

ORIGINAL

Decision No. ✓

Decision No. 1440

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
Huntington Beach Company for per-  
mission to sell and of Pacific Light  
and Power Corporation to buy a cer-  
tain electrical distributing system  
in the City of Huntington Beach and  
the territory adjacent thereto.

Application No. 1029

S. M. Haskins for Pacific Light and Power  
Corporation

Eyer & Smoot for Huntington Beach Company

EDGERTON, Commissioner.

O P I N I O N

This is an application by Huntington Beach Company for permission to sell and of Pacific Light and Power Corporation to buy and consolidate with its existing light and power generating and distributing system, the electric light and power distributing system now being operated by said Huntington Beach Company in the City of Huntington Beach.

There is also included an application by Pacific Light and Power Corporation for a certificate that public convenience and necessity require the exercise of rights and privileges under a franchise granted by the City of Huntington Beach.

Since filing the application herein a price has been agreed upon of \$16,500. However, the testimony of the representatives of each company shows a considerable difference of opinion as to the reproduction and present value of this

property. It is unnecessary in this proceeding to go carefully into the value of this plant in order to determine whether or not the agreed price fairly represents the present value of this property, but the usual provision should be inserted in the order that the sale price shall not hereafter affect the fixing of rates.

The testimony shows that the Huntington Beach Company has been charging for light from 10 cents to 20 cents per KWH and for power \$1.25 per H.P. minimum, whereas, the Pacific Light and Power Corporation will charge a maximum for light of 8 cents per KWH and for power from 6 cents to 2 cents per KWH.

The rates which will be charged by the Pacific Light and Power Corporation are manifestly very much lower than those now being charged by the Huntington Beach Company and the testimony also shows that the Pacific Light and Power Corporation is in a position to produce very much better service.

I recommend that the application be granted and submit herewith the following form of order:

#### O R D E R

Application having been made by Huntington Beach Company for an order authorizing it to sell to Pacific Light and Power Corporation all that certain electrical distributing system located in the City of Huntington Beach, and for an order authorizing Pacific Light and Power Corporation to purchase and consolidate with its electrical plant and system said property, and for a certificate that public convenience and necessity require the exercise of rights and privileges by Pacific Light and Power Corporation under a franchise granted by the City of Huntington Beach, and a public hearing having been had and it appearing to the Commission that the application should be granted,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Huntington Beach Company is hereby authorized to sell and convey to Pacific Light and Power Corporation all that certain electrical distributing plant and system located in the City of Huntington Beach and which is more particularly described in a detailed inventory and appraisal on file herein, marked Exhibit I, reference to which is hereby made. Said property to be transferred free and clear of all incumbrance, and the sale price thereof to be \$16,500.

Provided, and this order is made upon the express condition, that the price at which the above mentioned property is hereby authorized to be sold shall not be binding upon any rate fixing body as the value of the plant hereby authorized to be transferred.

Said Pacific Light and Power Corporation is hereby authorized to purchase the above described plant and system at the price aforesaid and to consolidate and merge said plant and system with its existing generating and distributing system.

This order is made upon the condition that Pacific Light and Power Corporation shall immediately upon taking possession of said property file rates for electric light and power as low as the rates now being charged by said corporation in Newport Beach and generally throughout its system.

Report shall be made to the Railroad Commission immediately upon the taking of possession of the Pacific Light and Power Corporation of the property herein authorized to be sold to it, and thereafter report shall be made to the Railroad Commission upon the final consummation of said sale.

IT IS HEREBY FURTHER ORDERED AND DECLARED that public convenience and necessity require and will require the exercise of rights and privileges by Pacific Light and Power Corporation under a franchise granted by the City of Huntington Beach by an

Ordinance adopted on the 16th day of March, 1914, and which became effective thirty days thereafter, a copy of which said Ordinance is on file herein and marked Exhibit II.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 15<sup>th</sup> day of April, 1914.

H. S. Devland  
W. Gordon  
Edwin C. Edgerton

Commissioners.