STATE OF CALIFORNIA ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

July 24, 2007 Agenda ID #6839

TO PARTIES OF RECORD IN DRAFT RESOLUTION ALJ-202

This draft resolution regarding the Commission's Public Utilities Code Section 851 pilot program, originally adopted in Resolution ALJ-186, will be on the agenda at the August 23, 2007 Commission meeting. The Commission may then vote on this draft resolution, or it may postpone a vote.

When the Commission acts on the draft resolution, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own order. Only when the Commission acts does the resolution become binding on the parties.

You may serve comments on the draft resolution. Comments shall be served no later than August 13, 2007. Service is required on all persons on the attached service list. Comments shall be served consistent with the requirements of Pub. Util. Code § 311(g) and Rule 14.5 of the Rules of Practice and Procedure.

Finally, comments must be served separately on Administrative Law Judge Prestidge at tom@cpuc.ca.gov, and in hard copy.

/s/ ANGELA K. MINKIN
Angela K. Minkin, Chief
Administrative Law Judge

ANG:MJP:jt2

Attachment

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Resolution ALJ-202
Administrative Law Judge Division
August 23, 2007

R E S O L U T I O N

RESOLUTION ALJ-202. Extends and Modifies Pub. Util. Code § 851 Pilot Program Established in Resolution ALJ-186.

Summary

This resolution extends the Pub. Util. Code § 851 pilot program established in Resolution ALJ-186 (adopted August 25, 2005) for an additional three years. We have also revised the pilot program to reflect amendments to Sections 851 and 853[1] and our recent adoption of General Order (GO) 96-B, which establishes procedures generally applicable to advice letters.

The revised pilot program is attached as Appendix A.

We may further modify the pilot program in the future in response to comments received from the utilities and other interested parties, as well as our continued experience with the pilot program.

Background

On August 25, 2005, the Commission adopted Resolution ALJ-186, which established a two-year pilot program for processing and approving certain transfers of interests in utility property through advice letters, rather than formal applications under Section 851. Section 851 generally requires Commission approval of any sale, lease, encumbrance, mortgage, or other transfer or

[1] All Code references are to the Public Utilities Code, unless otherwise stated.

disposition of an interest in utility property that is used or useful in the provision of the utility's services to the public.[2]

Before our adoption of the pilot program, utility transactions involving the transfer or disposition of interests in property used or useful in the provision of services to the public generally required a formal application and a Commission decision pursuant to Section 851. The purpose of the pilot program was to expedite and simplify the Commission's review and approval of non-controversial transactions involving the transfer or conveyance of interests in utility property that did not require environmental review by the Commission as a Lead Agency under the California Environmental Quality Act (CEQA), and did not warrant more extensive review by the Commission through the formal application process.

A. Adoption of Assembly Bill 736, Amending Section 851 and Adopting New Section 853(d)

After our adoption of Resolution ALJ-186, the Legislature adopted Assembly Bill (AB) 736 (Stats 2005, ch. 370, section 1), effective January 1, 2006, which amended Section 851[3]. These amendments to Section 851 authorize utilities to obtain

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[2] Exceptions to this requirement exist if the Commission exempts a utility, class of utility, transaction, or class of transactions from the requirements of Section 851 pursuant to Section 853(b), or if the particular transaction meets the criteria stated in GO 69-C.

[3] Section 851, as amended by A.B. 736, currently states:

> Approval of disposition of property; Effect of approval on franchises; Exception as to unnecessary property; Application to interchange of equipment in course of transportation
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> No public utility other than a common carrier by railroad subject to Part I of the Interstate Commerce Act (49 U.S.C. Sec. 10101 et seq.) shall sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its railroad, street railroad, line, plant, system, or other property necessary or useful in the performance of its duties to the public, or any franchise or permit or any right thereunder, nor by any means whatsoever, directly or indirectly, merge or consolidate its railroad, street railroad, line, plant, system, or other property, or franchises or permits or any part thereof, with any other public utility, <u>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</u>

Commission approval of transactions involving transfers or disposition of property interests that are valued at $5 million or less by filing an advice letter and obtaining a Commission resolution approving the transaction, rather than filing a formal application and seeking a Commission decision. Under AB 736, utilities must continue to file formal Section 851 applications for transactions valued at over $5 million.

