

**ORIGINAL**Decision No. 63762

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 Pacific Gas and Electric Company and  
 the City of Palo Alto authorizing the  
 former to sell and convey to the latter  
 certain electric and gas distribution  
 facilities, in accordance with the  
 terms of an agreement dated November 7,  
 1961.

(Electric and Gas)

Application No. 44164

OPINION AND ORDER

Pacific Gas and Electric Company and the City of Palo Alto by this application filed February 7, 1962, request that this Commission authorize the sale and conveyance by Pacific of certain electric and gas facilities located in Palo Alto to said City in accordance with the terms of an agreement dated November 7, 1961, and concurrently relieve Pacific of the duties and responsibilities of an electrical and gas utility corporation within the areas involved.

Under the terms of said agreement Pacific has agreed to sell and Palo Alto to purchase Pacific's electric and gas distribution facilities, including additions and betterments as therein designated, all of which are located within the area of Foothills Annexation No. 2 and Garden Terrace Annexations No. 1-A, No. 2 and No. 3, for (a) the sum of \$437,456.30 plus a sales tax of \$9,868.93 or a total of \$447,325.23 and (b) the actual cost of any additions to and betterments of the facilities made subsequent to the dates mentioned in Section 2 of the agreement and prior to the conveyance of the facilities to the City, together with 15 percent of such cost, plus sales tax applicable thereto.

The estimated historical costs new for the Foothills annexation as of April 1960 for gas facilities and as of June 1960 for electric facilities are \$117,154 and \$113,098, respectively. For the Garden Terrace annexations the estimated historical costs new for electric facilities is \$8,506 as of November 1960 and for gas facilities is \$9,623 as of December 1960.

The current ad valorem taxes for the tax year in which the facilities are conveyed are to be prorated as of the date of the conveyance.

The contract does not become effective until the Commission authorizes Pacific to carry out its terms and conditions.

Pacific alleges that during the twelve-month period ended November 30, 1961, it supplied (a) electric service from the electric facilities involved to 800 customers and derived a total gross revenue from the sale of electricity thereto amounting to \$94,775.95, and (b) gas service from the gas facilities involved to 748 customers and derived a total gross revenue from the sale of gas thereto amounting to \$56,085.77. There are no line extension deposits and no contributions in aid of construction involved in the sale. Deposits made to Pacific by customers to secure payment of charges are not to be transferred with the facilities. Such deposits, or balance thereof, will be refunded to the customers by Pacific upon settlement of the charges due.

Pacific and the City allege that the furnishing of electric and gas service to the customers involved by the City at its effective rates and charges will not result in the charging or collecting from these customers of rates or charges in excess of those now paid by them for those services furnished by Pacific.

The City upon acquisition of the properties agrees to assume all public utility obligations of Pacific to serve the customers supplied from these facilities.

In further support of the authorization herein sought, Pacific and the City allege that the agreement of November 7, 1961, and all of its terms and provisions are fair, just and reasonable to the parties thereto; that the properties and business which Pacific has agreed to sell and convey to the City are reasonably worth the consideration which the City has agreed to pay therefor; and that Pacific and the City are desirous of consummating the agreement.

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 the applicants, finds that the transfer will not be adverse to the public interest, that the application should be granted, and that a public hearing is not necessary; therefore,

IT IS ORDERED as follows:

1. Pacific Gas and Electric Company is authorized to sell and convey to the City of Palo Alto the gas and electric distribution facilities described in the agreement dated November 7, 1961, and Pacific Gas and Electric Company is authorized to consummate said transaction in accordance with the terms of said agreement.

2. Pacific Gas and Electric Company, concurrently with the consummation of the sale and transfer to the City of Palo Alto of the properties described above, shall cease furnishing and supplying gas and electric service to customers presently served by it by means of said properties and is relieved of the duties and responsibilities of a gas and electrical corporation within the areas involved.

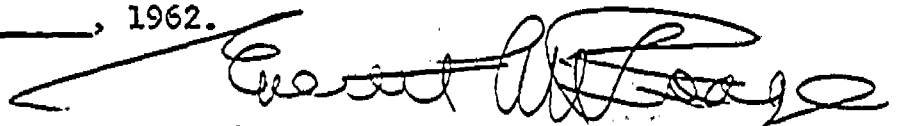
3. Pacific Gas and Electric Company shall, within thirty days after such sale and transfer, notify this Commission in writing of the date thereof.

4. Upon settlement of charges due, Pacific Gas and Electric Company shall refund all customers' deposits and advances which are subject to refund.

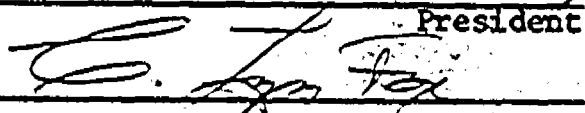
5. The authority granted herein shall expire in the event that the City of Palo Alto does not consummate the purchase of the properties under the agreement of November 7, 1961, within two years after said date.

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

Dated at San Francisco, California, this 4<sup>th</sup> day of June, 1962.



President





Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.