

Decision 99-10-001 October 7, 1999

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and RICHARD L. WILLS and DONNA M. WILLS for an Order Authorizing the Former to Sell and Convey to the Latter Two Parcels of Land in Alameda County Pursuant to Public Utilities Code Section 851. (Electric) (U 39 E)

Application 97-06-002
(Filed June 2, 1997;
amended April 6, 1998)

FINAL OPINION

In Decision (D.) 99-02-033 , the Commission authorized Pacific Gas and Electric Company (PG&E) to sell two parcels of non-generation-related land in Alameda County to Richard and Donna Wills. In that decision, however, the Commission did not adopt PG&E's request to apply the net-of-tax proceeds as a credit to transition costs, but instead ordered PG&E to propose alternate ratemaking treatment for the net proceeds resulting from the sale. On March 8, 1999, PG&E submitted its proposal for alternate ratemaking. On April 1, 1999, Administrative Law Judge Wright issued a ruling pursuant to D.99-02-033 soliciting comments from parties to this application on PG&E's alternate ratemaking proposal.

The Office of Ratepayer Advocates (ORA) filed comments on April 27, 1999, and PG&E filed a response to ORA's comments on May 17, 1999.

Agreed Procedure

ORA and PG&E recommend that the Commission defer disposition of the ratemaking issue in this application and instead consider it in the context of

PG&E's performance-based ratemaking (PBR) Application (A.) 98-11-023, wherein PG&E has proposed ratemaking treatment of gains/losses stemming from sales of depreciable and non-depreciable (land) assets. The parties reason that it would be logical and more efficient to consider the ratemaking treatment of proceeds from the Alameda sale in the larger context of the PBR. First, the generic issue of how to allocate gains from the sale of land assets is an issue within the scope of the PBR. Second, the interaction between PBR earnings sharing and the allocation of real benefits to ratepayers from asset sales should not be prejudged by this application. Third, even if policies adopted in the PBR were to supersede those adopted in this application, parties to this application and the Commission would have wasted valuable time and effort litigating the same issue twice.

ORA and PG&E also recommend that until these ratemaking issues are resolved in the PBR, the net-of-tax proceeds from the sale of the Alameda property and other non-generation-related land, whether gains or losses, should be placed in a memorandum account accruing interest at the three-month commercial paper rate. In this manner, neither shareholders nor ratepayers will be harmed by the deferral of the ratemaking issue.

We agree with the parties. PG&E is authorized to establish a memorandum account to track the net-of-tax proceeds from the sales approved in D.99-02-033. The ratemaking treatment from the proceeds of this sale will be considered in PG&E's PBR proceeding, A.98-11-023.

Comments on Draft Decision

The draft decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(g) and Rule 77.1 of the Rules of Practice

and Procedure. PG&E filed comments on August 31, 1999. No reply comments were filed.

Findings of Fact

1. D.99-02-033 authorized PG&E to sell certain non-generation-related land to Richard and Donna Wills.

2. D.99-02-033 denied PG&E's request to apply the net-of-tax proceeds as a credit to transition costs, but instead ordered PG&E to propose alternate ratemaking treatment for the net proceeds resulting from the sale.

3. ORA and PG&E recommend that:

- a. The Commission defer disposition of the ratemaking issue in this application and consider it in the context of PG&E's performance based ratemaking application (A.98-11-023); and
- b. Until these ratemaking issues are resolved in A.98-11-023, the net-of-tax proceeds from the sale of land in this application and from the sale of other non-generation-related land, whether gains or losses, should be placed in a memorandum account accruing interest at the three-month commercial paper rate.

Conclusion of Law

The recommendations of ORA and PG&E are reasonable and should be adopted.

FINAL ORDER

IT IS ORDERED that:

1. Consideration of the ratemaking issues presented in this proceeding is deferred to Pacific Gas and Electric Company's ongoing performance based ratemaking (PBR) proceeding application (A.98-11-023).

2. PG&E is authorized to establish a memorandum account to track the net-of-tax gains and losses from non-generation-related land sales pending resolution of these issues in its PBR proceeding; this account shall accrue interest at the three-month commercial paper rate. PG&E shall file a compliance advice letter to establish the memorandum account within 10 days of the effective date of this decision.

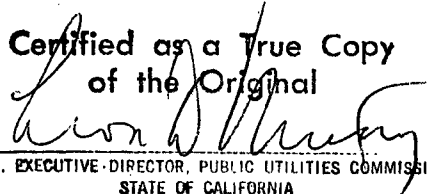
3. Application 97-06-002 is closed.

This order is effective today.

Dated October 7, 1999, at Los Angeles, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
JOEL Z. HYATT
CARL W. WOOD
Commissioners

Certified as a True Copy
of the Original


ASST. EXECUTIVE DIRECTOR, PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA

PROOF OF SERVICE BY MAIL

I, Lillian Li, declare:

I am over the age of 18 years, not a party to this proceeding, and am employed by the California Public Utilities Commission at 505 Van Ness Avenue, San Francisco, California.

On 10-7-99, I deposited in the mail at San Francisco, California, a copy of:

99-10-001

(DECISION NUMBER OR TYPE OF HEARING)

10-7-99

(DATE OF HEARING)

A97-06-002

(APPLICATION/CASE/OII/OIR NUMBER)

in a sealed envelope, with postage prepaid, addressed to the last know address of each of the addressees in the attached list.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on 10-7-99, at San Francisco, California.

Lillian Li

*Signature
9/92

CA-3
10-7-99

A 97-06-002

DECISION: 99-10-001

MAIL DATE: 10-7-99

Copy of "FINAL OPINION" mailed to the following.

SEE ATTACHED LIST FOR APPEARANCES, STATE SERVICE

10-7-99
SMJ

Count _____

***** SERVICE LIST *****

Last updated on 19-AUG-1999 by: LIL
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