

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298

APR 27 2004



REVENUE & TARIFFS DEPT.

Advice Letter: 1520-E/1520-E-A

April 22, 2004

Akbar Jazayeri
Director of Revenue and Tariffs
Southern California Edison Company
P O Box 800
Rosemead, CA 91770

Reference: Sale and transfer of additional equipment and computer hardware to Edison O & M Services

Dear Mr. Jazayeri:

Advice Letter 1520-E/1520-E-A is effective March 2, 1001. A copy of the advice letter is included herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clanon".

Paul Clanon, Director
Energy Division

October 12, 2001

ADVICE 1520-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: **Sale and Transfer of Additional Equipment, and Computer
Hardware to Edison O&M Services**

On March 2, 2001, Southern California Edison Company (SCE) filed Advice 1520-E notifying the California Public Utilities Commission (Commission) of the sale and transfer of certain tools, equipment, and computer hardware to its affiliate, Edison O&M Services (EO&MS). This transaction was in accordance with Commission Decision No. 00-07-047 (D. 00-07-047), Ordering Paragraph 6, issued on July 20, 2000. SCE hereby submits this supplemental notice to the Commission regarding the sale of certain tools, equipment, and computer hardware to EO&MS that were inadvertently not included in the list and valuation contained in Advice 1520-E.

PURPOSE

Advice 1520-E-A supplements in part Advice 1520-E. By this advice filing, SCE is submitting to the Commission a detailed list and accounting of certain additional utility assets that were inadvertently not included in the original list provided in Advice 1520-E. Pursuant to Ordering Paragraph 6 of D. 00-07-047, SCE was directed to file an advice letter with the Commission “within 60 days of the sale of the tools, equipment, and computer hardware containing a detailed accounting of the assets sold, cost information, and any proposed ratemaking adjustments.” In compliance with that Ordering Paragraph, SCE filed Advice 1520-E, dated March 2, 2001. However, unbeknownst to SCE at that time, certain assets that were intended to be included in its March 2, 2001 filing, were inadvertently not included in the list submitted to the Commission on that date.

In Attachment A to Advice 1520-E, SCE identified 36,390 specific assets that SCE had valued and transferred to EO&MS on January 1, 2001. Attachment A to this supplemental filing identifies an additional 222 specific assets that were transferred to EO&MS at the same time as those shown in Advice 1520-E, but were inadvertently not included in the asset list and market valuation contained therein. As discussed below, SCE proposes that the market valuation methodology and ratemaking treatment associated with these additional assets be the same as that proposed in Advice 1520-E.

BACKGROUND

On August 11, 1999, SCE filed Application No. 99-08-030 (A.99-08-030) pursuant to Public Utilities Code Section 851 requesting approval of its plan to move certain generation-related employees and assets from SCE to a new non-utility affiliate. SCE requested that the Commission grant it a limited exemption from certain Affiliate Transaction Rules. Among other requests, SCE sought authorization to transfer O&M-related tools, equipment, and computer hardware to Edison O&M Services at their independently appraised value rather than by an "open competitive bidding process" required by Affiliate Transaction Rule III.B.1.

Subsequently, a Joint Recommendation was filed by the Office of Ratepayer Advocates (ORA), the Coalition of California Utility Employees (CCUE), and SCE on December 13, 1999. The Joint Recommendation clarified and settled certain aspects of SCE's proposal and, among other things, recommended that "O&M-related tools, equipment, and computer hardware be transferred to Edison O&M Services at their independently-appraised value." On July 20, 2000, the Commission issued D. 00-07-047, approving the Joint Recommendation. Edison O&M Services began operations on January 1, 2001, and assets were transferred, and employees moved, from SCE to the affiliate on that date.

ASSET APPRAISAL AND TRANSFER

SCE utilized the same independent appraisal approach to value these assets as set forth in Advice 1520-E. PricewaterhouseCoopers and Marshall and Stevens completed their appraisal of these assets in late August 2001.

