



existing claims and causes of action against it, and releasing all of Pacific Gas and Electric Company's claims, demands and causes of action against said Mt. Shasta Power Corporation in connection with the latter's winding up and dissolution.

4. Granting and conferring upon Pacific Gas and Electric Company all necessary permission and authority, upon acquiring the properties of Mt. Shasta Power Corporation, to record the cost of acquisition of said properties constituting its fixed capital in service and under construction upon its books by charging to its fixed capital accounts the full consideration which Pacific Company shall have given therefor, as and in the manner stated in Paragraph V of the petition filed in this proceeding.

Mt. Shasta Power Corporation was organized on or about March 6, 1912. The company is engaged in the public utility business<sup>and generates</sup> and distributes electric energy to the public in certain portions of Shasta County.

In 1917 through an expenditure of \$258,837.50 Pacific Gas and Electric Company acquired the outstanding stock of Mt. Shasta Power Company, whose only asset was the \$10,000,000.00 of stock of Mt. Shasta Power Corporation. Upon the dissolution of Mt. Shasta Power Company, the \$10,000,000.00 of stock was distributed to Pacific Gas and Electric Company. It is of record that the actual expenditures by Mt. Shasta Power Corporation and its predecessors were approximately equal to the amount paid by the Pacific Gas and Electric Company.

Since the acquisition of the stock by Pacific Gas and Electric Company the business and affairs of Mt. Shasta Power Corporation have been in effect under the management of the Pacific Gas and Electric Company. It has advanced to the Mt. Shasta Power Corporation moneys for capital expenditures and has charged Mt. Shasta Power Corporation for direct expenditures and an apportionment of actual supervising and management expenses.

Mt. Shasta Power Corporation is said to own two hydroelectric generating plants situate on the Pit River in Shasta County

having a rated capacity of 212,414 H.P., transmission lines and other properties. It also operates under lease from Red River Lumber Company two hydro-electric power plants located on Hat Creek, Shasta County, having an installed capacity of 33,512 H.P.

All of the properties of Mt. Shasta Power Corporation are subject to the lien of the first and refunding mortgage dated December 1, 1920 executed by Pacific Gas and Electric Company and Mt. Shasta Power Corporation to Mercantile Trust Company, and The National City Bank of New York, Trustee.

For various reasons, as shown by the record herein, it is now proposed to transfer by dissolution or otherwise, all of the properties of Mt. Shasta Power Corporation to Pacific Gas and Electric Company. The Pacific Gas and Electric Company, it is of record, will pay or assume and perform all existing obligations of Mt. Shasta Power Corporation. Counsel for applicants stated Pacific Gas and Electric Company would assume every possible obligation, both actual and contingent.

In Exhibit D the original cost of the Mt. Shasta Power Corporation properties is reported as follows:-

FIXED CAPITAL IN SERVICE-ELECTRIC DEPARTMENT:

Schedule A-1, Fixed Capital Installed Since  
December 31, 1922:

I- INTANGIBLE FIXED CAPITAL . . . . .	-----
II-TANGIBLE FIXED CAPITAL:	
1. Production Capital-Hydro . . . . .	\$ 21,938,977.31
2. Transmission Capital . . . . .	10,695,889.89
3. Distribution Capital . . . . .	260,614.60
4. Utilization Capital . . . . .	1,315.43
5. General Capital . . . . .	440,010.93
6. Overhead Construction Costs . . . . .	3,723,796.32
7. Other Undistributed Items(Donations in aid of Construction) . . . . .	* 1,681.91
Total tangible fixed capital....	<u>\$ 37,058,922.57</u>
*Red figure	
Total fixed capital installed since December 31, 1922 as per C.R.C.Schedule A-1.....	<u>\$ 37,058,922.57</u>

Schedule A-3, Fixed Capital Installed from  
December 31, 1912 to December 31, 1922:

I- INTANGIBLE FIXED CAPITAL. . . . .	\$10,000,000.00
II- TANGIBLE FIXED CAPITAL:	
Production Capital . . . . .	\$ 939.30
Transmission capital . . . . .	6.87
Distribution capital . . . . .	14,981.50
General capital . . . . .	1,147.59
Total tangible fixed capital. . . . .	<u>\$ 17,075.26</u>
Total fixed capital installed from December 31, 1912 to December 31, 1922 as per C.R.C. Schedule A-3 . . . . .	<u>\$10,017,075.26</u>
Total fixed capital in service-Electric Depart- ment as per C.R.C. Balance Sheet Account No. 101-A . . . . .	\$47,075,997.83
C.R.C. Balance Sheet Account 102-Fixed Capital under Construction . . . . .	<u>1,285,648.56</u>
Total Fixed Capital in Service and under Con- struction . . . . .	\$48,361,646.39
LESS-Reserve for Depreciation . . . . .	2,953,041.51
Net after Depreciation. . . . .	<u>\$45,408,604.88</u>

In Exhibit E it is reported that up to December 31, 1934 Pacific Gas and Electric Company expended \$35,667,442.38 to acquire control of, and finance the cost of the properties of Mt. Shasta Power Corporation. The exhibit shows that the Pacific Gas and Electric Company expended \$258,837.50 for the \$10,000,000.00 of common capital stock of Mt. Shasta Power Corporation, as mentioned above, that it advanced to Mt. Shasta Power Corporation for the construction of its properties the sum of \$35,030,471.05 and that as of December 31, 1934 the excess of current liabilities, surplus and reserves over current assets and deferred charges of Mt. Shasta Power Corporation was \$378,133.83.