Under Section 851, as amended, the Commission must approve or deny advice letter requests within 120 days of the utility's filing of the advice letter, unless the

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> million dollars ($5,000,000) or less, filed an advice letter and obtained a resolution from the commission authorizing it to do so. The commission shall determine the types of transactions valued at five million dollars ($5,000,000) or less, that qualify for advice letter handling. For a qualified transaction valued at five million dollars ($5,000,000) or less, the commission may designate a procedure different than the advice letter procedure if it determines that the transaction warrants a more comprehensive review. Absent protest or incomplete documentation, the commission shall approve or deny the advice letter within 120 days of its filing by the applicant public utility. The commission shall reject any advice letter that seeks to circumvent the five million dollars ($5,000,000) threshold by dividing what is a single asset with a value of more than five million dollars ($5,000,000), into component parts, each valued at less than five million dollars ($5,000,000). Every sale, lease, assignment, mortgage, disposition, encumbrance, merger, or consolidation made other than in accordance with the advice letter and resolution from the commission authorizing it is void. The permission and approval of the commission to the exercise of a franchise or permit under Article 1 (commencing with Section 1001) of Chapter 5 of this part, or the sale, lease, assignment, mortgage, or other disposition or encumbrance of a franchise or permit under this article shall not revive or validate any lapsed or invalid franchise or permit, or enlarge or add to the powers or privileges contained in the grant of any franchise or permit, or waive any forfeiture.
>
> Nothing in this section shall prevent the sale, lease, encumbrance or other disposition by any public utility of property that is not necessary or useful in the performance of its duties to the public, and any disposition of property by a public utility shall be conclusively presumed to be of property that is not useful or necessary in the performance of its duties to the public, as to any purchaser, lessee or encumbrancer dealing with that property in good faith for value, provided that nothing in this section shall apply to the interchange of equipment in the regular course of transportation between connecting common carriers. (Emphasis added.)

advice letter application does not include complete information or a timely protest has been filed.

Section 851, as amended, also gives the Commission discretion to determine the types of transactions valued at $5 million or less that qualify for advice letter treatment and to designate a procedure different from the advice letter process if certain transactions warrant a more comprehensive review. In addition, the Commission must deny any advice letter that attempts to circumvent the $5 million threshold for advice letter treatment by dividing a single asset valued at over $5 million into smaller parts, so that the utility must proceed by a formal Section 851 application.

AB 736 also added Section 853(d), to the Public Utilities Code. Section 853(d) states:

> (d) It is the intent of the Legislature that transactions with monetary values that materially impact a public utility's rate base should not qualify for expedited advice letter treatment pursuant to this article. It is the further intent of the Legislature that the commission maintain all of its oversight and review responsibilities subject to the California Environmental Quality Act, and that public utility transactions that jurisdictionally trigger a review under the act should not qualify for expedited advice letter treatment pursuant to this article.

Based on the plain language of the statute, we interpret the first sentence of Section 853(d) to mean that if a particular transaction is valued at $5 million or less but still materially impacts the ratebase of a utility, the transaction does not qualify for review through an advice letter, and the utility must file a formal Section 851 application in order to obtain our approval of the transaction. We note that this situation would most likely arise in the case of smaller utilities.

We further interpret Section 853(d) to mean that if a transaction involving the transfer or disposition of utility property requires the Commission to conduct environmental review as either a Lead Agency or a Responsible Agency[4] under

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[4] Under CEQA, "Lead Agency" means the public agency which has the principal responsibility for carrying out or approving a project. The Lead Agency will decide whether an Environmental Impact Report (EIR) or Negative Declaration will be required for the project and will cause the document to be prepared. *State CEQA Guidelines Section 15367*. The term "Responsible Agency" includes all public agencies

CEQA, the advice letter process does not apply, and the utility must file a formal Section 851 application to seek our approval of the transaction.[5] We believe that a formal application is required when the Commission is acting as either the Lead Agency or as a Responsible Agency, because even as a Responsible Agency, the Commission has significant duties under CEQA to review and address the environmental impacts of the project.[6]

B. Adoption of GO 96-B

In Decision (D.) 07-01-024, we adopted GO 96-B, which establishes comprehensive regulations for advice letters filed with the Commission. GO 96-B, which became effective on July 1, 2007, supersedes former GO 96-A, and divides advice letters into three tiers:

- Tier I – These advice letters involve minor, non-controversial transactions which are generally deemed approved pending disposition by the Commission Industry Division.
- Tier II – These advice letters also typically involve minor, non controversial transactions, which are deemed approved after 30 days unless a protest is filed or the Industry Division has notified the utility that the advice letter is suspended. Otherwise, Tier II advice letters become effective upon approval of the Industry Division.
- Tier III – These advice letters require approval by a Commission resolution and generally become effective on the date stated in the resolution. Tier III advice letters do not automatically go into effect and cannot be deemed approved.

