

Decision No. 45485**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA ELECTRIC)
 POWER COMPANY and IMPERIAL IRRIGATION)
 DISTRICT for Authority to Lease and)
 Sell Portion of Palo Verde Valley)
 Transmission Line.)

Application No. 32087

O P I N I O N

In this application California Electric Power Company and Imperial Irrigation District join in requesting an order approving a supplemental agreement dated April 27, 1950 which would be supplemental to a certain "Agreement for the Exchange, Sale, and Purchase of Electric Energy" dated October 15, 1943, and which, in addition to amending certain provisions of the latter agreement, would provide for the lease and option to purchase by Imperial of a certain portion of California Electric's 88 kv transmission line between Calipatria and Blythe.

The agreement of October 15, 1943, provided for the delivery by Imperial to California Electric at Calipatria of energy required by California Electric for transmission to Blythe and use in Blythe and the Palo Verde Valley by California Electric and its customers. This Commission through its Decision No. 36622, dated September 22, 1943, authorized California Electric to carry out the provisions of said agreement. Article 3 of said agreement, as amended by a supplementary agreement dated January 11, 1944, established the conditions, for the period from November 1, 1948 to October 31, 1953, inclusive, under which Imperial would deliver energy to California Electric at Calipatria, and in exchange therefor, California Electric would deliver energy to Imperial in its Coachella service area.

The supplemental agreement of April 27, 1950, would grant to California Electric the right and option to cancel all of Article 3 of said agreement of 1943. California Electric in this application states that it has made arrangements for a supply of electric energy from the Bureau of Reclamation at Blythe substation which can be used instead of the energy provided by Article 3 of said agreement of 1943, and when such new supply is secured, California Electric will not need a portion of the 88 kv transmission line between Calipatria and Blythe. Said supplemental agreement provides for the lease of about 65 miles of said line to Imperial with an option to purchase that portion at any time prior to November 1, 1953. The agreed lease rental is \$1 a year, Imperial being obligated to operate, maintain, repair, and replace the leased portion of the line in as good order and condition as when received, less ordinary depreciation. If Imperial exercises its option to purchase said portion of the transmission line, the agreement provides a purchase price of \$181,945 plus the cost of any net additions and betterments made by the company subsequent to April 27, 1950. California Electric states that \$181,945 is the original cost and book cost of said property as of April 27, 1950, depreciated to January 1, 1954. If Imperial exercises its option to purchase the property, California Electric is required by the Uniform System of Accounts prescribed by this Commission to file within six months of the date of sale of the property the proposed journal entries to clear from Account 392 the amounts recorded therein with respect to the sale.

It appearing that California Electric has arranged for supplies of electric energy from the United States Bureau of Reclamation at Blythe substation, which the application states would provide more dependable service for California Electric's Palo Verde

Valley territory then has been possible over the transmission line from Calipatria, and the use of said transmission line by California Electric to supply its Palo Verde area will not be necessary after establishment of service from the Bureau of Reclamation at Blythe substation, authority will be granted to carry out the terms and provisions of said supplemental agreement. The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.

O R D E R

The Commission having considered the above-described application and being of the opinion that the proposed lease and transfer will not be adverse to the public interest, and that a public hearing is not necessary,

IT IS HEREBY ORDERED that authorization is granted as follows:

1. To California Electric Power Company, authorization to carry out the terms and provisions of said supplemental agreement dated April 27, 1950;

2. To California Electric Power Company as lessor and Imperial Irrigation District as lessee, authorization to lease with option to purchase the portion of said Palo Verde Valley transmission line described in said supplemental agreement under the terms and conditions of said agreement; and

3. Authorization for California Electric Power Company to sell and Imperial Irrigation District to purchase the optioned portion of said transmission line in accordance with the terms and conditions of said supplemental agreement.

IT IS HEREBY FURTHER ORDERED that California Electric Power Company shall notify this Commission as to each of the following dates within thirty (30) days after the occurrence

thereof or within thirty (30) days after the effective date of this order, whichever is the later when California Electric Power Company:

a. Exercises its right under the supplemental agreement to cancel Article 3 of the agreement of 1943,

b. Leases the portion of said transmission line to Imperial Irrigation District, and

c. Consummates the sale of and transfers said portion of the transmission line to Imperial Irrigation District.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 27th day of March, 1951.

R. F. Thompson
Justin J. Craven
Harriet Hills
Franklin Pottel
John L. McMill
Commissioners.