

Decision No. 37312

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
 J. LOWELL ANNETTE and LILLIAN C.  
 ANNETTE, co-partners doing business  
 under the name and style of Lucerne  
 Water, Light and Power Company, and  
 PACIFIC GAS AND ELECTRIC COMPANY, for  
 an order of the Railroad Commission  
 authorizing the former to sell to the  
 latter the electric distribution  
 system herein described.

**ORIGINAL**

Application No. 26094

R. W. DuVal, for Pacific Gas and Electric Company  
 J. Lowell Annette, in propria persona

BY THE COMMISSION:

O P I N I O N

J. Lowell Annette and Lillian C. Annette, co-partners doing business under the name of Lucerne Water, Light and Power Company, and Pacific Gas and Electric Company join in this application for an order authorizing the former to sell their electric public utility properties and business to Pacific Gas and Electric Company, and thereafter cease rendering public utility service, and authorizing the latter to purchase these properties and thereafter render the public utility service thus relinquished in accordance with its filed tariffs. A copy of the agreement covering this transaction is attached to the application and marked Exhibit "A."

A hearing on this application was held by Examiner Daly on July 21, 1944.

The local utility has been serving the community of Lucerne since April 1, 1935, when by Decision No. 27859, H. Vincent Keeling, Trustee of the Estate of Clear Lake Beach Company, a corporation bankrupt, operating as Lucerne Water, Light and Power Company, was authorized to transfer and assign

to J. L. Annette the certificate of public convenience and necessity acquired by the Clear Lake Beach Company in accordance with Decision No. 26251.

About the same time the aforesaid Annettes acquired from the Lucerne Country Club, a nonutility organization, the distribution system and other physical facilities then being leased to the bankrupt corporation for the conduct of its electric utility business. These properties now consist of approximately 140 poles, 113,000 feet of copper wire of various sizes, a small amount of galvanized iron wire, 22 transformers, 55 meters and services, and other facilities incidental to normal electric distribution and operation.

By the terms of the agreement of sale and purchase, Pacific Gas and Electric Company will acquire these properties and the business for the sum of \$5,000, and certain facilities now installed in a building and upon land not included in the sale will be permitted to remain and be operated by the purchaser where they now exist for the duration of the present hostilities and for a period not exceeding one year thereafter.

Mr. N. R. Sutherland, witness for Pacific Gas and Electric Company, stated that an inventory and appraisal of the properties have been prepared by the Valuation Department of his company as a check upon the agreed sale price and that the estimated cost of reproduction new was \$14,505.00, the accrued depreciation, \$8,250, leaving a net figure of \$6,245 for reproduction new less depreciation. At the request of Examiner Daly a copy of this inventory and appraisal was filed shortly after the hearing, and Mr. Sutherland's testimony was found to be substantially in accord therewith. There was also filed subsequent to the hearing a report prepared by the Valuation Department of the Pacific Gas and Electric Company in which the estimated historical cost of the properties is reported at \$11,208, the accrued depreciation at \$6,650 and the depreciated historical cost at \$4,558. To this latter figure should be added \$393 for materials and supplies, making a total of \$4,951. The Pacific Gas and Electric Company shall, if it acquires said properties, record them on its books in accordance with Uniform System of Accounts prescribed by Decision No. 30269, dated October 25, 1937, as amended by Decision

No. 30339, dated November 15, 1937.

The electric systems of the applicants are interconnected, Pacific having for many years wholesaled electric energy to sellers for resale to their customers, and with its greater resources and better organization Pacific should be able to supply more dependable service than that heretofore supplied by sellers, and at materially lower rates.

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

O R D E R

The Commission having considered the evidence submitted and it being of the opinion that this application should be granted, therefore,

IT IS ORDERED as follows:

1. J. Lowell Annette and Lillian C. Annette may after the date hereof and on or before October 31, 1944, sell and transfer to Pacific Gas and Electric Company their electric and other utility properties described in the agreement dated February 28, 1944, a copy of which is filed in this application as Exhibit "A," said sale to be in accordance with the terms and conditions of said agreement.

2. J. Lowell Annette and Lillian C. Annette, upon consummation of the sale and transfer to Pacific Gas and Electric Company of the properties and business involved, shall cease supplying electric service and performing functions of a public utility.

3. Pacific Gas and Electric Company, upon acquiring said utility properties and business, shall thereafter withdraw and cancel the rates, rules and regulations of Lucerne Water, Light and Power Company on file with the Commission and make effective in the territory involved its filed rules and regulations and those of its electric rate schedules applicable to service in rural areas in Lake County.

4. Within thirty (30) days after receipt thereof, Pacific Gas and Electric Company shall file with this Commission a copy of the bill of sale

covering the sale and transfer of properties authorized by this order.

5. The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 5<sup>th</sup> day of September

1944.

Richard Rasker  
Justus F. Calmer  
Francis D. Havenner  
Frank W. Dea  
West Lawrence

Commissioners