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other than the Lead Agency which have discretionary approval power over the project. *State CEQA Guidelines Section 15381*.

[5] *See* Legislative Counsel's Digest to AB 736, which states in part: "transactions that would trigger the commission's review responsibilities under the California Environmental Quality Act, should not qualify for expedited advice letter review."

[6] For example, before exercising its discretion to approve a project, a Responsible Agency must review the negative declaration or EIR prepared by the Lead Agency and make certain findings. *State CEQA Guidelines Section 15096*(f) *and (h)*. Further, a Responsible Agency may require additional mitigation measures to address significant environmental impacts related to aspects of the project that the Responsible Agency decides to carry out, finance, or approve. *State CEQA Guidelines Section 15096(g).*

Under GO 96-B, the Commission's action on an advice letter may be reviewed through a timely application for rehearing or petition for modification, pursuant to the Commission Rules of Practice and Procedure (Rules). In some situations, the parties may also seek Commission review of an Industry Division's disposition of an advice letter.

Since Section 851 requires a Commission resolution for approval of all advice letters filed for transactions valued at $5 million or less (the same class of transactions covered by the pilot program), advice letters filed pursuant to the revised pilot program are Tier III advice letters under GO 96-B.

C. Comments From The Parties

In February, 2007, in anticipation of the expiration of Resolution ALJ-186, the Chief Administrative Law Judge sent a letter to parties that had participated in proceedings leading up to the adoption of Resolution ALJ-186, seeking their comments on the following issues:

- Whether the pilot program should be extended or made permanent;
- Whether it is necessary to continue the pilot program, in view of recent amendments to Section 851 and 853;
- The number of advice letters filed pursuant to the pilot program; and,
- Suggested changes to the criteria for transactions eligible for advice letter treatment and to the advice letter process.

Comments were received from: The Division for Ratepayer Advocates (DRA), Californians for Renewable Energy (CARE), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Gas Company (SoCalGas), PacifiCorp, Golden State Water Company, AT&T, Verizon California, Inc., SureWest Telephone, and a number of small local exchange telecommunications providers.

With the exception of DRA and CARE, all of the parties were in favor of making the pilot program permanent. DRA recommended that based on the limited number of advice letters submitted under the pilot program, the Commission should instead extend the pilot program for an additional three years, in order to have additional time to evaluate the need for and effectiveness of the pilot program. CARE commented that in its view, the advice letter process precludes meaningful public participation on transactions involving transfers or disposition of utility property.

The parties also raised a number of issues related to the pilot program, including, but not limited to:

- The need for clarification and expansion of the pilot program;
- Amendment of the pilot program to include easements, rights-of-way, and similar transactions;
- The need for consistency between the pilot program and GO 96-B;
- Whether the Commission may exempt certain types of transactions from both the pilot program and Section 851 pursuant to Section 853(b);[7]
- Whether CEQA review is required for transactions exempted from the pilot program pursuant to Section 853(b);[8]
- Whether telecommunications providers subject to the Uniform Regulatory Framework should be exempted from the requirements of the pilot program and Section 851; and,
- Whether GO. 69-C, which permits the transfer of limited interests in utility property without Commission authorization, needs further clarification.[9]

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[7] PG&E has proposed an extensive list of types of transactions and uses of land that it claims should be exempt from the pilot program pursuant to Section 853(b).

[8] CEQA generally applies when the Commission must make a discretionary decision regarding a project. PG&E argues that if a transaction were exempted a transaction from the pilot program pursuant to Section 853(b), the Commission need not approve the transaction and therefore would not be making a discretionary decision that triggers CEQA review regarding the project.

