

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Southern California Edison Company (U 338-E) for Authority to Lease Available Land on Several Transmission Rights of Way in Palm Springs and Unincorporated Riverside County to Dillon Wind, LLC.

Application 06-12-007  
(Filed December 12, 2006)

**OPINION GRANTING APPROVAL UNDER PUBLIC UTILITIES CODE  
SECTION 851 FOR CONVEYANCE OF A LEASE BY SOUTHERN  
CALIFORNIA EDISON COMPANY TO DILLON WIND, LLC****1. Summary**

This decision grants the unopposed application<sup>1</sup> of Southern California Edison Company (SCE) for Commission authorization under Section 851<sup>2</sup> for SCE to convey a 30-year lease of property on certain SCE rights of way (ROWs) located in unincorporated Riverside County and the City of Palm Springs to Dillon Wind, LLC (Dillon). Dillon will install, operate, and maintain facilities on the ROWs in order to interconnect wind generation turbines, towers and related facilities (Wind Energy Facilities) that Dillon will construct on adjacent SCE

---

<sup>1</sup> The application was filed on December 12, 2006. In Resolution ALJ 176-3184, dated December 14, 2006, we preliminarily categorized this proceeding as ratesetting and preliminarily determined that hearings are unnecessary. No protests to the application were filed.

<sup>2</sup> All statutory references are to the Public Utilities Code unless otherwise referenced.

non-operating property with SCE's transmission system. Under the terms of a related agreement, Dillon will sell all of the power generated by the Wind Energy Facilities to SCE.

## **2. Background**

### **A. The Parties**

SCE is an electric public utility organized under the laws of the State of California, which engages in the business of electric generation, transmission, and distribution. As a public utility, SCE is subject to Commission regulation.

Dillon is an Oregon-based limited liability company, which is 100% owned by PPM Energy, Inc. (PPM), an Oregon corporation. PPM is a wholly-owned subsidiary of Scottish Power, PLC, an United Kingdom utility located in Glasgow, Scotland. The application states that PPM is one of the largest developers of wind power projects in North America, and that in the United States, PPM is the second largest developer of wind power with more than 1700 megawatts (MW) of wind energy currently in operation or under construction. In addition to wind power, PPM is also involved in wholesale power marketing and natural gas storage and transportation.

### **B. The Project**

SCE proposes to lease to Dillon limited portions of property along the following SCE ROWs located in unincorporated Riverside County and the City of Palm Springs:

- Devers-Valley 500 kilovolt (kV) ROW
- Devers-Palo Verde #1 500kV ROW
- Devers-Vista #1 220 kV ROW
- Devers-Vista #2 220 kV ROW
- Devers-San Bernardino #1 220 kV ROW
- Devers-San Bernardino #2 220 kV ROW
- Coachella-Valley-Devers 220 kV ROW
- Devers-Mirage 220 kV ROW

- Devers-Hinds 220 kV ROW
- Devers-Carodean-Hi Desert-Yucca Valley 115 kV ROW
- Devers-Hi Desert-Prop-Yucca Valley 115 kV ROW
- Devers-Banning-Garnet-Windpark-Zanja 115 kV ROW
- Devers-Garnet-Indigo 115 kV ROW
- Devers-Capwind-Concho-Mirage 115 kV T/L
- Devers-Eisenhower 115kV ROW
- Devers-Hi Desert-Terawind-Yucca 115 kV ROW.

SCE owns and operates transmission lines that cross the ROWs. If the lease is approved, Dillon will construct, operate, and maintain underground electric conduits, cables, and related appurtenances, together with overhead electrical circuits, poles, towers and related appurtenances and access roads (ROW Facilities) within limited crossings along the ROWs. The ROW Facilities will interconnect with the Wind Energy Facilities that Dillon plans to construct along adjacent SCE non-operating property.<sup>3</sup> According to the application, SCE has entered into a Power Purchase Agreement (PPA) with Dillon, dated August 16, 2006, as amended, which requires Dillon to sell SCE all of the power generated by the Wind Energy Facilities. The Dillon ROW Facilities are needed in order to interconnect the Wind Energy Facilities to SCE's high voltage transmission system and to deliver the electric energy under the PPA.

---

<sup>3</sup> The application states that Dillon has entered into a separate lease with SCE regarding the construction of the Wind Energy Facilities.

SCE represents that the proposed lease will not interfere with its operation of its transmission lines and other utility facilities on the property or with its service to customers.

