

ORIGINAL

Decision No. 55876

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
PACIFIC GAS AND ELECTRIC COMPANY and
PINOLE LIGHT AND POWER COMPANY
for authority to merge.

Application No. 39481

W. E. Johns, for applicants;
C. V. Shawler and Robert W.
Beardslee, for the staff of the
Commission.

O P I N I O N

In this application, as amended at the hearing, Pinole Light and Power Company and Pacific Gas and Electric Company seek authorization to merge.

The application was filed on October 14, 1957. A public hearing was held before Examiner Coleman in San Francisco on November 12, 1957, at which time the matter was taken under submission. The Commission has received no protests in the proceeding.

In the early part of 1957 Pacific Gas and Electric Company acquired all the outstanding stock of Pinole Light and Power Company under authorization granted by Decision No. 54346, dated January 8, 1957, and thereafter undertook the operation of the electric system of that company. It now desires to complete the integration by acquiring such system through a merger proceeding whereby it, as the surviving corporation, will succeed to all the assets and liabilities of Pinole Light and Power Company. It will carry over to its books the book balances of Pinole Light and Power Company at the effective date of the merger, subject to adjustments

as set forth in the application, will exercise the rights under the franchises heretofore acquired by Pinole Light and Power Company, and will adopt the rates of Pinole Light and Power Company with no increases in the charges for electric service, although it desires to make its rules and regulations applicable in the territory it will acquire, which will result in certain changes of a minor nature. It proposes to charge to surplus the electric plant acquisition adjustment of \$112,212.68 representing the excess of its purchase price over the net book values to be set up on its records upon consummation of the agreement. In addition, it asks for a certificate to exercise the franchise rights it will acquire.

Upon a review of this matter, the Commission is of the opinion, and so finds, that the proposed merger will not be adverse to the public interest, that public convenience and necessity require the exercise by Pacific Gas and Electric Company of the rights and privileges under franchises heretofore granted to Pinole Light and Power Company and now being exercised by that company, and that the application should be granted.

The certificate of public convenience and necessity herein granted is subject to the following provisions of law:

1. That the Commission shall have no power to authorize the capitalization of the franchises involved herein or this certificate of public convenience and necessity or the right to own, operate or enjoy such franchises or certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchises, certificate of public convenience and necessity or right.
2. That the franchises involved herein shall never be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the grantee of the necessary publication and any other sum paid by it to the municipality therefor at the time of the acquisition thereof.

The action taken herein shall not be construed as a finding of the value of the properties of Pinole Light and Power Company nor as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

O R D E R

A public hearing having been held on the above-entitled application and the Commission being fully advised in the premises; therefore,

IT IS HEREBY ORDERED as follows:

1. Pinole Light and Power Company and Pacific Gas and Electric Company are authorized to merge pursuant to the provisions of the Corporations Code, Section 4124, as set forth in this application.
2. Pacific Gas and Electric Company, upon recording on its books the acquisition of the properties of Pinole Light and Power Company, shall charge \$112,212.68, representing electric plant acquisition adjustments, to earned surplus.
3. The rates of Pinole Light and Power Company now on file with the Commission shall be refiled within 30 days after the date of the merger under the name of Pacific Gas and Electric Company in accordance with the procedure prescribed by General Order No. 96 or, in lieu of such refiling, Pacific Gas and Electric Company may file a notice of adoption of said presently filed rates.
4. Pacific Gas and Electric Company may apply in the territory now served by Pinole Light and Power Company its own rules and regulations. Any increases resulting therefrom are hereby found to be fair and reasonable.

5. Pacific Gas and Electric Company is hereby granted a certificate of public convenience and necessity to exercise the rights and privileges under Ordinance No. 53 granted by the City Council of the City of Pinole on April 4, 1938, and Ordinance No. 291 granted by the Board of Supervisors of the County of Contra Costa on March 17, 1941, now being exercised by Pinole Light and Power Company.

6. The authority herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 3rd day of December, 1957.

Paul E. Winkler
President
Ray E. Litaer
Michael D. ...
R. ...
E. L. Fox
Commissioners