[9] PG&E states that under Commission decisions, GO 69-C applies only when: (1) the interest in utility property granted is for a "limited use" only, (2) the transaction does not interfere with the utility's operations, practices and service to customers, and (3) the interest granted is revocable upon either the order of the Commission or upon a determination by the utility that revocation is necessary or desirable in the interest of serving customers. PG&E contends that confusion regarding the definition of a "limited use" and the maximum allowable term for conveyances of property under GO 69-C have deterred the utilities from relying on GO 69-C to exempt transactions from Section 851 and pilot program requirements.

Discussion

Since Resolution ALJ-186 expires on August 25, 2007, there is an immediate need to extend the Resolution in order to ensure the continued existence of the pilot program. Although we may wish to make the pilot program permanent through the adoption of a new general order or Rule in the future, we agree with DRA that, based on the limited number of advice letters received under Resolution ALJ-186,[10] it is premature for us to make this decision now. Therefore, we will extend the pilot program as revised in this resolution for an additional three years, effective immediately. The three-year extension of the pilot program will give us additional experience with this process and the opportunity to further determine whether the pilot program should be made permanent.

We also wish to revise the pilot program as necessary to ensure that its provisions are fully consistent with Section 851, as amended, and Section 853(d), as well as with GO 96-B. However, although GO 96-B generally applies to all advice letters filed with the Commission, if a statute prescribes a different timeline or process for approval of an advice letter, the statute takes precedence. Moreover, a more specific regulation, such as the pilot program for Section 851 advice letters, should control over the more general provisions of GO 96-B.

Therefore, although we wish the pilot program to be consistent with GO 96-B in order to simplify the process and minimize confusion, pilot program advice letters must first comply with the specific timelines and criteria stated in Section 851 as amended and Section 853(d), as well as the regulations specifically governing revised the pilot program stated in Appendix A, in the event of a conflicting requirement under GO 96-B.

We appreciate the efforts of the parties in providing us with extensive comments on the pilot program. A number of these comments raise complex issues related to our interpretation of Sections 851 and 853, CEQA, and the role of the Commission in reviewing transactions involving transfers or the disposition of utility property in order to protect the public interest. We wish to give these issues thorough and careful consideration before proposing additional amendments to the pilot program based on the comments received from the parties.

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[10] During the two years that Resolution ALJ-186 has been in effect, PG&E has submitted a number of advice letters, while the other utilities have each generally submitted only one or a few advice letters. Some utilities, such as AT&T, have not participated in the pilot program at all.

As a result, we will take a two-step approach to amendment of the pilot program. First, in this Resolution, we will revise the pilot program to make it consistent with Section 851 as amended, Section 853(d), and GO 96-B. We also incorporate a few minor comments received from the parties. In the future, we may hold workshops or make additional modifications to the pilot program based on the comments of the parties and our continued experience with the pilot program.

We therefore amend the pilot program as follows:

A. References to GO 96-B – We have updated references to former GO 96-A to GO 96-B throughout the pilot program regulations.

B. Section II.– Eligibility Criteria for the Pilot Program

1. We have amended the first eligibility criterion to provide that the pilot program applies if the transaction will not require environmental review by the Commission under CEQA because a statutory or categorical exemption applies, or because the transaction does not involve a project[11] under

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[11] State CEQA Guidelines Section 15378 defines "project" as follows:

> (a) "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and that is any of the following:
>
> > (1) An activity directly undertaken by any public agency including but not limited to public works construction and related activities, clearing or grading of land, improvements to existing public structures, enactment and amendment of zoning ordinances, and the adoption and amendment of local General Plans or elements thereof pursuant to Government Code Sections 65100-65700.
> >
> > (2) An activity undertaken by a person which is supported in whole or in part through public agency contracts, grants, subsidies, loans, or other forms of assistance from one or more public agencies.
> >
> > (3) An activity involving the issuance to a person of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies.

Under this definition, if a proposed transaction involving the transfer or disposition of utility property does not have the potential for resulting in either a direct physical

CEQA. In order to comply with Section 853(d), which provides that the advice letter process does not apply when the Commission must conduct CEQA review as either a Lead Agency or a Responsible Agency, we have deleted language which previously authorized the filing of advice letters unless the Commission was the Lead Agency for the project under CEQA. We believe that it is consistent with Section 853(d) to allow advice letter applications for transactions that meet either the "exemption" or "no project" criteria because then no environmental review under CEQA is required.

