

LBM

Decision No. 20025

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
VACAVILLE WATER AND POWER COMPANY,
a corporation, and Pacific Gas and
Electric Company, a corporation, for
an order of the Railroad Commission
of the State of California authoriz-
ing the former to sell and convey
and the latter to purchase and ac-
quire the properties referred to in
this application.

ORIGINAL

Application No. 14229

C. P. Cutten, for Pacific Gas and Electric
Company
E. J. Beckett, for Vacaville Water and
Power Company.

BY THE COMMISSION:

O P I N I O N.

This is an application made jointly by Vacaville Water and Power Company and Pacific Gas and Electric Company for an order of the Railroad Commission authorizing-

1. Vacaville Water and Power Company to grant, bargain, sell and convey unto Pacific Gas and Electric Company, and Pacific Gas and Electric Company to purchase and acquire from Vacaville Water and Power 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 November 10, 1927, and
2. Vacaville Water and Power Company, upon selling and conveying to Pacific Gas and Electric Company the properties referred to herein, to cease furnishing and supplying electric

and water service in the territory in which it is now furnishing said electric and water service.

Vacaville Water and Power Company is engaged in the business of distributing and selling electric energy for light, heat and power purposes and of pumping and distributing water for domestic and commercial uses in and about the Town of Vacaville, Solano County, reporting, as of December 31, 1926, 972 subscribers to its electric service and 523 to its water service. The company was organized on or about February 6, 1919 with an authorized capital stock of \$75,000.00, divided into 750 shares of the par value of \$100. each, all common, of which 690 shares, of the total par value of \$69,000.00, are now outstanding. The company has no bonded indebtedness.

Applicants, subject to the approval of the Commission, have entered into an agreement, dated November 10, 1927, (Exhibit A) for the transfer of all the properties of Vacaville Water and Power Company to Pacific Gas and Electric Company. The agreement reads in part as follows:-

"Upon receiving from the Railroad Commission of the State of California its order authorizing the same, the Vendor (Vacaville Water and Power Company) will sell and convey to the purchaser, (Pacific Gas and Electric Company) by a good and sufficient deed of grant, bargain and sale, and the Purchaser will purchase from the Vendor for the consideration hereinafter set forth, all and singular the properties of every kind and character, whether tangible or intangible, real or personal, and wheresoever situate, owned, held or claimed by the Vendor. As the consideration therefor the purchaser will pay to the Vendor the sum of one hundred and seventy-five thousand dollars (\$175,000) upon the demand of the Vendor at any time within six(6) months from and after the date of the delivery by the Vendor to the Purchaser of the aforesaid deed conveying to the Purchaser all

all of the aforesaid properties of the Vendor."

In Application No. 13901 J. T. Ryan estimated the reproduction cost new of the properties of Vacaville Water and Power Company at \$209,553.00.

In this proceeding the historical cost of the properties is estimated by applicants as follows:-

Physical properties as of August 31, 1927.....	\$158,814.00
Materials and supplies	5,560.00
Cash	1,000.00
Total.....	<u>\$165,374.00</u>

The testimony shows that the properties are in a good operating condition. For the purpose of this proceeding we will assume the physical properties to be in an eighty-five percent condition. On this assumption there may be charged to fixed capital \$158,814.00 but there must be credited to depreciation reserve, \$23,822.10.

The Pacific Gas and Electric Company proposes to pay \$175,000. for the properties. If such sum is paid, \$9,626.00 should be charged to Account 508, "Miscellaneous debits to profit and loss".

ORDER

Application having been made to the Railroad Commission for an order authorizing Vacaville Water and Power Company to transfer its properties to Pacific Gas and Electric Company 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 Vacaville Water and Power Company be, and it hereby is, authorized to grant, bargain, sell and convey on or before December 31, 1928, unto Pacific Gas and Electric Company, and Pacific Gas and Electric Company be, and it hereby is, authorized to purchase and acquire from Vacaville Water and Power Company, all of its properties.

IT IS HEREBY FURTHER ORDERED that if Pacific Gas and Electric Company pays more than \$165,374.00 for the aforesaid properties, the difference between the purchase price and said \$165,374.00 must be charged to Account No. 508, "Miscellaneous debits to profit and loss."

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

1. Within thirty days after the execution of the deed conveying the properties herein authorized to be transferred, Pacific Gas and Electric Company shall file a certified copy thereof with the Commission.

2. Vacaville Water and Power Company shall file with the Commission within sixty days after transferring its properties, a financial statement, prepared on the report forms prescribed by the Commission, showing its operations from January 1, 1928 to the date of transfer.

3. Pacific Gas and Electric Company shall file with the Commission within sixty days after acquiring the properties of Vacaville Water and Power Company a copy of each and every entry showing the accounts to which the aforesaid purchase price was distributed.

IT IS HEREBY FURTHER ORDERED that Vacaville Water and Power Company be, and it hereby is authorized, upon transferring its properties to Pacific Gas and Electric Company, to cease furnishing and supplying electric and water service in the territory in which it is now furnishing such service.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective twenty days after the date hereof.

DATED at San Francisco, California, this 17th day of July, 1928.

Leon Whitney

J. S. Sweeney

Ernest B. Cook

Thos. J. Loutch

W. J. Linn

Commissioners.