

ORIGINALDecision No. 69580

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)
 February 24, 1965.)
 (Electric))

Application No. 47630
 (Filed June 1, 1965)

F. T. Searls, John C. Morrissey, Malcolm A. MacKillop and Charles T. Van Deusen, for Pacific Gas and Electric Company, applicant.

Robert E. Michalski, for City of Palo Alto, applicant.

Paul N. McCloskey, Jr., for M. W. Sullivan, intervenor.

W. E. Waldrop, for the Commission staff.

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific) and the City of Palo Alto (City) request authorization for Pacific to sell and convey to City, certain electric distribution facilities located in the area known as Foothills Annexation No. 3 on Monte Bello Road and Page Mill Road in the City of Palo Alto, in accordance with the terms of an agreement dated February 24, 1965. A copy of this agreement is attached to the application as Exhibit A.

The agreed consideration is \$17,741 plus sales tax of \$709.64 for a total of \$18,450.64 and the total cost of any additions to or betterments of facilities made by Pacific subsequent to March 13, 1964 for facilities adjacent to Monte Bello Road and subsequent to August 14, 1964 for facilities adjacent to Page Mill Road prior to the conveyance of facilities to City, together with 15 percent of such cost, 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 \$13,025 as of August 1964.

The application states 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. The facilities which Pacific proposes to sell are located within the corporate limits of the City of Palo Alto, and City is desirous of acquiring said facilities. Pacific alleges that during the 12-month period ended October 31, 1964 it served 13 electric customers within the area herein considered and derived therefrom the amount of \$3,971.25 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 facilities, agrees to assume all public utility obligations of Pacific for the territory 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.

Applicants allege 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 the customers for electric service furnished by Pacific.

On August 12, 1965 the Commission granted a petition by Dr. M. W. Sullivan, a property owner in the City of Palo Alto, for leave to intervene in the application. The proceeding, after due notice, was heard and submitted on August 18, 1965 at San Francisco

before Commissioner Bennett and Examiner Gregory. Dr. Sullivan, at the hearing, withdrew his request to intervene. The parties stipulated at the hearing that all allegations of fact in the application were true.

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 finds that the proposed sale would not be adverse to the public interest.

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 February 24, 1965, 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 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 forty-five 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 may be subject to refund.

5. Pacific Gas and Electric Company shall, within forty-five 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 Gas and Electric Company subsequent to March 13, 1964 for facilities adjacent to Monte Bello Road and subsequent to August 14, 1964 for facilities adjacent to Page Mill Road and prior to the conveyance of said facilities to the City of Palo Alto, together with fifteen 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 pursuant to the terms of the agreement of February 24, 1965, within two years from the date hereof.

7. The Commission's order herein, dated August 12, 1965, granting leave to M. W. Sullivan to intervene in this proceeding is rescinded and the petition of said M. W. Sullivan for leave to intervene herein is dismissed.

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

Dated at San Francisco, California, this 29th day of AUGUST, 1965.

Fredrick B. Hoffmann
President

George T. Grover
Commissioners

Augusta

William L. Edwards
Commissioners