

ORIGINAL

Decision No. 65145

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, for an)
order authorizing the former to sell)
and convey to the latter certain)
electric distribution facilities in)
accordance with the terms of an)
agreement dated September 14, 1960.)
(Electric) }

Application No. 45175
(Filed February 11, 1963)

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific) requests authority to sell and convey to the City of Palo Alto (City) Pacific's electric distribution facilities located in the area known as Foothills Annexation No. 1-A to the City of Palo Alto in accordance with the terms of an agreement dated September 14, 1960 (September 1960 agreement). A copy of this agreement is attached to the application as Exhibit A.

This Commission in Decision No. 61402, dated January 24, 1961, in Application No. 42937, authorized Pacific to sell and transfer to City, in accordance with the terms of the September 1960 agreement, the electric distribution facilities described therein. The order in Decision No. 61402 provided that, in the event the City of Palo Alto did not consummate the purchase of the properties within two years after the date of the agreement, the Commission's authorization would expire. By letter dated October 10, 1962, Pacific Gas and Electric Company notified this Commission that the City of Palo Alto did not consummate the purchase of the facilities before the expiration of the

authorization because it was not in a position to build a necessary tie-line for connection with its existing distribution system. This application states that the City of Palo Alto is now in a position to build the tie-line.

The September 1960 agreement provides that City shall pay to Pacific, as a purchase price for said facilities, upon delivery by Pacific of a proper instrument to City conveying title to said facilities: (1) the sum of \$14,151.70 plus sales tax of \$566.07, or a total of \$14,717.77, and (2) the total cost, as determined in accordance with Pacific's standard accounting practice, of any additions to and betterments of said facilities made by Pacific subsequent to April 23, 1960 and prior to the conveyance of said facilities to City, together with 15 percent of such costs plus sales tax applicable thereto. The estimated undepreciated original cost of these facilities is stated to be \$10,459 as of April, 1960.

It is alleged that the City of Palo Alto is the owner of certain electric distribution systems located within the city; that by means thereof it supplies electric services to many residents thereof; that the electricity furnished is purchased from Pacific; that the proportion which Pacific proposes to sell are situated in an area which has been annexed to City; that City is desirous of acquiring the facilities; that during the 12-month period ended December 31, 1962, service from the facilities here involved was supplied to 12 electric customers, and that the gross revenue derived from the sale of electric power to said customers' amounts to \$8,243.06. There are no customers' advances or contributions in aid of construction involved in this sale and City, upon acquisition of the property, agrees to

assume all public utility obligations of applicant for the territory served from these facilities and specifically for service to the present customers served from said facilities in addition to any future customers added by Pacific prior to the conveyance of said facilities to City.

The September 1960 agreement provides that it shall not become effective until this Commission shall, by its order, authorize Pacific to carry out the terms and conditions contained therein.

Pacific alleges that the furnishing of electric service by City to customers presently taking service from Pacific at City's presently effective rates and charges will not result in the charging or collecting of rates or charges in excess of those now paid by said customers for electric service furnished by Pacific.

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

After consideration, the Commission finds that the proposed sale would not be adverse to public interest. A public hearing is not necessary.

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to sell and convey to the City of Palo Alto the electric distribution facilities described in the agreement dated September 14, 1960, attached to the application as Exhibit A and to consummate said transaction in accordance with the terms of said agreement.

2. Pacific Gas and Electric Company, concurrently with the consummation of sale and transfer to the City of Palo Alto of the property described above, is relieved of the duties and responsibilities of an electrical corporation within the area 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 property under this agreement of September 14, 1960, within one year after the effective date of this order.

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

Dated at San Francisco, California, this 2nd day of April, 1963.

George J. Hoover
President
William E. Mitchell
Charles W. Long
Fredrick B. Halbach
William W. Bennett
Commissioners