**C. The Proposed Agreement Between  
SCE and Dillon**

Under the option agreement dated August 16, 2006 (agreement), Dillon may exercise its option to lease the site upon Commission approval of this application, so long as Dillon has obtained SCE's final approval of the plans for the ROW facilities, has provided SCE with evidence of adequate insurance coverage, and has obtained all necessary permits and authorizations from other governmental agencies. The agreement includes the proposed lease terms.

The agreement permits Dillon to use the property for the construction, operation, and maintenance of the ROW facilities, or for other purposes with SCE's consent. Under the agreement, SCE may also lease parts of the site to third parties for the placement of billboards, in locations to be mutually agreed upon by SCE and Dillon, and for cell sites, so long as these uses of the property will not interfere with the ROW facilities.

The initial term of the proposed lease is 30 years. Dillon is required to pay rent to SCE as follows, provided that Dillon uses the site for the ROW facilities:

- For Years 1 through 5 of the Lease Term: An annual payment of \$2,000 multiplied by the number of crossings<sup>4</sup> on the property and \$300 per acre for each acre of the property actually occupied by the ROW facilities, in locations where the ROW facilities are located within the property but are not crossing the property;
- For Years 6 through 10 of the Lease Term: An annual payment equal to \$2,100 multiplied by the number of crossings on the property, plus \$315 per acre for each acre of the property actually occupied by the ROW Facilities, in locations where the ROW Facilities are located within the property but are not crossing the property;
- For Years 11 through 15 of the Lease Term: An annual payment of \$2,205 multiplied by the number of crossings on the property during such years and \$331 per acre of the property actually occupied by the ROW Facilities, in locations where the ROW Facilities are located within the property but are not crossing the property;
- For Years 16 through 20 of the Lease Term: An annual payment of \$2,315 multiplied by the number of crossings on the property, plus \$348 per acre for each acre of the property actually occupied by the ROW Facilities, in locations where the ROW Facilities are

---

<sup>4</sup> For the purposes of calculating rent owed to SCE, a “crossing” means any point, up to 60 feet in width, on the property where, after obtaining SCE’s approval of Dillon’s final plans, the ROW Facilities cross completely from one side of SCE’s existing transmission corridor and/or future transmission corridor on the property to the other side of the existing transmission corridor and/or future transmission corridor. Any crossing of existing transmission corridors and/or future transmission corridors that are adjacent to one another or are divided from one another by a third party right-of-way is considered 1 crossing for the purposes of calculating rent. (*See Agreement, Section 3.1, page 6.*)

located within the property but are not crossing the property;

- For Years 21 through 25 of the Lease Term: An annual payment of \$2,430 multiplied by the number of crossings on the property plus \$365 per acre for each acre of the property actually occupied by the ROW Facilities, in locations where the ROW Facilities are located within the property but are not crossing the property; and
- For Years 26-30 of the Lease Term: An annual payment of \$2,550 multiplied by the number of crossings on the property plus \$383 per acre for each acre of the property actually occupied by the ROW Facilities, in locations where the ROW Facilities are located within the property but are not crossing the property.

If Dillon uses the property for purposes other than the ROW Facilities, the rent shall be adjusted to the fair rental value of the site for such purpose, as determined by an appraiser acceptable to both parties. However, the rent shall not be less than the amount that Dillon would pay for use of the site for the ROW facilities.

SCE is responsible for all real property taxes assessed against the site by the State Board of Equalization. Dillon has agreed to pay all personal property taxes, general and special assessments, and other charges levied or assessed against the site, Dillon's improvements on the site, the leasehold, or Dillon's personal property. However, Dillon is not responsible for payment of any taxes assessed against SCE's equipment or improvements on the site.

Dillon acknowledges that SCE has the power of eminent domain and may at any time condemn the property if it is needed for utility purposes.

Under the agreement, Dillon must use the property in a manner that does not interfere with SCE's use of its power lines and equipment and that

complies with legal and regulatory requirements. Dillon must also maintain the property and improvements in good condition and use the property safely. SCE has reserved the right to enter the property as necessary to inspect, to maintain and clean its electrical facilities, or to protect the electrical facilities in an emergency.

SCE must approve the plans and specifications for any facilities that Dillon wishes to construct on the site. Dillon shall own any improvements that it constructs on the property during the lease term and upon the expiration or termination of the lease. However, SCE may require Dillon to remove its facilities from the site upon the expiration or earlier termination of the lease.

