



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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January 6, 2003

TO COUNTY ASSESSORS,
COUNTY COUNSELS, AND
OTHER INTERESTED PARTIES:

No. 2003/004

CALIFORNIA CODE OF REGULATIONS
TITLE 18. PUBLIC REVENUES

PROPERTY TAX RULE 905
ASSESSMENT OF ELECTRIC GENERATION FACILITIES

Following a scheduled public hearing on November 28, 2001, the State Board of Equalization amended Property Tax Rule 905, *Assessment of Electric Generation Facilities*. The rule will become operative on December 31, 2002.

Enclosed for your information is a final printed copy of the regulation.

If you have any questions regarding the content of this regulation, please contact Mr. Anthony Epolite, (916) 324-2642. If you wish extra copies of this regulation, please write to State Board of Equalization, Supply Publications, 3920 West Capitol Avenue, West Sacramento, CA 95691.

Sincerely,

/s/ Deborah Pellegrini

Deborah Pellegrini, Chief
Board Proceedings Division

DP:sk
Enclosure

State of California
BOARD OF EQUALIZATION

PROPERTY TAX RULES

Chapter 1. State Board of Equalization – Property Tax
Subchapter 9. State Assesseees
Article 1. General Provisions

Rule 905. ASSESSMENT OF ELECTRIC GENERATION FACILITIES.

Authority Cited: Section 15606 (c), Government Code

Reference: California Constitution, article XIII, section 19; Sections 118, 721, and 722.5, Revenue and Taxation Code.

(a) Commencing with the assessment for the lien date for the 2003 assessment year, an electric generation facility shall be state assessed property for purposes of article XIII, section 19 of the California Constitution if: (1) the facility has a generating capacity of 50 megawatts or more; and (2) is owned or used by a company which is an electrical corporation as defined in subdivisions (a) and (b) of section 218 of the Public Utilities Code; or, the facility is owned or used by a company which is a state assessee for reasons other than its ownership of the electric generation facility or its ownership of pipelines, flumes, canals, ditches, or aqueducts lying within two or more counties.

(b) "Electric generation facility" does not include a qualifying small power production facility or a qualifying cogeneration facility within the meaning of Sections 201 and 210 of Title II of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. §§796(17), (18) and 824a-3) and the regulations adopted for those sections under that act by the Federal Energy Regulatory Commission (18 C.F.R. 292.101-292.602).

(c) For purposes of this section, "company" means:

(1) A person as defined in Revenue and Taxation Code section 19;

(2) A separate division or other functional unit of a business enterprise which is created and maintained to operate any electric generation facility, where the business enterprise is engaged in a primary business other than generating, transmitting, distributing or selling electricity to the public.

(d) If an electric generation facility is operated by a separate division or other functional unit of a business enterprise, as described in this rule, the business enterprise must maintain accounting and other records sufficient to distinguish the costs and revenues of the separate division or unit from other divisions and units of the business enterprise.

(e) As adopted on September 1, 1999 and effective November 27, 1999, this rule is applicable to define electric generation facilities subject to state assessment to and including December 30, 2002. As amended on November 28, 2001, and filed with the Secretary of State on May 14, 2002, this rule is applicable to define electric generation facilities subject to state assessment as of December 31, 2002 and thereafter.

History: Adopted September 1, 1999, effective November 27, 1999.

Amended November 28, 2001, effective June 13, 2002. As amended, this regulation requires the Board to assess an electric generation facility, as defined, (1) that has a generating capacity of 50 megawatts or more and (2) that is owned by an electrical corporation. Small power production facilities and cogeneration facilities are specifically excluded from the definition of an electric generation facility.