

ORIGINAL

Decision No. 62080

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)	Application No. 43418
certain electric distribution)	
facilities to the United States of)	
America.)	

OPINION AND ORDER

California Electric Power Company, by the above-entitled verified application, filed May 16, 1961, requests an order of the Commission (1) approving the agreement for purchase and sale of applicant's electric distribution system in George Air Force Base Wherry Act Housing Project; (2) authorizing applicant to sell to the United States the distribution facilities described in said agreement; (3) authorizing applicant to discontinue individually metered service to the rental units in George Air Force Base Wherry Act Housing Project; and (4) granting such other and additional authorization to the applicant as may be necessary or advisable. A copy of the purchase and sale agreement, dated May 1, 1961, is attached to the application as Exhibit B. A legal description of the area within the George Air Force Base Wherry Act Housing Project is attached to the application as Exhibit C.

Applicant in 1950 began providing individually metered electric service to civilian and military personnel quartered in the George Air Force Base Wherry Act Housing Project located within George Air Force Base in San Bernardino County, California. The 650 rental housing units and allied service structures in the project were originally constructed and owned by Mesa Estates, Inc.,

and Victor Valley Housing Corporation, on land leased from the United States. Pursuant to the provisions of the Capehart Housing Act, the United States in 1958 acquired all the housing project properties of Mesa Estates, Inc., and Victor Valley Housing Corporation and has since rented the units directly to qualified tenants at flat rates which include the cost of utility services. While applicant has continued to meter service individually to each rental unit, the United States has paid the individually metered bills for electric service since April 1, 1958.

In 1958, after taking over this housing project, the Department of the Air Force of the United States announced to applicant 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 provide service for the benefit of the project inhabitants.

The sales agreement provides that the United States shall pay to the applicant \$80,606 as the purchase price for said facilities. This price is based upon reproduction cost new depreciated as of the contract date in the amount of \$78,147, plus \$2,459 for applicant's estimated expenses in removing individual meters and converting from individually metered service to master metered service. It is alleged there have been no additions or betterments to the distribution system since the contract date, May 1, 1961. The original cost of the distribution lines and facilities described in the sales contract attached to the application as Exhibit B is \$64,733.01 and the net book cost (original cost depreciated), determined on March 31, 1961, is \$51,557.38.

The agreement is made conditional upon obtaining this Commission's order of approval, the assent of California Interstate

Telephone Company (a joint pole owner as to certain pole structures), and a release of the properties from applicant's mortgage indentures. Upon payment by the United States to the applicant of the sum of \$80,606, title to all electric facilities will vest in the United States.

After the consummation of the sale of said electric distribution facilities, applicant will cease its individual metering of electricity to the rental units located within the project and will deliver electricity to the United States for service within the project through the existing main meter now serving George Air Force Base.

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 has considered the request of applicant and finds that the application should be granted, 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 May 1, 1961, a copy of which is attached to the application as Exhibit B, the George Air Force Base Wherry Act Housing Project electric distribution facilities described therein.
2. California Electric Power Company shall, within thirty days after such sale and transfer, notify this Commission in writing of the date thereof.
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, California Electric Power Company may cease furnishing and supplying individually metered electric service to the rental units within the George Air Force Base Wherry Act Housing Project.

In the event the United States of America does not consummate the purchase of the properties under the terms of said agreement of May 1, 1961, within three years after said date, the authority granted herein shall expire.

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

Dated at San Francisco, California, this 6th
day of June, 1961.

Charles H. ...
President
...
C. ... Fox
George G. ...
Frederick B. Halaloff
Commissioners