The Final Appraisal Reports were submitted to SCE on September 19, 2001. A summary of these assets valued at their Fair Market Value in Continued Use is shown in Attachment A and was computed to be \$227,057. Attachment B provides a listing, by asset class and location, of the additional transferred assets as shown on a cost basis on SCE's books. The net book value of these transferred assets is \$189,902.

A summary of the total assets included in Advice 1520-E and in this filing valued at their Fair Market Value in Continued Use is shown in Attachment C and was computed to be \$5,094,293.

PROPOSED RATEMAKING TREATMENT

In A. 99-08-030, SCE proposed that the difference between the appraised value and book value of the assets transferred to Edison O&M Services be recorded in the Transition Cost Balancing Account (TCBA). The Joint Recommendation in that Proceeding reiterated this ratemaking treatment, and it was adopted in D.00-07-047. Since the appraised value exceeds the book value of the transferred assets, SCE will credit the TCBA, or another ratemaking mechanism for an appropriate amount including income tax impacts. In its next Annual Transition Cost Proceeding (ATCP) filing, or another appropriate ratemaking proceeding, SCE will include workpapers supporting the amount credited.

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

This advice filing is made in compliance with D.00-07-047 and will become effective on the 40th calendar day after the date filed, which is November 21, 2001.

NOTICE

Anyone wishing to protest this advice filing may do so by sending a letter which must be received 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: jjr@cpuc.ca.gov

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

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

Akbar Jazayeri
Director of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue, Rm. 303
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: lawlerem@sce.com

Bruce Foster
Vice President of Regulatory Operations
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: fosterbc@sce.com

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 compliance with General Order No. 96-A, copies of this advice filing are being furnished to the attached service list, including Interested Parties in the OIR 97-04-011/OIR 97-04-012. Address change requests to the attached GO 96-A Service List should be directed to either Emelyn Lawler at (626) 302-3985 (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.

For questions, please contact Michael Unland at (626) 302-6638 (Michael.Unland@sce.com).

Southern California Edison Company

Akbar Jazayeri

Advice 1520-E-A: Attachment A

Summary of Appraisal of Additional SCE Assets Transferred to Edison Operation and Maintenance Services

Table 1
(Tools, Test Equipment and Lab Equipment)

Sub Section	Description of Assets	Quantity	Fair Market Value
A	Misc. hand tools (e.g. hammers, screw drivers, wrenches, pliers, crow bars, benders, pipe bevelers, clamps, crimpers, cutters, gloves, hoists, levels, ratchets, respirators, saws, shears, sockets, tape measures, vise grips)	1	\$263
B	Misc. electrical/pneumatic/hydraulic tools and equipment (e.g. drills, fans, gauges, grinders, paint guns, jacks, lights, meters, pumps, rheostats, sanders, saws, shears, vacuums, ventilators, heaters, hi-pressure washers)	6	\$713
E	Precision tools and testing equipment (e.g. electrical, mechanical)	31	\$101,660
F	Water and other chemical analysis equipment (e.g. balances, ion chromatographs, PH/conductivity meters)	1	\$225
J	Tool cabinets/carts/dollies	2	\$360
L	Instrumentation (e.g. transmitters, calibration instrumentation)	<u>147</u>	<u>\$82,163</u>
Total - Tools, Test Equipment and Lab Equipment		188	\$185,384

Table 2
(Computer Equipment and Related Hardware)

Sub Section	Description of Assets	Quantity	Fair Market Value
A	Desktop & Laptop computers (including monitors, docking stations, jazz/zip/cd drives, modems)	11	\$20,870
B	Printers	2	\$588
D	Fax machines	0	\$0
F	Cameras (digital, video, 35mm, infrared)	0	\$0
G	Audio visual equipment (e.g. overhead projectors, televisions, tape recorders)	1	\$63
H	Miscellaneous (e.g. calculators, palm pilots)	<u>4</u>	<u>\$600</u>
Total - Computing Equipment and Related Hardware		18	\$22,121

Advice 1520-E-A: Attachment A

Summary of Appraisal of Additional SCE Assets Transferred to Edison Operation and Maintenance Services

Table 3
(Vehicles)

