

Decision No. 39507

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of (HOBART ESTATE COMPANY, a corporation, and ELLIOTT S. McCURDY, as Special Administrator, in the State of California of the Estate of Emma H. Rose, also known as Emma Rose, deceased, together doing business under the name and style of Utica Power Co., a joint venture, and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, for an order of the Railroad Commission of the State of California granting and conferring upon applicants all necessary permission and authority to consummate in accordance with its terms an agreement of sale and purchase entered into by applicants and dated the 13th day of June, 1946, etc.

Application No. 27770

ROBERT M. SEARLES, Attorney, for Hobart Estate Company and for Elliott S. McCurdy, Special Administrator of the estate of Emma H. Rose, Deceased.

R. W. DUVAL, Attorney, for Pacific Gas and Electric Company.

VERGIL M. AIROLA, for Calaveras Water Users Association.

ROWELL, Commissioner:

INTERIM OPINION

This application involves the proposed acquisition by Pacific Gas and Electric Company of the properties heretofore used in rendering both electric and water public utility services in Calaveras County under the fictitious name of Utica Power Co. The properties are owned jointly by Hobart Estate Company, a corporation, and the estate of Emma H. Rose, deceased. Elliott S. McCurdy has been appointed Special Administrator in the State of California of the estate of Emma H. Rose, and has been authorized by the Superior Court in and for the City and County of San Francisco to execute all necessary instruments conveying to Pacific Gas and Electric Company this estate's one-half undivided interest in the properties.

A written agreement of purchase and sale was executed by the above mentioned parties on June 13, 1946, a copy of which is attached to the application as Exhibit B. The consideration to be paid to the present owners severally is \$125,000.00, making the total of \$250,000.00.

The properties include four storage reservoirs located upon upper tributaries of the Stanislaus River in Alpine and Tuolumne Counties, together with flowage rights therefor; certain conduits for the diversion of water from the Stanislaus River to the Angels Creek watershed in Calaveras County, where the water is utilized for the generation of electric power and is also sold for irrigation and domestic uses; two hydro electric generating plants located at Murphys and Angels Camp, and the electric distribution system serving these communities and the neighboring towns of Douglas Flat, Vallecito, Carson Hill and Altaville. In addition, there will be conveyed a piped domestic water system serving Angels Camp and vicinity.

At the hearing upon this application held at Angels Camp on September 26, 1946, the parties urged the Commission to promptly grant them authority to carry out the terms of their sale agreement without awaiting the completion of a cost inventory and appraisal. It appears that the administration of the estate of Emma H. Rose compels an early disposition of this undivided one-half interest in the properties. It would also be of advantage to both the sellers and the purchaser if the conveyance could be completed while favorable seasonal conditions permit the making of needed repairs upon reservoirs and conduits in high mountain areas. Accordingly, it was suggested that an interim order now be made, authorizing the proposed transfer, and that Pacific Gas and Electric Company be permitted at a later hearing to submit supplemental evidence relative to accounting matters.

The Commission is of the opinion that the sale of the Utica Power Co. properties to Pacific Gas and Electric Company, in accordance with the terms of said contract, should be authorized. The electric system of Utica Power Co. is now inter-connected with that of Pacific Gas and Electric Company, and can be efficiently operated as an integrated electric generating and distributing system. In

recent years, Pacific Gas and Electric Company has purchased a large part of the electric energy generated by Utica Power Co., and has also supplied it with power whenever its production capacity was deficient.

Utica Power Co. has heretofore entered into certain private contractual obligations to continue the delivery of water below Murphys Power Plant on Angels Creek for the use of two water users' associations and of the Bret Harte Sanitarium. Pacific Gas and Electric Company acknowledges its obligation, as successor, to fulfill the terms of these non-utility agreements.

Pacific Gas and Electric Company proposes to continue in effect the domestic water rates now applied by Utica Power Co., but seeks authority to file and establish its own system schedules of electric rates. Although the application of Pacific's rates would result in an overall reduction of about 14% in the charges made to all existing electric customers, the dissimilarity in the schedules of the two utilities may bring about some increases to certain customers. For general lighting and domestic lighting uses, customers' bills will be reduced by between 30% and 40%. For domestic and commercial cooking, heating and refrigeration uses, although there may be a nominal increase in some monthly bills, most of such customers should receive a reduction on an annual basis. However, the application of Pacific's rates to certain customers whose use is for power purposes primarily, would result in substantially higher billing than under the existing schedules of Utica Power Co. Therefore, Pacific Gas and Electric Company asks the Commission to authorize it, in those instances, to enter into agreements with such power customers for the continuation of the existing rates for a three-year period.

The Commission, by Decision No. 30452 dated January 3, 1938, authorized Pacific Gas and Electric Company to exercise an electric franchise granted by the County of Calaveras, but the order therein made excluded that territory being served by the Utica Power Co. The order herein made will amend said decision so as to permit the grantee to exercise said franchise without restriction.

The following order is recommended.

ORDER

A public hearing having been held upon the above entitled application, the matter considered, and the Commission being of the opinion that the public interest so requires,

IT IS HEREBY ORDERED as follows:

1. Hobart Estate Company and Elliott S. McCurdy as Special Administrator in the State of California of the estate of Emma H. Rose, deceased, are authorized to convey, on or before December 31, 1946, to Pacific Gas and Electric Company, all of the properties and rights described in that certain agreement of purchase and sale executed on the 13th day of June, 1946, a copy of which is attached to the application herein as Exhibit B, and, upon the conveyance of said properties to Pacific Gas and Electric Company, to cease furnishing and supplying public utility electric and water service within those areas of Calaveras County heretofore supplied under the name and style of Utica Power Co.

2. Pacific Gas and Electric Company is authorized to purchase and acquire said properties described in Exhibit B in accordance with the terms and conditions of said agreement, and, upon acquisition thereof, to adopt the water schedules of Utica Power Co., and to cancel the electric schedules of Utica Power Co., and to file and make effective in lieu thereof its presently effective system electric rates, rules and regulations for comparable territory, provided, however, Pacific Gas and Electric Company is hereby authorized to execute and carry out a special agreement with any present power customer who so elects, continuing the present level of rates for all of said customer's electric service for a period not to exceed three years. Copies of all such agreements shall be filed with this Commission.

3. Pacific Gas and Electric Company within thirty days after purchase and acquisition of said properties shall file with the Commission a true copy of the Deed and other instruments under which it acquires title thereto.

IT IS HEREBY FURTHER ORDERED that the order contained in the Commission's Decision No. 30452 rendered in Application No. 20972 on January 3, 1938, granting to Pacific Gas and Electric Company a certificate to exercise the rights and privileges of an electric franchise granted by the County of Calaveras, be amended by deleting the provision of said order that such franchise shall not be exercised in territory served by the system of Utica Mining Company.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California,

The effective date of this order shall be twenty days from the date hereof.

Dated at San Francisco, California, this 8th day of October, 1946.

Harold Hule
Justus F. Craemer
Francis Blum
W. H. Russell

Commissioners.