Upon acquiring the properties of Mt. Shasta Power Corporation, Pacific Gas and Electric Company proposes to set up on its books the original cost of said properties, as shown in Exhibit D except that intangible fixed capital reported at \$10,000,000.00 will be reduced by the sum of \$9,741,162.50, to \$258,837.50. As of December 31, 1934 the charges to fixed capital accounts under the company's proposal aggregate \$38,620,483.89 and the credits to the depreciation

reserve total \$2,953,041.51, resulting in a net charge of \$35,667,442.38. These figures will be increased or decreased by the amount of net additions and betterments to the properties from January 1, 1935 to the date of acquisition.

#### O R D E R

The Commission having been requested to enter its order, as indicated in the foregoing opinion, a public hearing having been held before Examiner Fankhauser and the Commission having considered the evidence submitted by applicants and being of the opinion that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:-

1. Mt. Shasta Power Corporation may, after the effective date hereof and prior to February 1, 1936, distribute and transfer to Pacific Gas and Electric Company, in the course of its proceedings for winding up and dissolution, all of the residue and remainder of its properties and assets of every kind remaining after the payment of all its known debts and liabilities, or the making of adequate provision for such payment, and for the payment of its contingent liabilities.
2. Upon the distribution and transfer to the Pacific Gas and Electric Company of its properties and assets, Mt. Shasta Power Corporation may cease furnishing and supplying services as a public utility, and said Mt. Shasta Power Corporation is, upon the distribution and transfer of its properties and assets to said Pacific Gas and Electric Company, relieved of the duties and functions of a public utility corporation in the territory in which it now is

or may be furnishing public utility service by means of the properties to be distributed and transferred, as aforesaid.

3. Pacific Gas and Electric Company is hereby authorized to assume and agree to pay all of the debts of said Mt. Shasta Power Corporation and to perform all of the existing obligations of said Mt. Shasta Power Corporation, and to discharge and satisfy all of said Mt. Shasta Power Corporation's liabilities and all existing and contingent claims and causes of action against it, and releasing all of Pacific Gas and Electric Company's claims, demands and causes of action against said Mt. Shasta Power Corporation in connection with the latter's winding up and dissolution.
4. Pacific Gas and Electric Company may upon acquiring the properties of Mt. Shasta Power Corporation, record the cost of said properties on its books as of December 31, 1934 at \$35,667,442.38, which sum may be increased or diminished by the amount of net additions and betterments to the properties so to be acquired from January 1, 1935 to the date of actual acquisition, and may charge to fixed capital accounts the sum of \$38,520,483.89 and credit to depreciation reserve the sum of \$2,953,041.51; provided that the Commission reserves the right to inquire into said charges to said fixed capital accounts and into the credits to the depreciation reserve and to require said Pacific Gas and Electric Company to make such adjustments in said charges to fixed capital accounts and to the credits to the depreciation reserve as may appear reasonable and proper.
5. The authority herein granted is subject to the condition that the consideration paid by the Pacific Gas and Electric Company for the properties and assets of Mt. Shasta Power Corporation, and the amount which said Pacific Gas and Electric

Company is herein authorized to charge to its fixed capital accounts, shall not be construed as a determination of the value of said properties and assets for the purpose of fixing rates or any purpose other than the transfer herein authorized.

6. Within sixty (60) days after the acquisition of the properties of Mt. Shasta Power Corporation, Pacific Gas and Electric Company shall file with the Commission a copy of each book entry recording the acquisition of said properties and the distribution of fixed capital in service to primary fixed capital accounts, as provided in Account 398, Cost of plant and equipment purchased.
7. Pacific Gas and Electric Company shall within sixty(60) days after acquiring the properties of Mt. Shasta Power Corporation, file with the Commission a copy of the deed or other instrument under which it acquired and holds title to said properties of Mt. Shasta Power Corporation.
8. The authority herein granted will not become effective until twenty(20) days after the date hereof, nor until applicants have filed a copy of the contract under which Pacific Gas and Electric Company agrees to pay and discharge all of the debts and liabilities of Mt. Shasta Power Corporation and will assume all of said Mt. Shasta Power Corporation's obligations of every kind and character, whether they arise out of contract or tort or exist under or by force of law or statute or any municipal or county ordinance or by virtue of the grant and acceptance of any franchise.

DATED at San Francisco, California, this 21st day of October, 1935.

Leon Caldwell

W. B. ...  
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Commissioners