

ORIGINAL

Decision No. 46790

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
PACIFIC GAS AND ELECTRIC COMPANY, a )  
corporation, and the CITY OF PALO ALTO, )  
a municipal corporation, for an order )  
of the Public Utilities Commission of )  
the State of California authorizing )  
the former to sell and convey to the )  
latter the gas and electric distribu- )  
tion facilities referred to in this )  
petition, in accordance with the terms )  
of an agreement dated November 2, 1951. )

Application No. 33043

OPINION AND ORDER

The Pacific Gas and Electric Company and the City of Palo Alto, in this application, request an order of this Commission conferring upon Pacific all necessary authority to sell certain gas and electric distribution facilities to the City of Palo Alto and to consummate said transaction in accordance with the terms of an agreement dated November 2, 1951. Pacific further requests an order authorizing it, concurrently with the sale and transfer to City of the said properties, to be relieved of the duties and responsibilities of a gas and electric corporation within the area known as the San Antonio Road Annexation. A copy of the agreement is attached to the application as Exhibit No. 1.

Under the terms of this agreement, Pacific is to sell and convey to City certain gas and electric distribution facilities situated in the San Antonio Road Annexation, which was recently annexed to, and became a part of, City. The electric distribution facilities, which are to be conveyed, are delineated on the map attached to the agreement as Exhibit A, entitled "Sketch Showing Electric Distribution System as of February 16, 1951, Proposed to be

Sold to City of Palo Alto". The gas distribution facilities to be conveyed are shown on the map attached to the agreement as Exhibit B, entitled "Sketch Showing Gas Distribution System as of February 16, 1951, Proposed to be Sold to City of Palo Alto." The agreement provides for the continuation of the supply of electric service by Pacific to a customer located adjacent to the Simonic Airport and for the payment by City of the cost to Pacific of construction of a new service line to this customer as an ultimate severance cost. The amount to be paid by City under the agreement is \$170,450, plus the actual cost of any additions to and betterments of said facilities made subsequent to February 16, 1951 and prior to the conveyance of said facilities to City, together with 15% of said cost, plus all sales tax which is legally chargeable and the cost to Pacific for all necessary work performed in connection with the severance of said facilities from other properties of Pacific, including the ultimate severance cost of the service line hereinbefore set forth.

The agreement provides that it shall not become effective until the Commission by order shall authorize Pacific to carry out its terms. The agreement states that the Council of the City of Palo Alto on September 24, 1951 authorized the purchase of the said electric and gas distribution facilities by City from Pacific. City now owns an electric and gas distribution system by means whereby it supplies electric and gas service to many of its residents and inhabitants. The application alleges that the furnishing of the gas and/or electric services involved by City at its effective rates and charges will not result in the charging or collecting from said customers of rates or charges in excess of those now paid by said customers for services now furnished by Pacific.

Under the date of May 19, 1938 Pacific and City entered into a territorial agreement which defined the division of territory between Pacific and City and established a definite basis for sale by Pacific of the gas and electric distribution facilities upon annexation of certain areas to City. This territorial agreement was filed with this Commission on or about June 3, 1938. The terms of the agreement dated November 2, 1951 appear to be substantially in accord with Paragraph 1 of said territorial agreement. Although only part of the annexed area is covered by said territorial agreement, Pacific states it is willing to sell to City its electric and gas facilities in the said entire annexed area.

It appears that City, upon acquisition of the properties which would be transferred under the agreement is ready and willing to supply electric and gas service to the customers now served through said properties by Pacific and that the requests of Pacific and City should be granted. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

The Commission having considered the request of the applicants and being of the opinion that the application should be granted and that a public hearing is not necessary, and it appearing to the Commission that the proposed transfer of property will not be adverse to the public interest; therefore,

IT IS HEREBY ORDERED that the Pacific Gas and Electric Company be, and it is authorized to sell and convey to the City of Palo Alto the electric and gas distribution facilities described in the agreement dated November 2, 1951, and Pacific Gas and Electric Company is authorized to consummate said transaction in accordance with the terms of said agreement.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company, concurrently with the consummation of the sale and transfer to the City of Palo Alto of the properties described above, cease furnishing and supplying electric and gas service to customers presently served by it by means of said properties and is relieved of the duties and responsibilities of a gas or electric corporation within the area known as the San Antonio Road Annexation.

In the event that the City of Palo Alto does not consummate the purchase of the properties under the agreement of November 2, 1951 within two (2) years after said date, the authority granted herein shall expire.

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

Dated at San Francisco California, this 26<sup>th</sup> day of February 1952.

R. F. [Signature]  
President.  
James J. [Signature]  
Harold [Signature]  
[Signature]  
Commissioners.