost-sharing, to reduce PG&E fleet	$0.105	Allowed	
Technology Application Assessment Subtotal		**Requested $1.043**	**Allowed $1.043**	**Disallowed $0**
TOTAL		**Requested $5.026**	**Allowed $5.026**	**Disallowed $0**

SCE					
Activities Related To:	**Utility Role**	**Ratepayer Benefit**	**Budget**	**Allowed/ Disallowed**	**If Disallowed, Reason**
Emergency response to Evs	SCE primary source of EV safety information concerning issues related to utility operations.	Safety awareness and emergency preparedness.	$27,342	Allowed	
Information Network.	Source for information on utility EV programs including time-of-use rates, etc.	Customer information source for EV load manage-ment in-formation, safety hook-ups, etc.	$45,540	Allowed	
EV Loan program	Collects EV use profile data and assists in designing load management.	Load manage-ment, time-of-use, etc.	$36,432	Allowed	
Customer Outreach	Disseminate information to customers and public about EV fleets, rates, load management, etc.	Customer information sources for utility EV load management, safety, energy efficiency, etc.	$72,864	Allowed	
TOTAL			$182,160		

2. For each approved IOU program, we extend funding to the end of 2005.

3. Commencing one year from the effective date of this decision, and continuing every year thereafter, the IOUs shall file and serve the IOU Low Emission Vehicle (LEV) Programs Report, attached hereto as Appendix A, covering the previous yearly period of program activity. The Annual Report requires that the IOUs identify how each program activity relates to safety, reliability or less costly gas or electric service, report on how many people were served, submit program materials, and otherwise establish that they are meeting the requirements of D.95-11-035 and this decision. To the extent the IOUs have included requests for mandatory funding in their applications – even interim funding pending the outcome of their general rate cases (GRCs) or cost-of-service proceedings – we do not act on them here. They must seek interim funding in those other proceedings.

4. We deny the request of the Southern California Generation Coalition (SCGC) and the Office of Ratepayer Advocates (ORA) to shift funding for LEV research and development (RD&D) to Pub. Util. Code § 890 public purpose surcharge funding.

5. All interested parties are directed to meet and confer in a workshop forum hosted by the Commission's Energy Division for the purposes of proposing standards to be used during any future utility discretionary LEV funding proceedings. The details of such a workshop are discussed herein.

6. This proceeding is closed

This order is effective today.

Dated October 30, 2003, at San Francisco, California.

MICHAEL R. PEEVEY
President

CARL W. WOOD
SUSAN P. KENNEDY
Commissioners

I dissent.

LORETTA M. LYNCH
Commissioner

I dissent.

GEOFFREY F. BROWN
Commissioner

STATE OF CALIFORNIA GRAY DAVIS, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

IOU Low Emission Vehicle (LEV) Programs
Annual Reports Narrative Template

How and To Whom to Submit Annual Reports

- **To the CPUC Energy Division:** You must send both hard copies and electronic submittal

  - **Hard Copies to CPUC:**

    - 3 printed copies (at least one unbound) of the Annual Report Narrative and the Annual Report Workbook (You need only print areas with cells containing data)

    - **Attachments:** 2 copies of all materials and sample forms used in the program

    - Send hard copies and attachments to:
      Energy Division Director
      California Public Utilities Commission
      505 Van Ness Avenue, 4th Floor
      San Francisco, CA 94102

- **To the Service List (e-mail only)**

You should download and use the current service list each time you serve. The current list is available at http://www.cpuc.ca.gov/published/service_lists/A0203047_39807.htm

- ***Notification of Availability*** of your Annual Report.
  - Your e-mail notification subject heading should follow the naming convention described below:
    - Low Emission Vehicle Annual Report [program implementer name] [year covered by report].
  - Your e-mail notification body should contain the following
    - Description of what is being made available
    - Instructions on how to obtain the annual report electronically or by mail.
    - URL or Hyperlink to the section of your webpage where the report is posted.

IOU Low Emission Vehicle (LEV) Programs
Annual Reports Narrative Template

Program Implementer Name:	
Year:	
Period Covered by this Report:	

Section I. Program Overview

Provide a brief description of LEV program activities for the year (one or two paragraphs)

Section II. Program Summary Data

Provide a list or table that summarizes program budget, expenditures, goals and achievements by end of reporting period. The list or table should include the following, as applicable:

1. Program Expenditures

- Total program budget and total expenditures by end of reporting period (actual and committed displayed separately and totaled)

2. Safety Related Expenditures

For each safety related activity, provide the following data:

- A description of each activity (subject matter, delivery method, material **provided**, how it relates to safety, etc.)
- Number and description of persons (*e.g.*, fleet customer, residential customer, **noncore** customer, etc.) to whom safety information delivered
- Number of staff persons involved in each **activity** and time spent on each
- To the **Energy Division** care **of Energy Division Director** submit two copies of all **material**, including but not limited to safety instructions, flyers,

brochures, posters, program announcements, newsletters, website posting, websites, etc. (**NOTE:** Websites and website postings need not be printed and sent to ED, but please provide list of URLs and brief description of each website and web posting)

- Quantity produced of each piece of **material**

- Method(s) of distribution and approximate **quantities** distributed by each method

- Expenditures on each activity and totaled

3. Reliability Related Expenditures

For each reliability related activity, provide the following data:

- A description of each activity (**subject** matter, description of how activity relates to reliability of electric or gas system, materials developed or obtained, etc.)

- Number of staff persons involved in each activity and time spent on each

- To the **Energy Division** care of **Energy Division Director** submit two copies of all materials developed or **obtained**, including but not limited to studies or analyses of impact of new LEV technology on load, grid or reliability

- Expenditures on each **activity** and totaled

4. Expenditures for Activity Leading to Less Costly Gas or Electric Service

For each activity that will lead to less costly gas or electric service, provide the following data:

- A description of each activity (subject matter, delivery method, material provided, how it will lead to less costly gas or electric service, etc.)

- Number of staff persons involved in each activity and time spent on each

- To the **Energy Division** care of **Energy Division Director** submit two copies of all materials developed or obtained, including but not limited to studies or analyses of how program activity will reduce rates

- Expenditures on each activity and totaled

5. Other Expenditures

- A description of accomplishments not captured within the foregoing section and how they relate to safer, more reliable, or less costly gas or electrical service.

- A description of each activity (subject matter, delivery method, material provided, how it will accomplish Commission-articulated goals for ratepayer-funded IOU LEV programs, etc.)

- Number of staff persons involved in each activity and time spent on each

- To the **Energy Division** care of **Energy Division Director** submit two copies of all materials developed or obtained, including but not limited to studies or analyses of how program activity will accomplish Commission-articulated goals for ratepayer-funded LEV programs, etc.

- Expenditures on each activity and totaled

Section III. Additional Items

Please use this section to report issues, information and data not included in the main body of the report, but deemed relevant and important by the program implementer. You may organize this section as you see fit.