

Decision No. 54682**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC GAS AND ELECTRIC COMPANY)
 and the AVENAL COMMUNITY SERVICES)
 DISTRICT for an order authorizing)
 the former to sell and convey to) Application No. 38743
 the latter the water distribution)
 facilities referred to in this)
 petition, in accordance with the)
 terms of an agreement dated)
 August 31, 1956.)

OPINION AND ORDER

Pacific Gas and Electric Company, ^{1/} a corporation, by application filed January 18, 1957, seeks authority from this Commission to sell and convey its public utility water system operated by it in the unincorporated community of Avenal, Kings County, to Avenal Community Services District, ^{2/} which joins in the application.

Under the terms of the instrument between the parties entitled "Agreement For Sale of Avenal Water System", executed August 31, 1956, a copy of which is attached to the application as Exhibit No. 2, Pacific proposes to sell to District its water system properties described therein for the sum of \$150,000 plus the cost of any additions to and betterments of said system made by Pacific subsequent to the date of execution of the agreement. The purchase price is to be paid from the proceeds of bonds which have been authorized to be issued by District as a result of an election held on October 25, 1956.

The Commission, by its Decision No. 22054, dated January 29, 1930, in Application No. 16216, granted Pacific's predecessor,

^{1/} Sometimes herein called Pacific.
^{2/} Sometimes herein called District.

Coast Counties Gas and Electric Company,^{3/} c corporation, a certificate of public convenience and necessity to operate the water system now proposed to be transferred. Subsequently, Coast Counties' properties, including the water system proposed to be transferred herein, were acquired by Pacific by a merger which was authorized by this Commission in its Decision No. 50366 issued August 10, 1954 in Application No. 35541. Water is furnished by Pacific to approximately 1,280 customers for residential and fire protection purposes.

It is alleged in the application that the historical cost of the utility plant as of August 31, 1956 was \$321,896 and that the estimated depreciation reserve applicable thereto was \$115,012, thus indicating a depreciated utility plant of \$206,884 for the water system properties proposed to be transferred.

Pacific's annual report to the Commission for its Avenal water system for the year 1955 shows a gross utility plant as of the end of that year amounting to \$319,990.61, and a depreciation reserve of \$111,645.78, thus indicating a net utility plant of \$208,344.83.

The application states that in March 1954, prior to the merger of Coast Counties with Pacific, the former had committed itself to sell the subject water system properties to District when formed for \$150,000. Because of this commitment of Coast Counties, and because in Pacific's opinion its utility obligation to continue water service to the community of Avenal might become a burden to it, Pacific desires to dispose of said water system.

District agrees to assume all the public utility obligations of Pacific relating to water service in and in the vicinity of the community of Avenal.

^{3/} Sometimes herein called Coast Counties.

Included in the above-mentioned agreement under paragraph 6 is the provision that amounts held by Pacific as advances for construction (referred to as "line extension deposits") shall be transferred to District and that District shall assume such obligations as Pacific may have for repayment of such advances to any customer or customers entitled thereto in accordance with Pacific's filed rules.

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 above-entitled application and being of the opinion that the proposed transfer will not be adverse to the public interest, that a public hearing is not necessary, and that the application should be granted; therefore,

IT IS HEREBY ORDERED that:

1. Pacific Gas and Electric Company, a corporation, may, on or after the effective date hereof, and on or before June 30, 1957, sell and transfer the herein described public utility properties to Avenal Community Services District pursuant to the document "Agreement For Sale of Avenal Water System" included in the application as Exhibit No. 2.

The foregoing authority is conditioned upon the following:

Pacific Gas and Electric Company shall transfer any advances for construction held by it to Avenal Community Services District, and the latter shall receive and assume the obligation for repayment of such advances pursuant to the provisions of paragraph 6 of Exhibit No. 2 attached to the application, and they shall jointly within thirty days after the date of actual transfer, file with this Commission certified copies of appropriate instruments showing the names and addresses of all persons or corporations in whose favor such obligations exist and the respective amounts thereof.

2. On or before the date of actual transfer, Pacific Gas and Electric Company shall refund all deposits made by customers to secure payment of charges, and which deposits are subject to refund, and, within thirty days thereafter, shall notify this Commission in writing of the completion of such refunding.

3. If the authority herein granted is exercised, Pacific Gas and Electric Company shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized, and of its compliance with the conditions hereof.

4. Upon due compliance with all of the conditions of this order, said Pacific Gas and Electric Company shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.

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

Dated at San Francisco, California, this 19th day of MARCH 4, 1957.

[Signature]
President
[Signature]
[Signature]
[Signature]

Commissioners