Dillon may not utilize the area directly under SCE's towers without SCE's written consent. The agreement requires Dillon to maintain clearances of at least 35 feet between equipment it uses on the site and SCE's overhead electrical conductors. Dillon shall also comply with the setback requirements stated in the Wind Energy Lease Agreement between Dillon and SCE and with all clearance conditions stated in SCE's Design and Construction Conditions.

Dillon will give SCE access to all of SCE's facilities on the site and shall maintain existing access roads that will be used by both Dillon and SCE. All access roads constructed by Dillon must be at least 16 feet wide and capable of supporting a gross load of 40 tons on a three-axle vehicle.

Dillon may not use or store gasoline or petroleum products (except for fuel stored in the tank of an operable vehicle) or flammable materials on the property.

Dillon also may not use, permit, create, store or allow hazardous substances on the property. Under the agreement, Dillon is responsible for the entire cost of removal of any hazardous substances placed on the site during the

lease term, but not for any hazardous materials placed on the site before the lease term.

SCE represents in the agreement that except as otherwise disclosed to Dillon, SCE does not know, or have reasonable cause to believe, that any release of hazardous substances exists on or beneath the site. Under the agreement, Dillon has the right to inspect the property, review relevant SCE documents, and analyze the soil and ground water to determine if hazardous materials exist on the site before exercising its option to lease.

Similarly, SCE has advised Dillon that power frequency electric and magnetic fields (EMFs) may cause health hazards.

In the agreement, Dillon acknowledges that any structures it constructs on the property will be in close proximity to one or more high voltage (66 kilowatt or higher) electric transmission lines or substation facilities. Dillon's structures may therefore be susceptible to induced voltages, static voltages or related electric fault conditions (induced voltages) that create a health and safety risk, unless appropriate grounding or other mitigation measures are incorporated into the structures. Dillon has agreed to assume responsibility for identifying and implementing appropriate mitigation measures to reduce this risk at its own expense.

In addition, Dillon shall indemnify and defend SCE from any claims or liability connected with or arising from any cause in, on or about the site, except for claims which are caused by SCE's negligence or willful misconduct or which arise from SCE's entry onto the property in connection with the use and operation of SCE facilities. Dillon has also specifically agreed to indemnify and defend SCE from any claims arising from or connected to induced voltages on the site. In order to further protect SCE from liability, Dillon is required to



provide SCE with evidence of adequate insurance coverage before executing the agreement or entering the property.

By entering into the lease and occupying the site, Dillon is deemed to have acknowledged that the site is in good and leasable condition and to have accepted the property on an “as is” basis.

The proposed agreement would permit Dillon to assign, transfer, sublease or mortgage the lease, without the prior consent of the Commission, but with SCE’s approval.

Any disputes between the parties that cannot be resolved through good faith negotiations will be subject to arbitration.

#### **D. Environmental Review**

The California Environmental Quality Act (CEQA<sup>5</sup>) applies to discretionary projects to be carried out or approved by public agencies. A basic purpose of CEQA is to “inform governmental decision-makers and the public about the potential significant environmental effects of the proposed activities.”<sup>6</sup> Since the Commission must act on Dillon’s Section 851 application and issue a discretionary decision without which the project cannot proceed, the Commission must act as either a Lead Agency or Responsible Agency under CEQA.

The County of Riverside is the Lead Agency for CEQA review of Dillon’s 45 MW Wind Energy Conversion System (WECS) Project (hereinafter referred to as “Project”). The Applicant is proposing to construct and operate an

---

<sup>5</sup> Public Resources Code Section 21000, *et seq.*

<sup>6</sup> Title 14 of the California Code of Regulations (hereafter, CEQA Guidelines), Section 15002.

approximately 45 MW Project in the San Gorgonio Pass area of Riverside County and the City of Palm Springs. The Commission is a Responsible Agency for the project. CEQA requires the Commission to consider the Lead Agency's environmental documents and findings before acting upon or approving the project.<sup>7</sup> Dillon Wind LLC's application includes the following environmental documents prepared by the Lead Agency for the Project:

- Riverside County Final Environmental Impact Report (EIR), dated April 2007;
- Riverside County WECS 116 & 117 Permit;
- County Resolution No. 2007-354 Certifying Environmental Impact Report No. 487 and approving Fast Track authorization 2005-17, commercial WECS permit no. 116, and Variance Case No. 1797;
- A Statement of Overriding Considerations related to visual impacts of the project, and
- Notice of Determination mailed to State Clearinghouse. July 17, 2007.