Sub Section	Description of Assets	Quantity	Fair Market Value
A	Adjustment to Fair Market Value of 1 Vehicle Included in Advice 1520-E	<u>N/A</u>	<u>\$9,844</u>
	Total - Vehicles	0	\$9,844

Table 4
(Furniture and Office Equipment)

Sub Section	Description of Assets	Quantity	Fair Market Value
H	Misc. (e.g., stoves, coffe pots, ovens, refrigerators, shredders, typewriters, label machines, pictures,safes)	<u>2</u>	<u>\$2,100</u>
	Total - Furniture and Office Equipment	\$2	\$2,100

Advice 1520-E-A: Attachment A

Summary of Appraisal of Additional SCE Assets Transferred to Edison Operation and Maintenance Services

Table 5
(Telecommunications Equipment)

Sub Section	Description of Assets	Quantity	Fair Market Value
A	Telephones (e.g. cordless, cellular, 2-way radios)	<u>8</u>	<u>\$700</u>
	Total - Telecommunications Equipment	8	\$700

Table 6
(Standards & References, Procedures, and Training Materials)

Sub Section	Description of Assets	Quantity	Fair Market Value
A	None	<u>N/A</u>	<u>N/A</u>
	Total - Standards & References, Procedures, and Training Materials	0	\$0

Table 7
(Software)

Sub Section	Description of Assets	Quantity	Fair Market Value
A	Various in-house developed software and data contained in commercially available software (e.g., spreadsheets, spreadsheet models, databases, outage management, project management, training tracking and monitoring)	1	\$6,500
B	Consumer type software	<u>4</u>	<u>\$410</u>
	Total - Software	5	\$6,910

GRAND TOTAL - Tools, Computers, Software, Furniture, Office, Telecommunications, Test and Lab Equipment	<u>221</u>	<u>\$227,059</u>
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O&M SERVICES
CPR/PLANT DETAIL LEDGER
SUPPLEMENTAL BOOK TRANSFER AT 09/30/2001

LOCN	ACCT	ACCOUNT DESCRIPTION	CAP YEAR	CMP IND	COMP YEAR	QTY	ADDITION			RESERVE	NET BOOK VALUE
							DIRECTS	OVERHEADS	TOTAL		
9006	391200	Personal Computers	1997			0	40,000.00	-	40,000.00	39,428.96	571.04
9006	394594	Tools and Work Equipment	1989			0	3,657.10	-	3,657.10	3,657.10	-
9006	394594	Tools and Work Equipment	1990			0	408.08	-	408.08	408.08	-
9006	395595	Laboratory Equipment	1998			0	165,000.00	-	165,000.00	18,113.93	146,886.07
9006	395595	Laboratory Equipment	1999			0	45,339.50	-	45,339.50	2,894.85	42,444.65
							254,404.68		64,502.92		189,901.76
										Market Value	217,213.00
										Function 9817 Gain on Sale	\$ 27,311.24
										Adjustment to Market Value of 1 Transferred Vehicle	9,844.00
										Market Value Including Adjustment	227,057.00

Table 1
(Tools, Test Equipment and Lab Equipment)

Sub Section	Description of Assets	Quantity	Fair Market Value Continued Use
A	Misc. hand tools (e.g. hammers, screw drivers, wrenches, pliers, crow bars, benders, pipe bevelers, clamps, crimpers, cutters, gloves, hoists, levels, ratchets, respirators, saws, shears, sockets, tape measures, vise grips)	9,226	\$314,394
B	Misc. electrical/pneumatic/hydraulic tools and equipment (e.g. drills, fans, gauges, grinders, paint guns, jacks, lights, meters, pumps, rheostats, sanders, saws, shears, vacuums, ventilators, heaters, hi-pressure washers)	3,226	\$843,943
C	Miscellaneous machinery (e.g. mills, drill presses, buffers)	225	\$317,929
D	Rigging/skyclimber equipment	4,417	\$135,954
E	Precision tools and testing equipment (e.g. electrical, mechanical)	1,302	\$846,016
F	Water and other chemical analysis equipment (e.g. balances, ion chromatographs, PH/conductivity meters)	178	\$215,533
G	Misc. lab equipment (e.g. burners, beakers)	205	\$20,288
H	Metallurgical analysis equipment (e.g. metallograph, microscope, grinder)	18	\$25,785
I	Welding equipment (e.g. tanks, regulators, torch handles, welding rod heaters)	815	\$98,925
J	Tool cabinets/carts/dollies	711	\$60,243
K	Work benches/sawhorses/stands/ladders	289	\$131,912
L	Instrumentation (e.g. transmitters, calibration instrumentation)	309	\$152,430
M	Control Room and other simulator systems for training (e.g. CEMS, instrument, electrical)	451	\$390,605
	Total - Tools, Test Equipment and Lab Equipment	21,372	<u>\$3,553,957</u>

