



By Electronic Mail and Hand Delivery

October 28, 2008

Mr. James Goldstene  
Executive Officer  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Dear Mr. Goldstene:

The California investor-owned utilities would like to extend our thanks to you and your staff for your willingness to address our concerns about the on-road heavy duty diesel regulations. We believe that the final agreement that was reached with your staff, reflected in appendices A and B of the Staff Report released on October 24<sup>th</sup>, is win-win solution that has substantial environmental benefits, while mitigating the costs to our customers.

**The New Proposal Harmonizes the Public-Agencies and Utilities Rule with the Statewide Truck and Bus Rule**

Utilities will be able to meet future PM requirements of the public agencies and utilities rule with 2010 or newer low-NOx engines. These engines will also comply with the statewide truck and bus rule, thereby eliminating many costly and inefficient "double turnovers."

**The New Proposal Recognizes Permanent NOx and PM Reductions from Engine Replacements**

The current regulations now recognize the NOx advantages of early turnover to 2007 and later engines in lieu of PM retrofits, and grant some credit to utilities that have over complied with the public agencies and utilities rule.

**The New Proposal Benefits California's Air Quality**

The current regulations reflect the utilities' intent to use low-NOx engines to comply with the public agencies and utilities rule. This will reduce NOx emissions much more quickly than the previously proposed regulation, and still meet the aggressive SIP deadlines for direct particulate matter (PM<sub>10</sub>) emissions. The utilities believe hundreds of tons in additional NOx reductions will be

achieved by the current proposal, and we look forward to seeing the Air Resources Board's final evaluation.

We appreciate the efforts of you and your staff. The unprecedented actions currently undertaken, through the number and scope of new regulations, demonstrate the administration's global leadership on this very important issue. We will continue to work with CARB to analyze potential rules and offer feedback or data that may be helpful in the process. In the future, we hope to further streamline the process of regulations pertaining to fleets, operated by the same company, while continuing to maximize the environmental benefit. Please do not hesitate to contact us in the future if we can be of service.

Sincerely,

Mark Krausse, Pacific Gas and Electric Company

Mike Murray, Sempra Energy

Gary Schoonyan, Southern California Edison

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