

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-5203

April 21, 2022

R E S O L U T I O N

Resolution E-5203. San Diego Gas & Electric Request for Authorization to Sell Intellectual Property Rights Pursuant to Public Utilities Code 851 and General Order 173.

PROPOSED OUTCOME:

- Approves San Diego Gas & Electric request for authorization to sell certain intellectual property rights to Anagram International, Incorporated pursuant to Public Utilities Code Section 851 and General Order 173.

SAFETY CONSIDERATIONS:

- The technology developed will help prevent outages and fires as a result of lighter than air foil celebratory balloons contacting live power lines.

ESTIMATED COST:

- SDG&E ratepayers will receive 75% of royalty payments from this sale of intellectual property, estimated at less than \$5 million.

By Advice Letter 3841-E, Filed on August 31, 2021.

SUMMARY

Pursuant to Section 851 of the California Public Utilities Code and General Order 173, San Diego Gas & Electric Company (SDG&E) requested approval to license

intellectual property rights related to non-conductive film technology for manufacturing electrically resistant lighter than air balloons to Anagram International, Incorporated.

The Licensing Agreement grants Anagram International, Incorporated, a limited worldwide license to make, market and sell the intellectual property. In exchange, SDG&E will be compensated through a license fee and royalties on all sales of the licensed product.

BACKGROUND

This resolution approves San Diego Gas & Electric Advice Letter 3841-E as filed. SDG&E actively seeks new ways to make the electric system safer and more reliable. SDG&E engaged Anagram International, Inc. (Anagram) to design, prototype, and test a foil balloon that would look and behave like a normal celebratory balloon but would not cause faults on SDG&E's overhead electrical distribution system. SDG&E tested non-conductive balloons in a section of SDG&E's actual overhead distribution grid at 12,000 volts and the non-conductive balloons did not cause a fault.

SDG&E and Anagram's collective efforts led to several patents and other know-how and IP to make foil balloons that do not cause faults in overhead distribution lines.

Under the terms of the agreement, SDG&E will grant a limited, world-wide, revocable, royalty-bearing license, including the right to grant sublicenses, sell, and develop licensed products.

General Order 173 allows SDG&E to seek approval for a Section 851 sale via a tier 3 advice letter provided it can meet certain conditions. SDG&E provides all of the necessary information required by General Order 173 in its advice letter.

SDG&E is confident that the value of the transaction will not exceed \$5 million over the course of the licensing agreement. Under the terms of the agreement, SDG&E expects the transaction to yield less than \$5 million.

SDG&E also notes that the property is not part of rate base and will have no effect on its ability to reliably serve its customers and the public.

In the advice letter, SDG&E proposes that the revenue be shared between ratepayers and shareholders on a 75%/25% split, respectively. The 75% share that ratepayers receive will be booked to the rewards and penalties balancing account.

NOTICE

Notice of AL 3841-E was made by publication in the Commission's Daily Calendar. San Diego Gas & Electric states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter 3841-E was not protested.

DISCUSSION

The Commission has reviewed the Advice Letter and finds that SDG&E has met all of the conditions and provisions of General Order 173 and Public Utilities Code Section 851.

SDG&E provides adequate description of the value of the transaction, past transactions with Anagram, the revenue sharing agreement, and demonstration that all criteria have been met, including that the sale does not require CEQA review.

Licensures like this are beneficial for SDG&E's ratepayers and incentivize innovation. The technology developed by SDG&E could promote safer and more reliable service for utilities around the world while reducing SDG&E ratepayer's bills.

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. San Diego Gas & Electric engaged Anagram International, Inc. to develop non-conductive celebratory balloons.
2. San Diego Gas & Electric tested the prototype on energized distribution lines, and it did not cause a fault.
3. San Diego Gas & Electric filed Advice Letter 3841-E on August 31, 2021, seeking California Public Utilities Commission approval to license its intellectual property to Anagram International, Inc. pursuant to Public Utilities Code Section 851 and General Order 173.
4. San Diego Gas & Electric Company provided adequate explanation for each of the conditions present in General Order 173.
5. This advice letter should be approved because ratepayers will receive 75% of royalty payments under the agreements and the sale promotes innovation within the electric utility industry.
6. This advice letter should be approved because it helps mitigate a common threat to the safety and reliability of the overhead electric grid in the form of foil, lighter than air celebratory balloons.

THEREFORE IT IS ORDERED THAT:

1. The request of the San Diego Gas & Electric company to license certain intellectual property to Anagram International, Inc. pursuant to Public Utilities Section 851 and General Order 173 as requested in Advice Letter 3841-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 April 21, 2022, with the following Commissioners voting favorably thereon:

/s/ Rachel Peterson

Rachel Peterson
Executive Director

ALICE REYNOLDS

President

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

DARCIE HOUCK

JOHN R.D. REYNOLDS

Commissioner