We have reviewed the County's environmental documents and find them to be adequate for our decision-making purposes.

In evaluating the Project, the Final EIR concluded that potential environmental impacts in the following areas were less than significant: agricultural resources, hazards/hazardous materials, hydrology/water quality, energy resources, population/housing, public services, recreation, and utility and service systems.

---

<sup>7</sup> CEQA Guidelines Section 15050(b). The specific activities that must be conducted by a Responsible Agency are contained in CEQA Guidelines Section 15096.

The Final EIR found potentially significant impacts that could be mitigated to less than significant levels in the following areas: aesthetics, air quality, biological resources, cultural/paleontological resources, geology/soils and geotechnical resources, navigational interference, noise, radio/TV/electronic equipment interference, transportation/traffic, and wake effects. With respect to these potentially significant environmental impacts, we find that the County has adopted feasible mitigations and has reasonably concluded that the specified mitigation measures will either eliminate or substantially reduce the impacts to less than significant levels.

Finally, the Final EIR found one area of significant and unavoidable impact that could not be mitigated: aesthetics (visual resources). The proposed Project would result in the introduction of vertical manmade elements into the natural landscape. The proposed Project would result in two significant, unavoidable visual impacts, as seen by travelers on Indian Avenue and from the exit from the Two Springs RV Resort, and as seen from Seeley Road at Westside Drive and State Scenic Highway 62. Since the proposed wind turbines would degrade the panoramic vistas and cannot be practically mitigated, they are considered a significant and unavoidable adverse impact of Project implementation. This impact would be at the Project level as well as a cumulative impact. Although the proposed Project would have unavoidable impacts with regards to visual resources, overall the Project would only incrementally change the character of the landscape because it represents an extension of the wind energy generation in the Wind Energy Area.

In approving the project, the County of Riverside Board of Supervisors determined that the aesthetic/visual impact of the project is the only impact that is at a significant level that cannot be mitigated, and therefore adopted a

statement of overriding considerations (SOC), which focused on the factors that contribute to those impacts and the public benefits that outweigh them. The SOC states that relocation of the turbines that cause these visual impacts would not significantly reduce the impacts and that elimination of these turbines would decrease the amount of electricity produced by the project and would considerably reduce its expected environmental benefits. In approving the SOC, the County of Riverside Board of Supervisors balanced the visual and aesthetic impacts against the benefits of the project, and concluded that the environmental, energy, economic, legal, social, technological and other benefits of the project outweigh the significant visual and aesthetic impacts that cannot be mitigated to a less than significant level.

With respect to the significant and unavoidable environmental impacts, we find that the County has identified reasonable benefits to justify its adoption of the SOC and project approval. Therefore, for purposes of our project approval, we adopt the County's mitigation and monitoring plan applicable to all potentially significant impacts that could be mitigated, and the SOC applicable to the significant but unavoidable environmental impacts.

#### **E. Ratemaking Considerations**

SCE proposes to treat revenue from the proposed lease as other operating revenue (OOR). This treatment of lease revenues easement is unopposed.

On January 30, 1998, SCE filed Advice Letter 1286-E, which sets forth categories of non-tariffed products and services offered for sale by SCE and describes the products and services within each category. This advice filing was made pursuant to Rule VII.F of the Affiliate Transaction Rules contained in Appendix A of Decision (D.) 97-12-088. Attachment B to Advice Letter 1286-E

identified the *Secondary Use of Transmission Right of Ways and Land* and the *Secondary Use of Distribution Right of Ways, Land, Facilities and Substations* as categories of existing non-tariffed products and services.

In D.99-09-070, the Commission adopted a gross revenue sharing mechanism for certain of SCE's other operating revenues. The adopted gross revenue sharing mechanism applies to OOR, except for revenues that: (1) derive from tariffs, fees or charges established by the Commission or Federal Energy Regulatory Commission, (2) are subject to other established ratemaking procedures or mechanisms, or (3) are subject to the Demand-Side Management Balancing Account. Under the gross revenue sharing mechanism, all applicable gross revenues recorded from non-tariffed products and services subject to the mechanism will be split between shareholders and ratepayers after the Commission-adopted annual threshold level of OOR has been set. For those non-tariffed products and services deemed "active" by the Commission, revenues in excess of the annual threshold will be split between shareholders and ratepayers on a 90%/10% basis. For those non-tariffed products and services deemed "passive" by the Commission, the revenues in excess of the annual threshold will be split between shareholders and ratepayers on a 70%/30% basis.<sup>8</sup>

---

<sup>8</sup> Under the settlement approved in D.99-09-070, an existing product or service is classified as "active" if it involves a total incremental shareholder investment of \$225,000 or more, either on a one-time basis or within a 12-month period. An existing product or service is classified as "passive" if it involves a total incremental shareholder investment of less than \$225,000. "Incremental shareholder investment" includes capital-related costs and expenses. Capital-related costs, labor and other expenses properly charged to the utility shall not be included in calculating the \$225,000 threshold.

