

Decision No. 42263

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of E. R. SEAMAN, doing business under the firm name and style of OAKS LIGHT AND POWER COMPANY, and PACIFIC GAS AND ELECTRIC COMPANY for an order of the Public Utilities Commission of the State of California authorizing the former to sell to the latter the electric system and business herein described, and authorizing Pacific to make effective in the territory involved its filed electric rules and regulations and its applicable generally lower electric rates and charges.

ORIGINAL

Application No. 29765

R. W. DuVal, Attorney for Applicant

O P I N I O N

E. R. Seaman, doing business under the name of Oaks Light and Power Company, and Pacific Gas and Electric Company join in this application for an order authorizing the former to sell, and the latter to purchase the electric public utility properties and business of E. R. Seaman in Clear Lake Oaks, and in the vicinity thereof, Lake County. Concurrently with the transfer, Pacific would make effective its filed rules, regulations and rates which are applicable generally in unincorporated territory served by its system in northern California, and E. R. Seaman would cease furnishing and supplying electric service and be relieved of the functions of an electric public utility. The application also contains a request for authorization by this Commission in respect to those matters. A copy of the agreement covering the transfer of properties and business is attached to

the application and marked Exhibit A.

A hearing on this application was held before Examiner Knerr on November 5, 1948. Although notices of hearing were issued and also posted in public places in Clear Lake Oaks, no opposition to the proposed transfer has been presented. E. R. Seaman, since May 1925, has been the owner and operator of the electric properties here under consideration. Energy supply to the system is received by purchase from Pacific Gas and Electric Company at its transformer station in Clear Lake Oaks. The properties to be transferred, at the time of an inventory in 1947, consisted of approximately 298 poles, 185,000 feet of copper wire, 51 transformers, 387 meters, and other equipment and appurtenances.

By the terms of the agreement, Pacific Gas and Electric Company will acquire the properties and business, including additions and betterments installed by May 31, 1948, for the sum of \$60,000. Additions and betterments subsequent to May 31, 1948, estimated to cost not more than \$1,000, also will be transferred under the agreement. At the hearing the company presented exhibits showing an inventory and reproduction cost new appraisal, an appraisal of reproduction cost new less depreciation, a tabulation of the adjusted book costs of the properties as of May 31, 1948, and as of August 31, 1948, and an estimate of the accrued depreciation applicable to book cost as of May 31, 1948. The reproduction cost new appraisal was predicated upon costs current in the fall of 1947 as such costs would have been experienced by Pacific Gas and Electric Company in the construction of properties of the size and magnitude of those to be transferred.

A summary of the appraisal and book cost figures follows:

Reproduction cost new as of September 1947 (Including tools and work equipment)	\$48,562
Accrued depreciation as of September 1947	<u>8,427</u>
Reproduction cost new less depreciation	40,135
Material and supplies	<u>1,725</u>
Total appraisal, reproduction cost new less depreciation, as of September 1947	41,860
Reported book cost as of December 31, 1947	54,197
Adjusted book cost as of December 31, 1947	53,466
Net additions and betterments to May 31, 1948	<u>2,440</u>
Adjusted book cost as of May 31, 1948	55,906
Estimated accrued depreciation applicable to book cost as of May 31, 1948	<u>9,679</u>
Adjusted book cost less depreciation, as of May 31, 1948	46,227

The Pacific Gas and Electric Company shall record the purchase of the electric properties of E. R. Seaman in the manner provided in the Commission's Uniform System of Accounts prescribed for electrical corporations.

The evidence presented shows that at the close of 1947 there were about 400 customers on the system of the Oaks Light and Power Company. Witness for Pacific Gas and Electric Company presented testimony at the hearing regarding its plans for re-inforcement of facilities to supply electricity in the area. The principal feature of those plans is the construction of a 60,000 volt transmission line from the presently existing Clear Lake substation to a new substation at Lower Lake. The construction of such a line will decrease the distance over which energy is carried at 12,000 volts from the present distance of 19 miles to approximately 9½ miles, and should materially better service conditions in the vicinity of Clear Lake Oaks.

Evidence introduced at the hearing shows that the rates which would be applied by Pacific Gas and Electric Company are somewhat below presently effective rates of the Oaks Light and Power Company. The reduction in revenue based upon 1948 business,

including an estimate for the last four months, would be approximately \$2900 or a 12% saving to the customers.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

A hearing having been held, the Commission having considered the evidence, and being of the opinion that this application should be granted, therefore,

IT IS ORDERED as follows:

1. E. R. Seaman, doing business as Oaks Light and Power Company, may sell and transfer on or before December 31, 1948, to Pacific Gas and Electric Company, and Pacific Gas and Electric Company may purchase and receive, the electric public utility properties and business described in the agreement dated August 31, 1948, a copy of which is a part of this application as Exhibit A, in accordance with the terms and conditions of said agreement.

2. E. R. Seaman, doing business as Oaks Light and Power Company, upon consummation of the sale and transfer to Pacific Gas and Electric Company herein authorized, shall cease furnishing and supplying electric service and is hereby relieved of the duties and functions of an electric public utility.

3. Pacific Gas and Electric Company upon acquiring said utility properties and business shall within 30 days thereafter cancel the filed rates, rules and regulations of Oaks Light and Power Company, and shall 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 30 days after the transfer of the properties, Pacific Gas and Electric Company shall file with this Commission a copy of the bill of sale under which it acquired title to the said properties.

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

Dated at San Francisco, California, this 23<sup>rd</sup> day of November, 1948.

R. Z. Ingraham  
Joseph R. ...  
Harold P. ...  
Norman ...

COMMISSIONERS