
August 4, 2000

ADVICE 1477-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: **Gain on Sale Treatment on Sale of Electrical Metering and
Metering-Related Facilities In Accordance with Decision
00-05-008**

PURPOSE

In compliance with Decision 00-05-008 (D.00-05-008), Southern California Edison Company (SCE) hereby submits this advice filing, which contains accounting, cost and gain on sale information for the sale and transfer of certain electrical metering and metering-related facilities to the City of Anaheim. These facilities are six current transformers, six potential transformers, two disconnect switches, and two pull boxes.

BACKGROUND

On December 8, 1999, SCE submitted to the California Public Utilities Commission (Commission) an application for an order confirming that the Commission lacks jurisdiction under Section 851 to review transfers of purely Federal Energy Regulatory Commission (FERC) jurisdictional facilities or, in the alternative, for authorization to sell and convey certain electric transmission facilities to the City of Anaheim under Section 851 (Application). The facilities at issue in the Application are the subject of the SCE-Anaheim Interconnection Agreement, which was filed with FERC in Docket No. ER98-1036 and denominated FERC Rate Schedule 371. In the Application, SCE objected to the Commission asserting jurisdiction over the transfer of transmission facilities which are subject to the jurisdiction of the FERC. Only if the Commission refused to dismiss the Application for lack of jurisdiction, did SCE request authority under Section 851.

On May 4, 2000, the Commission issued D.00-05-008. D.00-05-008 purports to authorize the sale under Section 851 of metering and metering-related facilities to the City of Anaheim.¹ D.00-05-008 also concludes that in light of its approval of the transfer, “the jurisdictional issue is moot.”² As a condition of the Commission’s approval of SCE’s Section 851 Application, the Commission ordered SCE to file an advice letter containing information regarding gain on sale treatment of the transferred facilities with the Commission within 60 days of the completion of the sale.³

Contrary to the Commission’s holding that, by approving the transfer, the issue of whether it has jurisdiction to review transfers of FERC-jurisdictional facilities is moot, in fact, by purporting to grant authority under Section 851 and by ordering SCE to file an advice letter regarding the gain on sale treatment, the Commission asserted jurisdiction. Thus, the Commission implicitly determined that it is authorized to review transfers of purely FERC-jurisdictional facilities. SCE, therefore, filed an Application for Rehearing of the Commission’s D.00-05-008.

Nevertheless, but without waiving its right to assert subject-matter jurisdictional objections with respect to this or future transactions, SCE submits this advice letter in compliance with the Commission’s May 4, 2000 D.00-05-008. SCE submits this advice letter in light of the Commission’s assertion of jurisdiction in this proceeding and assertions in previous proceedings that review under Section 851 may be necessary even though the property at issue is purely FERC-jurisdictional.⁴

GAIN ON SALE TREATMENT

In D.00-05-008, the Commission ordered SCE to file an advice letter with the Commission within 60 days of the completion of the sale. The Commission stated that the letter should contain “a detailed accounting of the assets sold, cost information, and any proposed ratemaking adjustments for the gain on sale.”⁵

As explained at pages 4 and 5 of SCE’s FPA Section 203 submission to FERC, attached as Appendix A to SCE’s Application, the original cost of the facilities totaled \$380,898, the depreciated book value was estimated at \$298,210, and the sales price was set at \$350,000. SCE has updated the depreciated book value as of

¹ Decision 00-05-008, mimeo at 6, Ordering Paragraph No. 1.

² Id. at 5.

³ Id. at 4 & 6, Ordering Paragraph No. 2.

⁴ “Disposition of utility property may require both FERC approval under the FPA §203 and our approval under Pub. Util. Code §851.” Southern California Edison Co., D.99-10-066, mimeo at 6 & 9 (1999) (“Decision 99-10-066”). See also In re Pacific Gas & Electric Co., et al., D.98-01-053, mimeo at 10 (1998) (“In particular, moreover, we note that any future transfer of operational control of the transmission facilities *from* the ISO will, itself, be subject to review under PU Code Section 851, whether it is to the joint applicants or to some other party.”)

⁵ Decision 00-05-008, mimeo at 4 & 6, Ordering Paragraph No. 2.

the date of the sale (June 30, 2000) to be \$242,101. The gain on the sale is \$107,899, which is the difference between the sales price and the final depreciated book value of the facilities.

As the Commission recognized in its Decision 99-10-066 denying SCE's request for a declaratory order that Section 851 does not apply to transfers of purely FERC-jurisdictional facilities, FERC has exclusive jurisdiction over transmission rates.⁶ Accordingly, adjustment to rates to reflect the sale and gain on sale will be addressed at FERC in accordance with FERC's ratemaking policies.

No cost information is required for this advice filing.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

EFFECTIVE DATE

In compliance with D.00-05-008, this advice filing will become effective on the 40th calendar day after the date filed, which is September 13, 2000.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile or electronically, either of which must be received by SCE no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200
E-Mail: www@cpuc.ca.gov

Copies should also be sent to the attention of the Director, Energy Division, Room 4004 (same address above).

⁶ Decision 99-10-066, mimeo at 4 ("FERC asserted its exclusive jurisdiction only over the rates, terms, and conditions of such transmission transactions, in order to ensure open and non-discriminatory interstate transmission services"); *id.* at 9, Conclusion of Law No. 1 ("FERC jurisdiction over transmission rates does not deprive States of existing statutory authority.") See also Application of Pacific Gas & Electric Co., et al., D.97-11-073, 1997 Cal. PUC LEXIS 1089, *1 (1997) ("The Federal Energy Regulatory Commission has authority to set transmission rates."); In re RAP Application of San Diego Gas & Electric Co., et al., D. 99-06-058, 1999 Cal. PUC LEXIS 316, *49 (1999) (affirming that "FERC will have sole responsibility to set transmission revenue requirements").

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile, or electronically to the attention of:

Donald A. Fellows, Jr.
Manager of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue, Rm. 303
Rosemead, California 91770
Facsimile (626) 302-4829
E-Mail: fellowda@sce.com

Bruce C. Foster
Vice President of Regulatory Operations
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
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There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list. Address change requests to the attached GO 96-A service list should be directed to Emelyn Lawler at (626) 302-3985 or Emelyn.Lawler@sce.com.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters.

Southern California Edison Company

Donald A. Fellows, Jr.

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Enclosures

cc: Edward Aghjayan
Mark Frazee