

Decision No. 54495

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA ELECTRIC POWER )  
COMPANY, a corporation, for an order )  
authorizing the purchase and sale of )  
certain electric distribution facilities )  
presently owned by American Potash and )  
Chemical Corporation in the Village of )  
Trona, in San Bernardino County, Cali- )  
fornia. )

Application No. 33621

Kenneth M. Lemon for the California Electric  
Power Company,  
Harold F. Sipe for the Commission staff.

O P I N I O N

California Electric Power Company, a Delaware corporation, is engaged principally in operations as an electrical corporation in portions of the Counties of Mono, Inyo, Kern, San Bernardino, Imperial and Riverside, in the State of California, and in the Counties of Nye and Esmeralda in the State of Nevada. The California operations are conducted under authority of certificates issued by this Commission. For many years last past this company has supplied electric energy in the area surrounding the Village of Trona.

The American Potash and Chemical Corporation is engaged in the production of chemicals in and around the Village of Trona. For many years this company has developed and furnished electrical energy to its plant and office buildings, and also to the barracks and individual residences in the area. Virtually all of the consumers of this electricity have worked for the company.

The American Potash and Chemical Corporation now has sold to its employees the 334 individual dwellings in the Village of Trona, and in this application it is proposed to transfer to

California Electric Power Company the electric distribution facilities which are used in furnishing power to these residences.

A public hearing was held before Examiner Grant E. Syphers at Trona on December 19, 1956, at which time evidence was adduced and the matter submitted. It now is ready for decision.

The facilities proposed to be sold were described in the testimony and also are set out in the application. The original cost of these facilities is estimated at \$50,500, and they recently have been appraised at \$73,773.81, reproduction cost less depreciation, and at \$111,065.37, cost of reproduction new. The proposed purchase price is \$66,040 which includes a sales tax of \$2,540.

California Electric Power Company has entered into a tentative agreement to purchase these facilities at the above price, and a copy of the proposed bill of sale is attached to the application. The rates which the power company proposes to charge are those presently set out in its tariff schedules applicable in Rate Zone N and are the rates now applicable in the area surrounding Trona. The evidence disclosed that the present average bill for an individual consumer receiving electricity from the American Potash and Chemical Corporation is approximately \$3.03 per month, whereas it is estimated that under the proposed rates of the power company the monthly average bill will be \$9.33. Opposition to the proposal was presented at the hearing by residents of the area because of the proposed increase in the rates.

A consideration of all of the evidence in this matter leads us to conclude, and we now find, that the proposed sale is not adverse to the public interest and should be approved. While it is probably true that this will result in increased rates to the consumers, yet the rates they will pay are the same as those paid by other consumers of electrical service in the area. The fact that they have been receiving lower rates from the corporation does not

alter the fact that a utility is entitled to charge reasonable rates, and the fact that they have been receiving service from a private company does not require that private company to continue that service without assuming the status of a public utility.

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

Application as above entitled having been filed, a public hearing having been held thereon and the Commission being fully advised in the premises,

IT IS ORDERED:

(1) That California Electric Power Company is hereby authorized to purchase, acquire, and operate, and American Potash and Chemical Corporation to sell, transfer, and convey, the electric distribution facilities described in these proceedings, in accordance with the bill of sale attached to the application.

(2) That within 180 days after the effective date of this order, California Electric Power Company shall file with this Commission a statement describing the facilities acquired, together with a copy of the appraisals which have been made of these facilities.

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

Dated at San Francisco, California, this 5<sup>th</sup> day of FEBRUARY, 1957.

[Signature]  
President  
[Signature]  
[Signature]  
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