

LEM

Decision No. 16787.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SACRAMENTO GAS COMPANY, )  
a corporation, and Pacific Gas and )  
Electric Company, for an order of the )  
Railroad Commission of the State of )  
California authorizing the former to )  
sell and convey and the latter to pur- )  
chase and acquire the properties re- )  
ferred to in this petition. )

ORIGINAL

Application No. 12783

C.P.Cutten, for Sacramento Gas Company

BY THE COMMISSION:

OPINION

In the above entitled matter the Railroad Commission is asked to make an order:-

1. Authorizing Sacramento Gas Company to grant, sell, assign and transfer unto Pacific Gas and Electric Company, and authorizing Pacific Gas and Electric Company to purchase and acquire from Sacramento Gas Company, all of the properties which the former has agreed to sell and convey to the latter under and in accordance with the provisions of the agreement of sale dated April 12, 1926; and
2. Authorizing Sacramento Gas Company to cease furnishing and supplying gas service in the territory in which it now furnishes said gas service.

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Sacramento Gas Company was organized on or about December 4, 1895, with an authorized capital stock of \$500,000. divided into 10,000 shares of the par value of \$50. each, all common. At present 8582 shares of the aggregate par value of \$429,100. are outstanding.

By Decision No. 16020 dated February 20, 1926, in Application No. 12343 the Commission authorized the Pacific Gas and Electric Company to acquire the outstanding stock of Sacramento Gas Company. It is of record that the Pacific Gas and Electric Company now owns 8305.6 shares (par value \$50. per share) of the par value of \$415,280. of the outstanding stock of Sacramento Gas Company. The stock owned by Pacific Gas and Electric Company represents about 96.8 percent of the outstanding stock of Sacramento Gas Company. The Pacific Gas and Electric Company is willing to acquire all the outstanding stock of Sacramento Gas Company at a cost of \$50. per share.

Applicants have, subject to the approval and authorization of the Railroad Commission, entered into an agreement (Exhibit B) for the transfer of the properties of Sacramento Gas Company, to Pacific Gas and Electric Company. The agreement reads in part as follows:-

"The vendor(Sacramento Gas Company) for and in consideration of the promises and covenants of the Purchaser (Pacific Gas and Electric Company) hereinafter contained, does hereby promise and covenant to and with the Purchaser to grant, sell, assign and transfer unto the Purchaser, subject, however, to all liens and incumbrances thereon, and the Purchaser, for and in consideration of the promises and covenants of the Vendor herein contained, does hereby promise and agree to and with the Vendor, to purchase from the Vendor, for the purchase price hereinafter specified, all and singular the properties of every kind and character, whether real or personal, tangible or intangible, and wheresoever situate, owned, held or claimed by the Vendor, for the purchase price of four hundred and twenty-nine thousand one hundred dollars(\$429,100.) in lawful money of the United States of America, payable on or before the 1st day of October, 1940, with interest thereon at the rate of five (5) percent. per annum, payable annually, from the date of the delivery of the deed hereinafter provided for.

The parties hereto will, within thirty(30) days after the date hereof, make joint application to said Railroad Commission for an order authorizing the Vendor to sell and the Purchaser to acquire all of the properties of the Vendor for the purchase

price hereinbefore specified; and, upon such order being made, the Vendor will execute, acknowledge and deliver to the purchaser, a good and sufficient deed of grant, bargain and sale conveying to the Purchaser all of said properties, subject to all liens and incumbrances thereon, and the Purchaser will expressly covenant in writing to pay the aforesaid purchase price as hereinbefore provided."

The amount which Pacific Gas and Electric Company agrees to pay for the properties, subject to all liens and incumbrances, is the amount which it has obligated itself to pay for the stock of the Sacramento Gas Company.

For a description of the assets of Sacramento Gas Company, and advantages and benefits that should accrue as a result of the consolidation of the properties of that company with those of Pacific Gas and Electric Company, reference is here made to Decision No. 16020.

#### O R D E R

Sacramento Gas Company having applied to the Railroad Commission for an order authorizing it to transfer its properties and to discontinue service, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted as herein provided,

IT IS HEREBY ORDERED that Sacramento Gas Company be, and it is hereby, authorized to grant, sell, assign and transfer to Pacific Gas and Electric Company, for the sum of \$429,100., payable on or before October 1, 1940, with interest at the rate of five percent per annum from the date of the delivery of the deed, all of its properties, and Pacific Gas and Electric Company be, and it is hereby, authorized to purchase and acquire such properties, said transfer of properties to be in accordance with the terms and conditions of the agreement of sale dated April 12, 1926, a copy of which is filed in this proceeding as Exhibit "B", which agreement of sale Sacramento Gas Company and Pacific Gas and Electric Company are hereby authorized to execute.

The authority herein granted to transfer properties is subject to the following conditions:-

1. The price at which the properties of Sacramento Gas Company are transferred to Pacific Gas and Electric Company shall not be binding on this Commission or other court or public body as representing the value of said properties for rate making, or any purpose other than the transfer herein authorized.
2. Within thirty days after the execution of the deed conveying the properties of Sacramento Gas Company to Pacific Gas and Electric Company, Pacific Gas and Electric Company shall file a certified copy thereof with the Railroad Commission.
3. Sacramento Gas Company shall file with the Railroad Commission as soon as possible after transferring its properties, a financial statement showing its operations from January 1, 1926 to the date of the transfer of its properties, such statement to be prepared and submitted on the blank forms prescribed and furnished by the Commission.
4. The authority herein granted shall become effective when Pacific Gas and Electric Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$430.00.

IT IS HEREBY FURTHER ORDERED that Sacramento Gas Company be,  
and it is hereby, authorized, upon transferring its properties to  
Pacific Gas and Electric Company, to cease furnishing and supplying  
gas service in the territory in which it now operates.

DATED at San Francisco, California, this 28th day of May, 1926.

26. Fee 430 <sup>00</sup>/<sub>100</sub>

JUN 2 1920

H. Martineau

H.H. Burdige  
Secretary  
Emmendale

Commissioners.