

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4247

June 18, 2009

R E S O L U T I O N

Resolution E-4247. Pacific Gas & Electric Company (PG&E). This resolution approves PG&E's Advice Letter 3454-E to sell electric distribution facilities to Granite Construction Company (Granite) for a purchase price of \$68,749. The facilities include primary and secondary electric facilities that provide secondary service to Granite's mining and excavation site. Granite Construction Company is located at 37400 South Bird Road in Tracy, California. This resolution has been prepared pursuant to a pilot program specified in Resolution ALJ-202 granting expedited treatment to utility proposals meeting certain requirements.

By Advice Letter 3454-E Filed on April 28, 2009.

SUMMARY

This resolution approves PG&E's Advice Letter 3454-E requesting the California Public Utilities Commission ("Commission" or "CPUC") approval of a proposed sale of limited, sole-customer public utility facilities to Granite Construction Company ("Granite"). The approval is granted under Public Utilities ("PU") Code Section 851 and Resolution ALJ- 202, and pursuant to the authority granted in Decisions (D.) 99-12-030 and 04-08-031.

Advice Letter 3454-E was processed pursuant to Resolution ALJ-202.

This Resolution is effective immediately.

BACKGROUND

Utilities proposing to sell, lease, dispose of, or otherwise encumber property must comply with PU Code Section 851. Ordinarily, such a proposal would entail a full Application to the Commission, including a review pursuant to

CEQA or a demonstration that such a review is not necessary. The Commission on August 25, 2005, initiated a 24-month pilot program per Resolution ALJ-186 that provides for an expedited process for certain transactions meeting criteria specified in the Resolution. On August 23, 2007, the Commission approved Resolution ALJ-202, which extends the pilot program an additional 36 months. For proposals that meet the specified criteria, an Advice Letter may be filed demonstrating the applicability of the pilot program to the utility's proposal and requesting an expedited review of the Advice Letter. The Commission may then approve the proposed project by adopting a Resolution confirming that the proposal meets the requirements of Resolution ALJ-202.

On April 28, 2009, PG&E filed Advice Letter 3454-E requesting approval under PU Code Section 851 and Resolution ALJ-202 of a proposed sale of limited, sole-customer public utility facilities to Granite. Protests or comments were due to the Commission on May 18, 2009; no protests or comments were filed.

Granite is a diversified construction services company offering services that range from building roads, tunnels, bridges, airports and other infrastructure-related projects to mining of materials used in construction such as sand, gravel and asphalt concrete.

The PG&E's facilities proposed for sale to Granite consist of depreciable assets used for electric distribution and dedicated to the sole use of Granite. They are typical of the depreciable assets contemplated in Decisions (D.) 99-12-030 and 04-08-031. In July 2008, Granite began building a large mining quarry operation with an estimated load of 7MW. In October 2008, PG&E constructed a 115kV transmission service for Granite's customer owned substation. The project also included the construction of a customer-owned primary distribution service on the quarry site. The primary service fed three secondary services to minor mining operations on the quarry site. In October 2008, Granite requested PG&E sell the primary facilities and secondary transformers to Granite with the intent of incorporating the service into the proposed customer-owned primary distribution service on the quarry site. The facilities being sold to Granite include, but are not limited to, 3000 feet of overhead primary service conductor (12kV), 1- 300KVA pad-mount transformer and 1 pole-mount 30 KVA transformer (the "Facilities").

In this advice letter, PG&E and Granite seek Commission approval for the sale of the Facilities to Granite.

The facilities proposed for sale will not affect PG&E's ability to serve its customers and the public. Consistent with the requirements of D.99-12-030 and 04-08-031, the facilities proposed for sale have been owned, operated, and maintained by PG&E solely to provide utility service to the proposed purchaser.

The original cost and net book value of the Facilities is \$34,544 and \$18,364 respectively. The purchase price for the Facilities is \$68,749.

Pursuant to the authority granted in D. 99-12-030 and 04-08-031, the purchase price is greater than or equal to Replacement Cost New Less Depreciation. As a result of the sale, PG&E's rate base will be reduced by the net-of-tax proceeds, which will be credited to the depreciation reserve as a net benefit to PG&E ratepayers.

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

The proposed sale constitutes a change in ownership only and no direct or indirect environmental impacts will occur as a result of the sale of the Facilities. Accordingly, as stated in D.99-12-030, this advice letter is exempt from further action under the California Environmental Quality Act.

NOTICE

Notice of AL 3454-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the advice letter was mailed and distributed in accordance with Section IV of General Order 96-B.

In accordance with D.99-12-030 and 04-08-031, a copy of this advice letter is being served on the Energy Division and Division of Ratepayer Advocates.

PROTESTS

No protests or comments to PG&E's Advice Letter 3454-E were filed.

DISCUSSION

The Energy Division has reviewed PG&E's Advice Letter 3454-E and finds that it satisfies the criteria for inclusion in the pilot program specified in Resolution ALJ-202. Additionally, AL 3454-E satisfies the filing requirements specified in Appendix A Section IV. 1-13 of Resolution ALJ-202

PG&E has provided information in this advice letter to meet the eligibility criteria under the advice letter pilot program. Under the CEQA requirements specified in ALJ-202, the activity proposed in the transaction will not require environmental review by the CPUC as a lead agency. The Commission agrees the proposed transaction will not have an adverse effect on the public interest. The proposed transaction will serve the public interest by eliminating significant maintenance costs and potential replacement or retirement costs associated with the ownership of the Facilities.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. On April 28, 2009, PG&E filed Advice Letter 3454-E requesting approval under PU Code Section 851 and Resolution ALJ-202 of a proposed sale of limited, sole-customer public utility facilities to Granite Construction Company ("Granite").
2. Protests or comments were due to the Commission on May 18, 2009.
3. No protests or comments were filed.
4. PG&E's facilities ("Facilities") proposed for sale to Granite consists of depreciable assets used for electric distribution and dedicated to the sole use of Granite.
5. The Facilities are typical of the depreciable assets contemplated in Decisions (D.) 99-12-030 and 04-08-031. The proposed transaction affects Granite's mining and excavation operations at 37400 South Bird Road in Tracy, California.

6. The Facilities proposed for sale will not affect PG&E's ability to serve its customers and the public.
7. Consistent with the requirements of D.99-12-030 and 04-08-031, the Facilities proposed for sale have been owned, operated, and maintained by PG&E solely to provide utility service to the proposed purchaser.
8. The original cost and net book value of the Facilities is \$34,544 and \$18,364, respectively. The purchase price for the Facilities is \$68,749.
9. This filing will not increase any other rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.
10. The proposed sale constitutes a change in ownership only and no direct or indirect environmental impacts will occur as a result of the sale of the Facilities.

THEREFORE IT IS ORDERED THAT:

1. The request of the Pacific Gas & Electric Company for approval of a proposed sale of limited, sole-customer public utility facilities to Granite Construction Company as requested in Advice Letter AL 3454-E is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 18, 2009; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON

Resolution E-4247
PG&E AL 3454-E/JBX

June 18, 2009

Commissioners