

**ORIGINAL**Decision No. 61401

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 CALIFORNIA ELECTRIC POWER COMPANY )  
 for an order authorizing it to sell )  
 certain electric distribution )  
 facilities to the United States of )  
 America. )

Application No. 42936

OPINION AND ORDER

California Electric Power Company by the above-entitled application filed December 5, 1960, requests an order of this Commission to (1) approve the agreement for purchase and sale of applicant's electric distribution system in Arnold Heights Housing Project; (2) authorize applicant to sell to the United States the distribution facilities described in said agreement; (3) authorize applicant to discontinue individually metered service to the rental units in Arnold Heights Housing Project; and (4) grant such other and additional authorization to applicant as may be necessary or advisable. A copy of the purchase and sale agreement dated April 30, 1959, is attached to the application and marked as Exhibit B. A legal description of the area within the Arnold Heights Housing Project is attached to the application as Exhibit C.

Commencing in 1953 applicant provided individually metered electric service to civilian and military personnel quartered in the Arnold Heights Housing Project located adjacent to March Air Force Base in Riverside County, California. The 644 rental housing units and allied service structures in the project were originally constructed and owned by March Field Homes, Inc., on land leased from the United States Government. Pursuant to the provisions of the

Capehart Housing Act the United States in 1958 acquired the property of March Field Homes, Inc., and has subsequently rented the units to qualified tenants at flat rates which included the cost of utility services. While applicant continued to meter service individually to each rental unit, the United States has paid the individually metered bills for electric service since November 1, 1958.

In 1958 the Department of the Air Force of the United States announced its intention to acquire the electric distribution facilities of applicant serving this housing project. Upon acquisition of this electric distribution system, the Department of the Air Force would then take service from applicant through a single master meter located adjacent to the boundaries of the project.

The sales agreement (Exhibit B attached to the application) provides that the United States shall pay to applicant as the purchase price for said facilities \$98,369.20. This price is based upon reproduction cost new depreciated as of the contract date in the amount of \$96,657.20, plus \$2,212 for applicant's estimated expenses in removing individual meters and converting from individually metered service to master metered service. It is alleged that there have been no additions or betterments to the distribution system since April 30, 1959, the contract date.

The agreement further provides that title to the distribution system shall not pass to the United States until this Commission's approving order has become effective and the assent to transfer has been obtained from California Water & Telephone Company, which was a joint pole owner of certain structures at the time of the execution of the agreement. Applicant alleges that the assent of California Water & Telephone Company is no longer required since it has ceased to be a joint owner in any poles or structures proposed to be sold.

The agreement also provides that if the sale is approved applicant will promptly proceed to procure the release of the

properties from the lien of its bond mortgage indentures and that upon receipt of such release the purchase price of \$98,869.20 shall be paid by the United States to applicant.

After consummation of the sale applicant will continue to deliver electricity to the United States to provide electric service within the Arnold Heights Housing Project; however, the service will then be delivered through a single master meter rather than through individual meters on the housing units.

The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.

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

IT IS ORDERED that:

1. California Electric Power Company may, on or after the effective date hereof, sell and transfer to the United States of America, in accordance with the terms of the agreement dated April 30, 1959, a copy of which is attached to the application as Exhibit B, the Arnold Heights electric distribution facilities described therein.

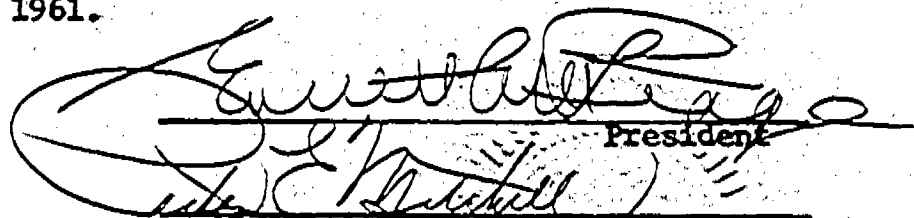

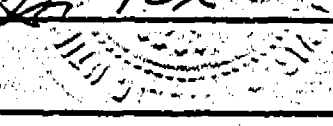
2. California Electric Power Company shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized.

3. Concurrently with the consummation of the sale and transfer to the United States of America of the property described above, and with the supplying of master metered service, the California Electric Power Company may cease furnishing and supplying individually metered electric service to the rental units within the Arnold Heights Housing Project.

In the event the United States of America does not consummate the purchase of the properties under the terms of the agreement of April 30, 1959, within three years after said date the authority granted herein shall expire.

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

Dated at San Francisco, California, this 24<sup>th</sup> day of JANUARY, 1961.

  
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President  
  
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E. L. Fox  
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Commissioners