

November 8, 1990

REPORT TO THE HONORABLE
MAYOR AND CITY COUNCIL
PROPOSED MERGER BETWEEN SOUTHERN CALIFORNIA
EDISON COMPANY AND SAN DIEGO GAS AND ELECTRIC
COMPANY; HEARINGS BEFORE THE CALIFORNIA PUBLIC
UTILITIES COMMISSION ("CPUC")

Attached to this report is a copy of a ruling by
Administrative Law Judges Lynn Carew and Brian Cragg of the CPUC
regarding the above-captioned matter.

Also attached, in case you missed it in the San Diego Union,
is an article by Charles Ross relating to the matter.

Mr. Ross' report is accurate with respect to the scope of the
order. His surmise that the decision by the Administrative Law
Judges may not be rendered until 1991 as a result of the
reopening of the case may or may not be correct.

Be that as it may, we believe the ruling is to some degree
the result of briefs filed by the City and the state attorney
general, and are gratified to see that Judges Carew and Cragg saw
the need for the additional evidence.

We believe that the Industrial Development Bond issue is a
substantial concern. To the best of our knowledge, the
applicants have been unable to persuade the Internal Revenue
Service that defeasance is an appropriate alternative and we
continue to believe that the Internal Revenue Service will not
agree to allow that alternative.

It has been suggested that the applicants might attempt to
remedy their dilemma with an amendment to the Federal Tax Law and
we are closely monitoring that possibility.

Respectfully submitted,
JOHN W. WITT
City Attorney

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Attachments
RC-90-57