TABLE 2
(Computer Equipment and Related Hardware)

Sub Section	Description of Assets	Quantity	Fair Market Value Continued Use
A	Desktop & Laptop computers (including monitors, docking stations, jazz/zip/cd drives, modems)	640	\$337,507
B	Printers	139	\$39,581
C	Scanners	10	\$1,896
D	Fax machines	9	\$1,330
E	Copiers		

F	Cameras (digital, video, 35mm, infrared)	12	\$4,215
G	Audio visual equipment (e.g. overhead projectors, televisions, tape recorders)	81	\$64,373
H	Miscellaneous (e.g. calculators, palm pilots)	39	\$6,165
Total - Computing Equipment and Related Hardware		930	<u>\$455,067</u>

TABLE 3
(Vehicles)

Sub Section	Description of Assets	Quantity	Fair Market Value Continued Use
A	Trailers (w/tools and equipment, office)	12	\$77,550
B	Cars/vans/pickup trucks	19	\$287,303
C	Fork Lifts	5	\$40,100
Total - Vehicles		36	<u>\$404,953</u>

TABLE 4
(Furniture and Office Equipment)

Sub Section	Description of Assets	Quantity	Fair Market Value Continued Use
A	Desks/credenzas	82	\$29,556
B	Cubicles		
C	File Cabinets	268	\$39,890
D	Book Cases	15	\$1,315
E	Chairs	498	\$79,678
F	Tables	303	\$57,510
G	Whiteboards/bulletin boards	62	\$6,856
H	Misc. (e.g., stoves, coffe pots, ovens, refrigerators, shredders, typewriters, label machines, pictures,safes)	158	\$62,530
I	Storage racks and shelves	189	\$61,150
Total - Furniture and Office Equipment		1,575	<u>\$338,485</u>

TABLE 5
(Telecommunications Equipment)

Sub Section	Description of Assets	Quantity	Fair Market Value Continued Use
A	Telephones (e.g. cordless, cellular, 2-way radios)	365	\$22,268
B	Satellite/microwave communications devices	3	\$1,150
Total - Telecommunications Equipment		368	<u>\$23,418</u>

TABLE 6*(Standards & References, Procedures, and Training Materials)*

Sub Section	Description of Assets	Quantity	Fair Market Value Continued Use
A	Training course curriculum for safety, environmental, technical and advanced skills training (e.g. lesson plans, presentations, workbooks, exams)	7,820	\$82,787
B	Miscellaneous manuals (e.g. OSHA, manufacturer instructions, engineering, turbine, boiler, electrical, systems manuals)	862	\$3,304
C	Miscellaneous Procedures/Project Files (e.g. analytical chemistry procedures, archives)	804	\$220
D	Sales and Marketing Material	18	\$28,801
E	Other Reference material (e.g. EPRI reports, catalogs, chemical analysis references)	2,531	\$29,246
Total - Standards & References, Procedures, and Training Materials		12,035	<u>\$144,358</u>

TABLE 7
(Software)

Sub Section	Description of Assets	Quantity	Fair Market Value Continued Use
A	Various in-house developed software and data contained in commercially available software (e.g., spreadsheets, spreadsheet models, databases, outage management, project management, training tracking and monitoring)	17	\$31,297
B	Consumer type software	279	\$142,758
Total - Software		296	<u>\$174,055</u>

GRAND TOTAL 36,612 \$5,094,293

