

LBM

Decision No. 21301.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BEN LOMOND LIGHT COMPANY,
a corporation, and Coast Counties
Gas and Electric Company, a corpora-
tion, for an order of the Railroad
Commission of the State of California
authorizing the former to sell and
convey and the latter to purchase
and acquire the properties referred
to in this application.

ORIGINAL

Application No. 15677

Reginald L. Vaughan, for applicants.

BY THE COMMISSION:

OPINION

In this proceeding the Railroad Commission is asked to enter its order;-

1. Authorizing Ben Lomond Light Company, a corporation, to grant, bargain, sell and convey unto Coast Counties Gas and Electric Company, a corporation, and authorizing Coast Counties Gas and Electric Company to purchase and acquire from Ben Lomond Light 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 May 1, 1929; and

2. Authorizing Ben Lomond Light Company, upon selling and conveying the properties to Coast Counties Gas and Electric Company, to cease furnishing and supplying electric service in the territory

in which it now is furnishing said electric service.

The application shows that Ben Lomond Light Company is now, and for a number of years last past, has been engaged as a public utility in the business of generating, distributing and selling electric energy for light, heat and power purposes in and about the town of Ben Lomond. The company's territory adjoins that of Coast Counties Gas and Electric Company and the systems of the two are interconnected, Ben Lomond Light Company obtaining its supply of electric energy by purchase from Coast Counties Gas and Electric Company.

It appears that under date of May 1, 1929 Ben Lomond Light Company and Coast Counties Gas and Electric Company entered into an agreement whereby the former agreed to sell to the latter, for \$50,000.00, all of its properties. A copy of the agreement is filed with the application herein as "Exhibit C".

In making this application applicants have filed as "Exhibit B" valuation figures prepared by Louis F. Leurey, an electrical engineer, showing the estimated reproduction cost new, as of April 1, 1929, at \$31,076.06, and the estimated reproduction cost new less depreciation at \$27,836.16. Mr. Leurey testified that he had been unable to determine from the records of the company the historical cost of the properties, but that in his opinion such cost would approximate the reproduction cost.

Mr. J. B. Wilson, president of the Coast Counties Gas and Electric Company, testified that in his opinion the proposed price is a fair and reasonable one, although it is considerably in excess of the valuation figures submitted. He arrived at this conclusion by considering the past earnings of the system, the rate of growth, the territory served and other factors and circumstances. In this

connection an examination of the Ben Lomond Light Company's annual reports on file with the Commission show revenues and expenses, and number of consumers for the last three calendar years as follows:-

ITEM	1926	1927	1928
Operating revenues	\$8,968.60	\$9,751.48	\$10,706.97
Operating expenses:			
Cost of power purchased	\$3,091.20	\$3,716.00	\$ 4,036.00
Miscellaneous	1,464.16	3,172.78	2,943.79
Total operating expenses.....	\$4,555.36	\$6,888.78	\$ 6,979.79
Net operating revenue.....	\$4,413.24	\$2,862.70	\$ 3,727.18
Number of consumers.....	268	300	320

Reviewing the record in this matter, it appears to us that the public interests will be served by the transfer of the properties as herein proposed. We believe, however, that Coast Counties Gas and Electric Company in recording the purchase of the properties on its books of account, should charge to its fixed capital accounts not more than \$31,076.06 and should credit to its reserve for accrued depreciation the sum of \$3,239.90 representing estimated accrued depreciation. The difference between the purchase price and the \$31,076.06, less the accrued depreciation, should be charged by the purchaser to Account 508-miscellaneous debits to profit and loss, or charged to Account 133-extraordinary deferred charges, and amortized within five years by charges to appropriate profit and loss accounts.

ORDER

Application having been made to the Railroad Commission for an order authorizing the transfer of the properties of Ben Lomond Light Company to Coast Counties Gas and Electric Company, 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, therefore,

IT IS HEREBY ORDERED AS FOLLOWS;-

1. Ben Lomond Light Company may, and it is hereby authorized to, grant, bargain, sell and convey, on or before October 1, 1929, unto Coast Counties Gas and Electric Company, and Coast Counties Gas and Electric Company be, and it hereby is, authorized to purchase and acquire from Ben Lomond Light Company all of its properties and business, subject to the terms of the agreement dated May 1, 1929, by and between Ben Lomond Light Company and Coast Counties Gas and Electric Company.

2. Ben Lomond Light Company may, and it hereby is authorized to, upon selling and conveying its properties to Coast Counties Gas and Electric Company, cease furnishing and supplying electric service in the territory in which it now is furnishing said electric service..

3. The authority herein granted is subject to the following conditions;-

(a) The price which Coast Counties Gas and Electric Company has agreed to pay, and does pay, for the properties of Ben Lomond Light Company, shall not be urged hereafter before this Commission as a measure of the value of said properties for any purpose other than the transfer herein authorized.

(b) Upon acquiring the aforesaid properties, Coast Counties Gas and Electric Company may charge to its fixed capital accounts not more than \$31,076.06, and shall charge Account 508, miscellaneous debits to profit and loss, or Account 133, extraordinary deferred charges, the difference between \$31,076.06, less the estimated accrued depreciation of \$3,239.90 and the price paid for the properties. If the company charges said difference to Account 133, extraordinary deferred charges,

it must amortize the same by charges to an appropriate profit and loss account within five years after the date hereof.

- (c) Coast Counties Gas and Electric Company, within thirty days after the transfer of the properties herein authorized, shall file with the Commission a copy of the deed under which it holds title to said properties, a statement indicating the exact date upon which it acquired possession and control of such properties, and a statement showing the exact price paid for the properties.

DATED at San Francisco, California, this _____ day of _____,
1929.

Thomas S. Lovell
Albany
Edward
W. J. C.
Commissioners.