*Footnote continued on next page*

SCE products or services offered under the *Secondary Use of Transmission Right of Ways and Land* and the *Secondary Use of Distribution Right of Ways, Land, Facilities and Substations* have been deemed “passive” for revenue sharing purposes. Therefore, here, the proposed lease with Dillon would be treated as “passive,” so that any lease revenues which exceed the annual threshold would be allocated between shareholders and ratepayers on a 70%/30% basis.

### **3. Discussion**

Section 851 provides that no public utility shall sell, lease, mortgage, or otherwise encumber the whole or any part of property necessary or useful in the performance of its duties to the public, without first having obtained Commission approval.<sup>9</sup>

The primary question for the Commission in Section 851 proceedings is whether the proposed transaction is in the public interest. The public interest is

---

Each new category of products or services is presumed to be “passive.” To reclassify an existing product or service as “active,” or a new product or service as “active,” SCE must file an advice letter which shows that the product or service involves incremental shareholder investment of at least \$225,000 either on a one-time basis or within a 12-month period. SCE may file only up to four advice letters per year for this purpose. If no protests to the advice letter are filed, the change in classification becomes effective on the 31<sup>st</sup> day after the filing of the advice letter.

<sup>9</sup> Section 851 states in pertinent part:

No public utility...shall sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its ... property necessary or useful in the performance of its duties to the public ... without first having either secured an order from the commission authorizing it to do so for qualified transactions valued above five million dollars (\$5,000,000) or for qualified transactions valued at five million dollars (\$5,000,000 or less, filed an advice letter and obtained a resolution from the commission authorizing it do to so. ...

served when utility property is used for other productive purposes without interfering with the utility's operations or affecting service to utility customers.<sup>10</sup> In reviewing a Section 851 application, the Commission may "take such action, as a condition to the transfer, as the public interest may require."<sup>11</sup>

We find that SCE's proposed lease with Dillon is in the public interest. The proposed lease will not interfere with SCE's use of the property or with service to SCE customers, and the property will be utilized safely and in a manner consistent with legal and regulatory requirements. The terms of the agreement between SCE and Dillon are reasonable and do not subject SCE to an undue risk of liability that could affect SCE's ability to provide utility service to the public. SCE's entry into the lease with Dillon will generate substantial OOR for the benefit of ratepayers and will permit the productive use of the site, without interfering with SCE's existing transmission facilities.

In addition, the lease of SCE's ROW property to Dillon will promote the interconnection of the Wind Energy Facilities with SCE's high voltage transmission system, which facilitates the delivery of energy generated by wind from the project to SCE. Therefore, since Dillon has agreed to sell all of the energy produced by the Wind Energy Facilities to SCE, and Dillon's Wind Generation Facilities may potentially qualify as an "eligible renewable energy resource" electric generating facility, as defined in Section 399.12, the proposed lease will advance the state's goal of serving 20% of retail load with electricity generated by eligible renewable resources by 2010.<sup>12</sup>

---

<sup>10</sup> D.00-07-010 at p. 6.

<sup>11</sup> D.3320, 10 CRRC 56, 63.

<sup>12</sup> See D.06-05-039, at p. 29.

However, we are concerned that the agreement would permit Dillon to assign, transfer, sublease or mortgage the lease, without prior Commission approval. We therefore require SCE to apply for Commission authorization pursuant to Section 851 for any proposed assignment, transfer, sublease or mortgage of the lease by Dillon that would alter the terms of the existing agreement.

We are also concerned that in addition to use of the site for the ROW Facilities, the proposed lease would permit Dillon to utilize the property for other purposes, with SCE's approval, but without prior Commission approval of the change in use of the property.

