

Decision No. 36663

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC GAS AND ELECTRIC COMPANY and
SACRAMENTO CITY LINES for an order
authorizing the former to sell and
convey to the latter the electric
street railway and motor bus transpor-
tation system of Pacific in the City
of Sacramento, and authorizing said
applicants to enter into and perform
the covenants of the proposed agree-
ment attached hereto as Exhibit "A."

Application
No. 25794

ORIGINAL

R. W. DuVal for Pacific Gas and Electric Company.
Downey, Brand and Seymour, by Harry B. Seymour,
for Sacramento City Lines.
Hugh B. Bradford, City Attorney, and D. R. Cate,
Engineer, for City of Sacramento.

BY THE COMMISSION:

O P I N I O N

In this application the Commission is asked to enter its order; (1) authorizing Pacific Gas and Electric Company to sell, transfer and convey to Sacramento City Lines and authorizing the latter to purchase from the former its electric street railway and motor bus transportation system in Sacramento; (2) authorizing Pacific Gas and Electric Company and Sacramento City Lines to enter into an agreement in the same form as the agreement filed in this application as Exhibit A, and (3) authorizing Pacific Gas and Electric Company, upon the sale and transfer of of its electric street railway and motor bus transportation system to Sacramento City Lines, to withdraw and cancel its filed

tariffs, rules and regulations applicable to said system and to find and declare that Pacific Gas and Electric Company is relieved of the duties and functions of a railroad corporation in the territory in which it now is or may be furnishing said public utility service by means of the properties and system so sold and conveyed.

Sacramento City Lines is a corporation organized and existing under and by virtue of the laws of the State of California. In Application No. 25793 it asks for a certificate of public convenience and necessity and for permission to issue \$500,000 par value of common stock for the purpose, among others of acquiring said properties of Pacific Gas and Electric Company.

The Pacific Gas and Electric Company now, and ever since January, 1906, has been engaged in the public utility business of operating a single and double track overhead trolley street railway and motor bus transportation system within the corporate boundaries of the City of Sacramento. In the conduct of this passenger business it owns, operates and uses certain rail lines consisting of railway trackage, overhead trolleys and appurtenances on and along certain streets in the City of Sacramento, also rolling stock comprising passenger street cars, railway work cars and motor buses, exclusive of tires and tubes therefor, and several parcels of land with the existing improvements thereon consisting of car barns, bus storage barns, machine and service shops, railway shops, together with shop machinery and tools, shop equipment and tools, furniture and fixtures, materials and supplies and certain equipment appurtenant to the operation of a transportation system. It has agreed to sell these properties to Sacramento City Lines under and

pursuant to the terms of the agreement filed in this application as Exhibit 1 and Exhibit A attached to said Exhibit 1.

In Exhibit 3 filed at the hearing had on this application the undepreciated historical cost of the Sacramento street railway and motor bus line properties to be sold to Sacramento City Lines as of September 10, 1943 is reported at \$2,318,699. It is of record that this cost is predicated upon the company's 1919 historical appraisal and that to such appraisal has been added the net book cost of additions and betterments. Pacific Gas and Electric Company's books as of August 31, 1943 show against such properties a reserve for accrued depreciation of \$841,026. The company has agreed to sell the properties to the Sacramento City Lines for the sum of \$450,000 plus the assumption by Sacramento City Lines of Pacific Gas and Electric Company's contractual and other lawful obligations in connection with the ownership and operation of said properties other than pending actions or subsequent torts or court actions arising out of incidents that shall have occurred prior to the actual transfer of said properties to Sacramento City Lines and exclusive of Pacific Gas and Electric Company's bond mortgage or deed of trust. Sacramento City Lines will assume the payment to the City of Sacramento of \$50,000 if and when it abandons the operation of the Number 3 car line and the Number 6 car line. This liability is covered by an agreement of April 17, 1942 by and between Pacific Gas and Electric Company and the City of Sacramento, which agreement is filed in this application as Exhibit 2.

It is of record that Pacific Gas and Electric Company may sustain, on account of the sale of the properties, a book

loss of about \$1,027,673. It is the company's intention to charge this to surplus, subject to an offset resulting from a tax saving because of the loss. The tax saving is estimated at about \$607,500 and the final charge to surplus at about \$420,173. We have no objection to the company recording the sale of the properties in that manner.

No one appeared at the hearing to protest the granting of this application.

Sacramento City Lines does not intend to operate under any franchises now held by Pacific Gas and Electric Company and has paid nothing for the same. As will appear from our decision in Application No. 25793, it has been granted a new franchise by the City Council of the City of Sacramento. Reference is also made in that decision to the routes, rates and service.

O R D E R

A public hearing having been held on this application and the Commission having considered the record in this application and it being of the opinion that the sale and transfer of said properties is in the public interest and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Gas and Electric Company may, after the date hereof and on or before December 31, 1943, sell, transfer and convey to Sacramento City Lines, and said Sacramento City Lines may purchase from Pacific Gas and Electric Company the street railway and motor bus transportation system described

in said Exhibit 1 and Exhibit A on file in this application, and said Pacific Gas and Electric Company and said Sacramento City Lines may enter into an agreement in the same form as the agreement on file in this application as Exhibit A, and consummate said agreement in accordance with its terms and conditions.

2. Upon the sale and transfer of said electric street railway and motor bus transportation system to Sacramento City Lines, Pacific Gas and Electric Company may withdraw and cancel its filed tariffs, rules and regulations applicable to said transportation system. Upon the withdrawal and cancellation of said tariffs, rules and regulations Pacific Gas and Electric Company is relieved of the duties and functions of a railroad corporation in the territory in which it now is or may be furnishing said public utility service by means of the said transportation properties and system sold and conveyed to Sacramento City Lines.

3. Within ninety (90) days after the sale, transfer and conveyance of said properties to Sacramento City Lines, Pacific Gas and Electric Company shall file with the Railroad Commission a true and correct copy of each journal entry recorded on its books to give effect to the sale, transfer and conveyance of said properties.

4. Within ninety (90) days after the sale, transfer and conveyance of said properties Pacific Gas and Electric Company shall file with the Railroad Commission two certified copies of the agreement executed under the authority herein granted.

Dated at San Francisco, California, this 19th
day of October, 1943.

Francis A. Havenue
M. J. Datta
Justus J. Cooney
Richard L. Lohse
Thomas J. O'Connell
Commissioners.