

Decision No. 40941

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California Electric Power Company for an order authorizing it to sell and transfer to Arizona Edison Company, Inc. all of applicant's public utility electric system in Yuma County, Arizona, and for related orders.

**ORIGINAL**

Application No. 28792

OPINION AND ORDER

California Electric Power Company requests an Order of this Commission authorizing it to carry out an agreement made with Arizona Edison Company, Inc. dated October 7, 1947, under which applicant will sell substantially all of its electric properties and business in the State of Arizona, and likewise authorizing it to furnish electric power to Arizona Edison under two wholesale service agreements bearing the same date.

Applicant now renders electric service in Arizona, principally within and about the City of Yuma. It also serves a few customers at Ehrenberg across the river from Blythe, California. Applicant proposes to withdraw from the electric public utility business in Arizona, and to dispose of its distribution facilities to Arizona Edison.

Applicant's present customers at Yuma and Ehrenberg have received power from California sources through an interchange agreement between applicant and Imperial Irrigation District, as well as through applicant's contracts with the federal government for energy generated at Parker Dam. The agreements now made with Arizona Edison provide that such power sources shall continue to be called upon to serve these same areas through the sale of power to Arizona Edison. Customers in Ehrenberg, Arizona will continue to receive power transmitted over applicant's Calipatria-Blythe line. Arizona Edison will acquire a four-fifths interest in applicant's contract for purchase of energy from Parker Dam. The standby service now available to applicant through its contract with Imperial

Irrigation District is likewise being made available to Arizona Edison. The remaining one-fifth of the Parker Dam energy is retained by applicant for service to its wholesale customer, Industrial Electrica Mexicana S.A., to which applicant renders service at the international boundary between Arizona and Mexico.

As the proposed sale relates to the disposition of properties within the State of Arizona, and as the power deliveries to be made under the two service agreements will be made at points in Arizona, this Commission's interest in the three contracts relates only to their effect on applicant's remaining California operations. It appears that the proposed transactions will not result in any material change at present in the demands for power from applicant's power sources and should result in no additional burdens on applicant's remaining facilities. We are of the opinion, therefore, that the granting of the authority requested will not be contrary to the public interest. It does not appear that a public hearing is necessary.

While the Commission has no direct jurisdiction over the level of rates specified in the wholesale service agreements, the resulting revenues and associated expenses, in so far as they may affect future California earnings, will of necessity be given due consideration in any future rate proceedings before this Commission.

IT IS HEREBY ORDERED that California Electric Power Company is hereby authorized in so far as this Commission may have jurisdiction in the premises to carry out the terms and conditions of those certain agreements dated October 7, 1947, between California Electric Power Company and Arizona Edison Company, Inc. attached to and made a part of the application as Exhibit 1, Agreement of Sale and Purchase; Exhibit 2, Standby Power Service Agreement; and Exhibit 3, Ehrenberg Power Service Agreement, in accordance with the terms and conditions thereof.

The effective date of this Order is twenty days from and after the date hereof.

Dated at San Francisco, California, this 19<sup>th</sup> day of November, 1947.

Harold P. Kule

James R. Quinn

R. J. [unclear]

Commissioners