

Decision No. 66240**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC GAS AND ELECTRIC COMPANY)
 and CITY OF PALO ALTO for an order)
 authorizing the former to sell and)
 convey to the latter certain elec-)
 tric distribution facilities, in)
 accordance with the terms of an)
 agreement dated July 2, 1963.)
 (Electric))

Application No. 45793
 Filed September 20, 1963

OPINION AND ORDER

Pacific Gas and Electric Company and the City of Palo Alto request authorization for Pacific to sell and convey to City, certain electric distribution facilities located in the area known as El Camino Annexation No. 4 in the City of Palo Alto, in accordance with the terms of an agreement dated July 2, 1963. A copy of this agreement is attached to the application as Exhibit A.

The agreed consideration is \$10,899 plus sales tax of \$435.96, or a total of \$11,334.96 and the total cost of any additions to or betterments of facilities made by Pacific subsequent to July 10, 1961 and prior to the conveyance of said facilities to City together with 15 percent of such costs plus sales tax applicable thereto. The current ad valorem taxes for the tax year in which the facilities are conveyed are to be prorated as of the date of conveyance. The estimated historical cost new of these facilities is stated to be \$7,867 as of July 1961.

It is alleged that City is the owner of certain electric distribution systems located within the City; that by means thereof it supplies electric service to many residents thereof; that the electricity furnished is purchased from Pacific. The properties which

Pacific proposes to sell are situated in an area which has been annexed to City; that City is desirous of acquiring said facilities. During the 12-month period ended July 31, 1963, Pacific served 33 electric customers within the area herein considered and derived therefrom the amount of \$20,608 in gross revenue. There are no line extension deposits, meter deposits, or contributions in aid of construction involved in this sale.

City, upon acquisition of the property, agrees to assume all public utility obligations of Pacific 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 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 at its effective rates and charges will not result in the charging or collecting of rates or charges in excess of those now paid by 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 the 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 July 2, 1963, 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 shall, concurrently with the consummation of sale and transfer to the City of Palo Alto of the property described above, cease furnishing and supplying electric service to customers presently being served by it by means of said property and 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 thereafter, notify this Commission in writing of the date of such sale and transfer.

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

5. Pacific Gas and Electric Company shall, within thirty days after the consummation of the sale and transfer, furnish this Commission the total costs of any additions and betterments of the facilities involved and made by Pacific subsequent to July 10, 1961, and prior to the conveyance of said facilities to City, together with 15 percent of such cost, plus sales tax applicable thereto.

6. 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 July 2, 1963, within two years from the date hereof.

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

Dated at San Francisco, California, this 5th day of NOVEMBER, 1963.

William U. Beards
 President

W. S. Mitchell

Walter W. Page

George G. Grover

Fredrick B. Halheff
 Commissioners