

PACIFIC GAS AND ELECTRIC COMPANY
General Rate Case 2011 Phase I
Application 09-12-020
Data Response

PG&E Data Request No.:	DRA_240-01		
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Date Sent:	April 12, 2010	Requesting Party:	DRA
PG&E Witness:	David Meisel	Requester:	Sophie Chia

SUBJECT: KNOWLEDGE MANAGEMENT

QUESTION 1

In response to DR-DRA-047, Question 10(e), PG&E responded “PG&E had 1952 units that fell under Group 2, of which 1076 still require replacement.” Please explain in detail how the 876 vehicles that do not require replacement comply with the On-Road Heavy-Duty Diesel ATCM (i.e., installation of a retrofit kit, etc.).

ANSWER 1

For the ARB to monitor compliance with the Public Agency and Utilities On-Road regulation, they established a baseline. The baseline was determined by taking a snapshot of all Group 2 vehicles in PG&E’s possession on January 1, 2007. At that time, PG&E had 1952 units that qualified as Group 2 units.

The methods for establishing compliance to the PM rule are:

1. Being already compliant with the regulation,
2. Retrofit the unit,
3. Replace with a new vehicle (2007 or newer) and retire the old unit,
4. Retire a unit with no replacement.

Consistent with these compliance methods, PG&E achieved compliance in following ways:

(1) PG&E had 33 units that were CNG and were already in compliance. These units were replaced with natural gas units in earlier years to help meet EPA Act but are considered Group 2 vehicles.

(2) PG&E also retrofitted 100 units in 2005/2006 with level 1 kits. Of these 100 units, 91 remain in service today.

(3) and (4) As PG&E described in its testimony, PG&E began a series of initiatives in 2005 to reduce fleet (see Exhibit 7, Chapter 3, page 3-6, line 11). Any units removed from the fleet that were Group 2 units after January 1, 2007 would count towards meeting the compliance target.

The table below lists where how the 876 units met compliance with the PM rule.

Table 1 - Group 2 Units

	Units
Group 2 Population	1952
Units Meeting PM	
Alternative Fueled	33
Retrofitted Units (Level 1)	91*
Trucks Retired	752
Total Units	876
Remaining Units	1076

*Initially 100 units were done, however 9 have been sold and are now counted in the retired category.

The 752 units retired are a combination of units that were replaced and units retired without replacement. All those replaced would be 2007 or newer.

Please note that there are two rules PG&E has to comply with: the PM rule, and the NOX standard rule. Under the PM rule, all 1952 Group 2 units have to be 2007 PM compliant by one of the methods listed above. In addition, under the NOX standard rule, 30% of all On-Road (Group1, Group2, and Group3 combined) vehicles must meet the 2010 NOx standard, and 25% must meet the 2007 NOx standard, in addition to meeting PM.

PG&E is only required to have 30% of its fleet 2010 or newer to meet NOx, roughly 1042 units.

Table 2. Total Vehicles subject to the 30% NOx requirement by 2010.

GROUP	Engine Model-year (MY)	June 2009 total fleet vehicles
1	1960-1987	54
2	1988-2002	1952
3	2003-2006	1120
		3126

The rest would have to be 2007 or newer or retrofitted to meet the 2007 standard for both PM and NOx. However, anything retrofitted to the 2007 standard would in addition have to be replaced later. Given how close the vehicles are to replacement anyway, retrofitting in almost all cases would cost more overall, provided kits were available.

Please see the NPV study provided in the workpapers, Exhibit 7, Chapter 3, page 3-189.

The regulation does not favor retrofits or replacement. The regulation was constructed in such a fashion that it allows companies the flexibility to decide which option is best for each individual operation. Those decisions are based on overall cost to the organization and much of that depends on the age of the vehicle (how close it is to retirement), availability of kits, and the application and use of the equipment.