2. We have amended the second eligibility criterion, which formerly stated that "the transaction will not have an adverse impact on the public interest" by adding the following language "or on the ability of the utility to provide safe and reliable service to customers at reasonable rates," in order to clarify this requirement.[12]

3. We have amended the sixth eligibility criterion, which required that "if the transaction is for the sale of depreciable assets (other than a building or buildings), the property does not have a fair market value in excess of $250,000," to provide that these transactions are eligible for the pilot program so long as the fair market value of the property does not exceed $5 million, in order to be consistent with Section 851 as amended.

4. We have added the following additional criteria for transactions eligible for advice letter treatment:

    a. If the transaction conveys an easement, right-of-way or other interest in real property, the value of the easement,

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change or a reasonably foreseeable indirect physical change to the environment, the transaction is not a "project," and CEQA review is not required.

[12] Case law and our decisions construing Section 851 have interpreted the standard for approval of a transaction, which requires that the transfer or disposition of utility property cannot be adverse to the public interest, to mean that the transaction cannot adversely impact the ability of the utility to continue to provide reliable service at reasonable rates to the public.

right-of-way, or other interest in the property does not exceed $5 million. We make this change in response to comments from one of the parties to clarify that the pilot program applies to easements, rights-of-way, and similar property interests.

b. The transaction will not materially impact the ratebase of the utility. We make this change in order to comply with Section 853(d).

c. The transaction does not warrant a more comprehensive review that would be provided through a formal Section 851 application. We make this change because Section 851, as amended, authorizes the Commission to require a formal application, rather than an advice letter, when it believes that a more extensive review is appropriate.

C. New Section III Regarding Applicability of GO 96-B – We have added a new Section III which states that advice letters filed under this pilot program are to be processed as Tier III advice letter under GO 96-B and must comply with the requirements of GO 96-B, unless otherwise required by state law or specified in the pilot program regulations.

D. New Section IV Regarding Contents of Advice Letters – We have renumbered former Section III B., regarding Contents of Advice Letters, to Section IV. and have made the following changes to this section:

1. We have revised the first requirement to include the addresses, as well as the names, of the parties to the transaction;

2. We have amended the third requirement to refer to the "transferee's" intended use of the property, rather than the "buyer's or lessee's" intended use of the property, because the pilot program includes interests in utility property other than sales and leases;

3. We have made minor language changes to the requirement that the advice letter include sufficient information to show that the eligibility requirements for the pilot program have been met;

4. We have added new criteria that require advice letters to include:

a. A statement of the impact of the transaction on ratebase and any effect on the ability of the utility to serve customers and the public, as consistent with Section 851 as amended and Section 853(d);

b. For easements or rights-of-way, the fair market value of the easement or right-of-way and a detailed description of how the fair market value was determined. This requirement tracks the language in the pilot program regulations applicable to sales and leases of property.

5. Criteria Related to Environmental (CEQA) Review:

a. We have deleted the category entitled "Need CEQA?"and the category entitled "Prior or Subsequent CEQA Review," because these items are relevant only when the Commission is a Lead Agency or a Responsible Agency under CEQA, respectively. The pilot program, as amended to comply with Sections 851 and 853(d), applies only when the transaction is exempt from CEQA or is not a project under CEQA.

b. We have made minor language changes to the section entitled "Exemption," which relates to categorical or statutory exemptions from CEQA.

c. We have added a new section which applies when the Applicant believes that the transaction is not a project under CEQA, and requires the applicant to explain its position.

E. New Section V. Regarding Notice and Service of Advice Letters – We have made minor language changes to update former Section III B.2. of the pilot program regulations and have renumbered it as Section V.

F. New Section VI. Regarding Protests of Advice Letters – In response to comments received from the parties, we have added a new section regarding protests, which were not addressed in the previous advice letter regulations. This new section requires the filing of protests to advice letters within 20 days, as consistent with GO 96-B, and states that protests shall comply with and be processed according to GO 96-B.

