

Northern now is and for some years last past has been engaged in the public utility business of generating, transmitting and selling electric energy to the public for light, heat, power and other purposes in a service area comprising the Town of Garberville and territory contiguous or adjacent thereto, all in Humboldt County. For 1945 Northern reports operating revenues of \$33,094.98 and net income of \$2,422.67.

Pacific reports that under the authority granted by Decision No. 38276, dated October 2, 1945, in Application No. 25746, it expects to acquire ownership and obtain possession of the electric properties of Charles L. East on or prior to March 1, 1946. East is the owner and operator of electric transmission and distribution properties used in connection with the furnishing and supplying of public utility electric service to customers situate in the communities of Pepperwood, Shively, Holmes Flat, Redcrest, South Fork, Larabee, Weott, Dyerville, Phillippsville and territory immediately contiguous thereto. Pacific supplies East with all electric energy he sells to his customers. Pacific is presently supplying electric service in Humboldt County in territory contiguous to that supplied by said East. Pacific proposes to construct, in accordance with the plans previously presented to the Commission in connection with Application No. 25747, the tie line between the electric system of Northern and the Charles L. East electric properties. The construction of said tie line is authorized by Decision No. 38277, dated October 2, 1945, in Application No. 25747.

Immediately following the acquisition of the electric systems of Northern and East, Pacific proposes, in compliance with the Commission's Opinion and Order, Decision No. 38276, to

make effective in the areas served by Northern and East its filed schedules of electric rates and charges applicable to electric service in comparable areas in Humboldt County. Its rates are lower than those now charged by Northern and East.

It is alleged that Pacific's plan to distribute and transfer the properties and assets of Northern is in conformity with its long established policy of simplifying its corporate structure by means of the elimination of its subsidiary public utility corporations, that it will result in a more effective conduct of business, a unification and simplification of accounting and the preparation of tax returns and reports.

As of December 31, 1944, Northern reported its investment in electric plant accounts at \$187,277.47 and its reserve for depreciation at \$36,014.96. In Exhibit "A" on file in this application, Northern's investment in electric plant as of December 31, 1945, is reported at \$128,808.50 and its reserve for accrued depreciation at \$38,743.11. During 1945 Northern credited its electric plant accounts with \$60,294.95 of capital and earned surplus. By so doing it reduced its charges to electric plant accounts less accrued depreciation to \$90,065.36, which is the amount that Pacific reports as its cost to acquire the properties of Northern as of December 31, 1945. The \$90,065.36 is made up of the following items:

Acquisition of Common Stock and Preferred Stock:

3900 shares of common stock @ \$10.00		\$39,000.00
1745 shares of preferred stock @ \$25.75		<u>44,933.75</u>
		\$83,933.75
Advances from Pacific Gas & Elec. Co.	\$4,714.43	
Less cash in banks paid on account	<u>288.52</u>	4,425.91

Excess of Current Liabilities and Reserve for Uncollectible Accounts over Current Assets:

Accounts Payable	\$ 972.45	
Taxes Accrued	1,110.53	
Reserve for Uncollectible Accounts	<u>1,000.02</u>	
	\$3,083.00	
Less Accounts Receivable	<u>1,377.30</u>	<u>1,705.70</u>
Total cost of acquisition of Utility Plant		\$90,065.36

Under the provisions of the uniform system of accounts prescribed for electrical corporations, Pacific is required to charge its cost of acquisition to account 391--Electric Plant Purchased, in the plant accounts and thereafter, within six months after date of acquisition, when the final figures should be available, to file with the Commission the proposed journal entries to clear account 391. Pacific's request to record the Northern properties at its cost of acquisition will be considered in a supplemental order.

O R D E R

The Railroad Commission having considered the requests of Northern Light and Power Company and Pacific Gas and Electric Company, and it being of the opinion that the transfer of the properties and assets of the former to the latter is in the public interest, therefore,

IT IS HEREBY ORDERED as follows:

1. Northern Light and Power Company, after the effective date of this order and on or before April 30, 1946, may distribute and transfer to Pacific Gas and Electric Company all its properties and assets and, upon such distribution and

transfer, may cease furnishing and supplying service as a public utility in the territory in which it now is or may be furnishing public utility service by means of the properties distributed and transferred and is relieved of the duties and functions of a public utility corporation.

2. Pacific Gas and Electric Company, upon acquiring the properties and assets of Northern Light and Power Company, shall assume and agree to pay and discharge all debts, liabilities and obligations of Northern Light and Power Company.

3. Pacific Gas and Electric Company, upon acquiring said properties of Northern Light and Power Company, shall make effective in the service area of Northern Light and Power Company, its filed tariff schedules of rates, charges, rules and regulations applicable to electric service in comparable areas in Humboldt County.

4. Pacific Gas and Electric Company shall file with the Commission, within sixty (60) days after the acquisition of the properties and assets of Northern Light and Power Company, a copy of each instrument under which it acquired said properties and assets.

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

6. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 26th day of February, 1946.

Harold Anderson
Justus J. Casper
Frank Russell
Harold P. Hull
Commissioners