Therefore, in order to comply with CEQA and Section 851, if Dillon wishes to utilize the property for any use other than the ROW Facilities, and SCE wishes to permit such use of the property, SCE must first apply for authorization pursuant to Section 851 and undergo any additional required environmental review. Dillon must also obtain any necessary local approvals required for use of the property other than as the site for the ROW facilities.

We approve of the proposed ratemaking treatment for the compensation that Dillon will pay to SCE under the lease. The treatment of this compensation as OOR and of the lease as a "passive" source of revenue for the purposes of allocation between shareholders and ratepayers is consistent with prior Commission decisions and our current policy.

#### **4. Conclusion**

For all of the foregoing reasons, we grant the application of SCE pursuant to Section 851, subject to the ordering paragraphs which follow, effective immediately.



## **5. Final Categorization**

Based on our review of this application, we conclude that there is no need to alter the preliminary determinations made in Resolution ALJ 176-3184 (December 14, 2006) that this proceeding should be categorized as ratesetting, and that there is no need for a hearing.

## **6. Waiver of Comment Period**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

## **7. Assignment of Proceeding**

Dian Grueneich is the assigned Commissioner and Myra J. Prestidge is the assigned Administrative Law Judge in this proceeding.

## **Findings of Fact**

1. The proposed 30-year lease/option agreement will not interfere with SCE's use of the property or its facilities or with service to SCE customers, and the property will be utilized safely and in a manner consistent with Commission and legal requirements.
2. The County of Riverside is the Lead Agency for Dillon's proposed project under CEQA.
3. The Commission is a Responsible Agency for the purposes of environmental review of the proposed lease under CEQA.
4. Rent received by SCE from Dillon under the lease will be treated as OOR from a "passive" revenue source and will be allocated among shareholders and ratepayers on a 70%/30% basis pursuant to D.99-09-070.

5. The proposed lease will generate substantial lease revenues for the benefit of SCE ratepayers.

6. The proposed lease will allow productive use of the site without interfering with SCE's existing use of the property for its transmission and substation facilities.

7. Dillon's use of the site for the ROW Facilities will help advance the state's goal of serving 20% of retail load with electricity generated by renewable resources by 2010.

### **Conclusions of Law**

1. The Commission has reviewed the City's environmental documents and finds them adequate for our decision-making purposes under CEQA.

2. The Commission finds that the County reasonably concluded that Dillon's construction and operation of the ROW facilities on the property will not have significant adverse effects on the environment, except for visual and aesthetic impacts that cannot be mitigated, and that no mitigation measures are required.

3. The Commission adopts the County's SOC, which balanced the benefits of the project against its significant and unavoidable visual impacts and found that the environmental, energy, economic, legal, social, technological and other benefits of the project outweigh the significant and unavoidable visual and aesthetic impacts that cannot be mitigated to a less than significant level.

4. Consistent with Section 851, SCE's conveyance of the lease to Dillon will serve the public interest and should be approved, as consistent with this order.

**O R D E R****IT IS ORDERED** that:

1. Southern California Edison Company (SCE) is authorized pursuant to Public Utilities Code Section 851 (Section 851) to convey to Dillon Wind, LLC (Dillon) a lease of certain land to be used for crossings areas located along certain limited portions of SCE transmission rights-of-way located in the City of Palm Springs and unincorporated Riverside County, described in the application.
2. SCE shall file an advice letter that contains a legal description of the property leased to Dillon pursuant to this order with the Commission Energy Division within 60 days.
3. SCE shall treat compensation received from Dillon under the lease as other operating revenue received from a “passive” revenue source pursuant to Decision 99-09-070 and shall allocate this revenue between shareholders and ratepayers on a 70%/30% basis, unless directed otherwise in a future Commission order.
4. SCE shall amend its option agreement and any subsequent lease with Dillon to require advance Commission approval of any proposed assignment, transfer, sublease, or mortgage of the lease that would alter the lease terms or change the use of the property to other than for the Dillon’s construction, operation, and maintenance of facilities to interconnect the wind generation turbines, towers and related facilities that Dillon will construct on adjacent SCE property with SCE’s high voltage transmission system.
5. If Dillon wishes to utilize the property for any purposes other than the uses analyzed in the environmental documents prepared by the County of Riverside and relied upon by the Commission in this decision, and SCE wishes to permit such use, SCE shall first apply for Commission authorization pursuant to

Section 851, undergo any required environmental review, and apply for any required local approvals. SCE shall amend its option agreement and any subsequent lease with Dillon to include this requirement.

6. Application 06-12-007 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.