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August 6, 2002

Advice No. 3178
(U 904 G)

Public Utilities Commission of the State of California

Subject: Credit Card Payment for Natural Gas Vehicle Fuel

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) this request for approval to offer pay at the pump credit card payment and nationally recognized fleet card payment as the only forms of payment for natural gas vehicle (NGV) fuel at all SoCalGas public access stations.

Purpose

The purpose of this filing is to seek approval to implement the payment for NGV fuel by credit or fleet card rather than by the proprietary card, which SoCalGas now issues.

Background

SoCalGas NGV public access fueling stations are not attended. Currently, customers use an encrypted plastic card to insert into a card reader at the NGV fueling station to receive natural gas. The encrypted card is a proprietary card, which is provided by SoCalGas to NGV customers to fuel at the Company's public access fueling stations. At the beginning of the NGV program, the proprietary card was the only method of payment, which was available to the NGV industry. The major credit card industry was not receptive to doing business with the NGV industry at that time because of the small amount of business it perceived would be generated and also because the industry was new and without a clear public interest.

The NGV industry has grown significantly since then, both in throughput and in public interest and use. Over 13,000 NGV vehicles operate within the SoCalGas service territory with more than 600 fuel transactions daily at SoCalGas sites. This amount of growth and activity make it very appealing for credit card processing companies to offer competitive rates to consumers. This opportunity to offer our customers credit and fleet card payments is expected to reduce cost, and improve customer service. Customers will only need to carry a single card to fuel rather than the multiple cards they now carry to fuel at different NGV stations within the service territory.

Information

SoCalGas proposes to implement the exclusive use of major credit and fleet cards as the form of payment for all NGV users who wish to fuel at SoCalGas NGV public access fueling stations. Credit and fleet card payments will be made available through a duly authorized independent service provider.

All major CNG station operators in the SoCalGas service territory are converting their stations to accept all major credit and fleet cards. This change is expected to be completed by the end of 2002. SoCalGas will offer the same payment options at all its stations. Payment by major credit and fleet cards will allow NGV owners to access the network of fueling stations with the card(s) they prefer, rather than unique proprietary cards.

Providing for major credit cards as the method of payment will reduce the collection obligations SoCalGas now has by issuing the current proprietary cards and billing customers.

Credit Card Service Provider

SoCalGas has reviewed price schedules and information from several credit card service processors, and will select the service that provides the best balance of experience, transaction fees, consumer protection and satisfaction, and the easiest implementation process.

SoCalGas will require that the authorized card payment processor employ stringent consumer protections. These protections will ensure that the consumers are well informed about the service they are using, protected from fraud, and have adequate access to customer service support, and can be secure in the knowledge that their customer information is being kept strictly confidential.

Customer Education

Customers will enjoy the same ease of use with their credit card as they are already accustomed to with the SoCalGas proprietary card. The credit and fleet cards will be inserted into an automated card reader similar to the one which currently reads the proprietary fueling card and which is similar to other automated

card insert machines. The credit card usage will be similar to that at a regular gasoline station. The card purchase will be authorized before the transaction is processed.

Prior to a card authorization, each new customer will view at the dispenser, a short safety training video the first time that they insert their credit card into the card reader. Once they go through the training, the computer will randomly provide the card holder a two-digit pin number to be used with the credit or fleet card when fuel is being purchased. The pin allows only the legal owner of the card to purchase fuel, as it requires the pin and card combination to complete a transaction. The price that each customer will pay for fuel will be clearly posted on the dispenser, similar to the current requirement. The credit card fuel purchase will be transparent to the customer as it will appear on their credit card bill similar to other credit card charges.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division - IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (jjr@cpuc.ca.gov) and Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
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Effective Date

It is requested that the tariff sheets filed herein be made effective September 15, 2002, which is not less than forty (40) days regular statutory notice.

Notice

In accordance with Section III.G of General Order No. 96-A, a copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in A02-03-047, SoCalGas and SDG&E application for authority to continue funding of LEV Programs.

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Attachments

ATTACHMENT A

Advice No. 3178

(See Attached Service Lists)

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