

ORIGINAL

Decision No. 46556

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA-PACIFIC UTILITIES COMPANY)
for an order authorizing applicant)
to purchase an electric utility)
system at Henderson, Clark County,)
Nevada, and to issue a promissory)
note secured by deed of trust on said)
electric utility system in part pay-)
ment of the purchase price.)
-----)

Application
No. 32945

O P I N I O N

This is an application for an order authorizing California-Pacific Utilities Company to execute a deed of trust and to issue a note in the principal amount of \$95,000 for the purpose of paying in part for an electric distributing system.

Applicant is a California corporation engaged in operating public utility electric, gas, water and telephone systems in various parts of California, electric and gas systems in Oregon, electric and water systems in Nevada, and electric systems in Idaho and Wyoming. It now desires to extend its electric operations in Nevada and to that end has entered into an agreement with the State of Nevada and its Colorado River Commission for the purchase of the electric utility system in Henderson Townsite, Clark County, Nevada, for the sum of \$160,000. The agreement for the purchase of the system provides for a cash payment of \$65,000 and the issue by applicant of a note in the principal amount of \$95,000, said note to be payable in ten equal annual installments bearing interest, payable annually, at the rate of 4% per annum on the unpaid balances of the note. The payment of the note will be secured by a deed of trust covering the system to be purchased.

The application shows that the electric system is located about 15 miles from Boulder City. It appears that the plant was constructed in connection with the development by the federal government during World War II of the so-called basic magnesium project, that the properties were taken over by the State of Nevada in 1949, and that said state has continued to operate them, leasing certain portions to four large industrial corporations but supplying residential and commercial service to approximately 1,100 customers. Applicant reports that the industrial development in the service area, in its opinion, is of a permanent nature and that the revenues from the operation of the electric system will not be affected adversely by a cessation of a war economy. It estimates the gross revenues from the operation of the electric properties will be approximately \$180,000 a year.

The properties comprising the electric system include the distribution lines, a 10,000 K.V.A. substation, with regulators and other appurtenances and including the lot on which the substation is located, together with additional land for warehouse space, a lot in Henderson Townsite for commercial and other purposes, rights-of-way for pole lines on private property and on the streets of Henderson Townsite, together with meters, transformers, poles, wires, materials and supplies. In addition, applicant has agreed to purchase 775 meters for \$10,620.25, to be paid in cash. Applicant states that the original cost of the electric system has not yet been ascertained but it is of the opinion that such cost will be substantially in excess of the purchase price.

Upon the basis of the information contained in the verified application, it appears to us that applicant should be authorized to issue the note for the acquisition of these properties. The action taken herein shall not be construed to be a finding of the value of such properties.

ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

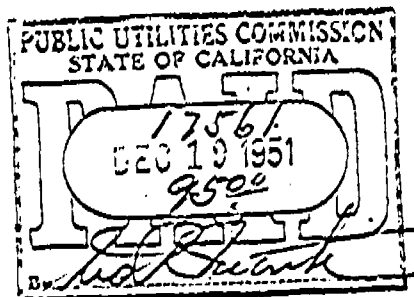
IT IS HEREBY ORDERED as follows:

1. California-Pacific Utilities Company, after the effective date hereof and on or before April 30, 1952, may execute a deed of trust, in substantially the same form as that filed in this proceeding as Exhibit 3, and may issue its promissory note in the principal amount of \$95,000, in substantially the same form as the note filed in this proceeding as Exhibit 2, for the purpose of providing in part the purchase price of the electric system to which reference is made in this proceeding.

2. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904 of the Public Utilities Code, which fee is ninety-five (\$95.00) dollars.

Dated at San Francisco, California, this 18th day of December, 1951.



[Signature]
President
[Signature]
[Signature]
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Commissioners