G. We have renumbered former Section III, entitled Review Process, to Section VII., and have made the following changes:

1. Section A. – Industry Division Review

   a. We have deleted former section 1.a., which stated that GO 96-A may be superseded by an upcoming order in Rulemaking (R.) 98-07-038, because GO 96-B has now been adopted and become effective.

   b. We have deleted former Section 1.b., which stated that if a statutory or categorical CEQA exemption applies, after an initial 45-day review period, the advice letter becomes effective, unless Industry Division staff have extended the review period for another 60 days, and that if the review period is extended, the Industry Division must issue its disposition or prepare a Commission Resolution approving the advice letter within 105 days. This section is not consistent with Section 851, as amended, because a pilot project advice letter can no longer become effective unless approved by a Commission Resolution, which must occur by no later than 120 days after the filing of the advice letter, in the absence of a timely protest or an incomplete documentation being submitted with the advice letter. In addition, GO 96-B provides a 30-day, rather than a 45-day, initial period for staff to review advice letters.

   c. We have deleted former Section 1.c., which relates to the processing of advice letters involving transactions in which the Commission is a Responsible Agency. We now require the review of these transactions through formal Section 851 applications, pursuant to Section 853(d).

   d. We have added new Section 1., to require that advice letters pursuant to the pilot program must be filed with the Industry Division to be processed as Tier III advice letters pursuant to GO 96-B.

   e. We have added new section 2., which establishes a 30-day initial review period for advice letters, as

consistent with GO 96-B. Before the end of the initial 30-day period, the Industry Division shall provide notice that the advice letter has been automatically suspended, pursuant to General Rule 7.5.2 of GO 96-B, unless the advice letter has already been rejected. The Industry Division may also request additional information or documentation from the utility.

f. We have renumbered former section 2., regarding reasons that the Industry Division may determine that an advice letter filing is inappropriate, to new section 3, entitled "Grounds for Rejection of Advice Letter by Industry Division," and have made the following changes:

   i) Section 3.b. is revised to state that an advice letter may be rejected if the transaction warrants a more comprehensive review, as consistent with Section 851;

   ii) We have added new Sections d., e., and f., which state that an advice letter may be rejected if the monetary value of the transaction will materially impact the ratebase of the utility, the transaction involves the division of a single asset valued at over $5 million into smaller, component parts in order to circumvent the requirement for a formal Section 851 application, or the transaction warrants a more comprehensive review or may require an evidentiary hearing based on issues raised in a timely protest. These changes are made to comply with Section 851, as amended, and Section 853(d).

   iii) We have added new Section g., which states that an advice letter may be rejected if the utility fails to respond in a timely manner to a request by the Industry Division for additional information or documentation regarding the transaction.

g. We have renumbered former Section 3. to Section 4., entitled "Rejection of Advice Letter by Industry Division" and have made minor language changes to this section.

h. New Section 5. entitled "Preparation of Commission Resolution": This section states that unless the Industry Division rejects an advice letter, the Industry Division shall prepare a Resolution for consideration by the Commission at a regular or special business meeting, which recommends approval, modification, or denial of the advice letter and states the reasons for the Industry Division's recommendation.

i. New Section VII.B. – Commission Action on Advice Letter: We have added a new Section B. entitled "Commission Action on Advice Letter, which states that unless a timely protest to the advice letter has been filed, or the application contains incomplete or inadequate information, as determined by the Industry Division, the Commission shall adopt or reject the Resolution by no later than 120 days after the filing of the advice letter.

H. New Section VIII entitled "Appeal or Review of Commission Action on Advice Letters"-- We have added subsection A., which provides that Commission resolutions granting, modifying, or denying advice letters may be appealed through timely applications for rehearing or petitions for modification, as authorized in GO 96-B and Commission Rules. We have also added subsection B., which provides that under some circumstances, parties may request Commission review of an Industry Division's disposition of an advice letter, pursuant to GO 96-B.

The revised pilot program regulations are attached as Appendix A. Our former pilot program regulations under Resolution ALJ-186 are attached as Exhibit B.

PUBLIC REVIEW AND COMMENT

The proposed Resolution was mailed to the parties for review and comment pursuant to Section 311(g)(1). Comments were received from _____ on _____ 2007.

IT IS RESOLVED that:

1. The pilot program originally adopted in Resolution ALJ-186, which authorized Commission review and approval of certain transactions involving the transfer or disposition of interests in utility property by advice letter, is extended for an additional three years as modified and set forth in Appendix A.

2. The pilot program is modified as described above and in Appendix A.

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 August 23, 2007, the following Commissioners voting favorably thereon:

_____

PAUL CLANON
Executive Director