

Decision No. **37780**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of PUBLIC UTILITIES CALIFORNIA CORPORATION for authority to sell and transfer its electric system and properties in Del Norte County, California, to THE CALIFORNIA OREGON POWER COMPANY and, of THE CALIFORNIA OREGON POWER COMPANY for authority to acquire and operate said system and properties.

Application
No. 26567

ORRICK, DAHLQUIST, NEFF, BROWN & HERRINGTON by
HILLYER BROWN, for Public Utilities California
Corporation.

BROBECK, PHLEGER & HARRISON by JAMES S. MOORE, JR.,
for The California Oregon Power Company.

BY THE COMMISSION:

O P I N I O N

Public Utilities California Corporation asks permission in this application to sell and transfer to The California Oregon Power Company its electric generating, transmission and distribution properties situate in Del Norte County, California. The latter asks permission to acquire and operate said properties.

Public Utilities California Corporation, hereinafter sometimes referred to as Seller, operates public utility water and telephone properties in several cities and communities

in California. By means of its electric properties situate in Del Norte County, it sells electric energy in Crescent City and vicinity, and in Smith River and vicinity. It does not own or operate any electric properties other than those situate in Del Norte County. Its investment in its electric properties is reported at \$274,474.70, segregated as follows:

Crescent City and vicinity	\$208,976.42
Smith River and vicinity	\$ 65,498.28

For the Crescent City properties Seller reports a reserve for depreciation of \$64,004.64, and for the Smith River properties a reserve for depreciation of \$17,741.84, making a total reserve for depreciation of \$81,746.48. The total depreciated cost of Seller's electric properties as of December 31, 1944, is reported at \$192,728.22. We are not in this decision approving Seller's reported cost of its electric properties or passing on the adequacy of its reserve for accrued depreciation applicable to such properties.

For 1944, Seller reports total operating revenues of \$62,850.72 and net operating revenues of \$9,191.79. As of December 31, 1944, Seller had 1,061 connected electric meters.

Seller has agreed to sell its electric generating, transmission and distribution properties and its electric business in Del Norte County to The California Oregon Power Company, hereinafter sometimes referred to as the Buyer, for \$175,000, subject to the adjustments recited in the agreement of sale filed in this application as Exhibit "A." The purchase price is payable in cash. The agreement provides that the delivery date of the properties shall be the first day of

the month following the obtaining by Buyer of all requisite consents or approvals and franchises. The City Council of Crescent City on March 12 granted Buyer a city franchise. Buyer has filed an application for a Del Norte County franchise with the Board of Supervisors. The sale of this franchise is now being advertised and bids will be open on April 20. Buyer will subsequently file an appropriate application for permission to exercise franchise rights.

Seller produces the electric energy which it sells by diesel plants. It is Buyer's intention, if it acquires said properties, to construct a transmission line from O'Brien, Oregon, to connect its present properties with those of Seller and to extend Seller's distribution system in Del Norte County. It estimates that the cost of the transmission line and the extension of the distribution system at about \$150,000. Buyer's survey shows that by means of such construction it can supply electric energy to about 190 domestic and commercial customers who are not now receiving electric energy. Buyer will put into effect its rates where such rates are lower than the rates of Seller. Buyer will temporarily continue in effect Seller's rates which are lower than Buyer's rates. Buyer is aware of only two instances where Seller's rate schedule provides for a lower rate. One instance is the minimum rate under the general power schedule. The other is a fifty cent increase for consumers using between 300 KWH and 600 KWH per month under the general heating and cooking schedule. Except for the two instances the application of Buyer's rates will result in a substantial reduction in the consumers' electric bills. For

lighting purposes, 100 KWH per month cost \$8.20 under Seller's lighting schedule and \$3.25 under Buyer's corresponding schedule. Comparable reductions will occur under other schedules. Buyer's general manager believes that the use of electric energy by Seller's present consumers can be greatly increased under Buyer's more favorable rates. He believes that the Del Norte County area served by Seller should be accorded the same rates as Buyer charges elsewhere in California and that the initial loss in revenue because of the lower rates will be overcome by the greater use of electricity by present consumers and by taking on new customers.

As stated, Buyer is not in this application asking for a certificate of public convenience and necessity to exercise the franchise rights which it has obtained from Crescent City and expects to obtain from Del Norte County. Neither is it now asking for a certificate of public convenience and necessity to construct the transmission line to which reference has been made.

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

Buyer should, in due time, submit the journal entries required by Account 391, Electric Plant Purchased.

O R D E R

A public hearing having been held on the above-entitled application by Examiner Fankhauser, and the Commission having considered the evidence submitted at such hearing, and it being of the opinion that the granting of this application is in the public interest, therefore,

IT IS HEREBY ORDERED as follows:

1. Public Utilities California Corporation may sell and transfer, on or before July 1, 1945, to The California Oregon Power Company the properties described in the agreement filed in this application as Exhibit "A." The California Oregon Power Company may acquire and operate said properties. The sale and transfer of said properties shall be consummated in accordance with the terms and conditions of said agreement, which agreement applicants may execute.

2. The California Oregon Power Company shall make effective if it acquires said properties throughout the area now supplied with electricity by Public Utilities California Corporation for bills based on meter readings taken on and after the first day of the month subsequent to the purchase of said properties, its rates now on file with the Railroad Commission, except in those instances where said rates are higher than the rates of Public Utilities California Corporation now on file with the Railroad Commission. The rates of Public Utilities California Corporation, which are lower than the rates of The California Oregon Power Company, shall be adopted by The California Oregon Power Company, and as to present consumers shall

be continued in effect until further order of the Railroad Commission. The California Oregon Power Company shall supply electricity in said area under its rules and regulations.

3. Within thirty (30) days after the sale and transfer of said properties, The California Oregon Power Company shall file with the Railroad Commission a true and correct copy of said agreement of sale, together with a copy of the deed and other instruments under which it acquired and holds title to said properties.

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

5. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 10th
day of April, 1945.

Edward Anderson
Justus P. Colver
Richard Backus
Francis J. ...
Edward ...
Commissioners