

**ORIGINAL**

Decision No. 70263

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
PACIFIC GAS AND ELECTRIC COMPANY and  
the DEPARTMENT OF WATER RESOURCES OF  
THE STATE OF CALIFORNIA for an order  
authorizing the former to sell to the  
latter certain electric utility  
property. (Electric)

Application No. 48140  
(Filed December 22, 1965)

OPINION AND ORDER

Pacific Gas and Electric Company (PG&E) and the Department of Water Resources of the State of California (Department) request an order of this Commission granting and conferring upon PG&E all necessary permission and authority to sell and convey to Department certain electric utility property in the Oroville Reservoir Area located in Butte County.

Pursuant to legislative authorization, Department is constructing the Oroville Dam and Reservoir as part of the California Water Project. PG&E owns approximately 4,457 acres of land within the Reservoir boundary, which will be inundated by water stored therein. Situated on land within the Reservoir is PG&E's Big Bend powerhouse, including the diversion dam and intake structure, portions of the tunnel, header and penstocks, the generating station, suspension bridge and cableway, operators' camp, and utility facilities serving the plant and camp. The generating station will be inundated by water stored in the Reservoir; the estimated time of such inundation is the winter of 1967-68, but a substantial possibility exists that the plant may be rendered inoperable or damaged to an extent, precluding economic repair, by flood waters captured in the reservoir as early as the winter of 1965-66.

PG&E also owns approximately 1,314 acres of land adjacent to the Reservoir, which it is stated will be materially impaired by

the flooding of lands within the Reservoir. The power plant and most of the lands are said to be operative utility properties of PG&E.

PG&E also maintains and operates various other electric transmission and distribution facilities, water facilities, and access roads within the Reservoir boundary. These facilities will require relocation or other rearrangement as a result of the construction of the project.

Attached to the application marked Exhibit A is a map showing the facilities of PG&E in and around Oroville Reservoir. The application states some of the facilities shown on the map have already been relocated or rearranged to accommodate the project.

PG&E and the Department have entered into an agreement dated December 2, 1965 by which PG&E will convey to the State of California PG&E's lands within the Reservoir which will be inundated or impaired in value by the Department's project, including the conveyance of PG&E's Big Bend power plant. A copy of the agreement (Document No. ORO-107) is attached to the application marked Exhibit B.

The agreement provides that the Department will pay PG&E the amount of twenty-five million dollars (\$25,000,000) including the cost of constructing certain fencing and an access road along its Miocene Canal.

PG&E proposes to record the sale of said public utility holdings in accordance with the Commission's Uniform System of Accounts applicable to the properties to be conveyed. Within six months from the date of sale, PG&E will file with the Commission PG&E's proposed journal entries for accounting for the transaction.

The agreement states it will become effective upon PG&E's receiving authorization from this Commission to carry out its terms.

The historical cost of the property to be conveyed to the State is stated to be \$6,937,219.43 as of December 31, 1964. Said costs are more specifically delineated in Exhibit D attached to the application.

Applicants entered into a Power Sale and Operating Agreement, dated December 2, 1965 whereby, subsequent to the transfer of the property to the State, PG&E will continue to operate the plant until October 1, 1967 unless operations are terminated earlier or extended as provided in the agreement, a copy of which is attached to the application marked Exhibit C. Energy generated during this period will be sold by the Department to PG&E and delivered into its transmission and distribution systems. During the period of operation, the necessary relocation or rearrangement of PG&E's electric transmission and distribution facilities which are retained by it will be accomplished so that upon the abandonment of the plant, the systems will function independently of the operations now carried on at the plant.

PG&E states that performance of the agreement will have no adverse effect upon its ability to continue to provide electric service to its customers in the area presently being supplied by the Big Bend power plant or elsewhere.

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 described in this application is not adverse to public interest and concludes that the application should be granted. A public hearing is not necessary.

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to sell and convey to the Department of Water Resources of the State of California certain lands and electric facilities in accordance with the terms of and as described in an agreement dated December 2, 1965, a copy of which is attached to the application as Exhibit B.
2. Pacific Gas and Electric Company shall, within 30 days after such sale and transfer, notify this Commission in writing of the date thereof, and within said period shall file with this

Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said sale and transfer.

3. Pacific Gas and Electric Company shall account for the sale of the property described in this application in accordance with the provisions of the Uniform System of Accounts applicable to Class A electrical corporations and shall within six months from the date of sale, file with this Commission its proposed journal entries for accounting for the transaction.

4. In the event the Department of Water Resources of the State of California does not consummate the purchase of the property under the terms of the agreement dated December 2, 1965 within two 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 18<sup>th</sup> day of JANUARY, 1966.

Frederick B. Holcomb  
President

Augustan  
George T. Grover

William L. Bernard  
Commissioners

I have joined in the Opinion and Order. At the same time, I wish to state expressly what I understand to be the basis upon which all of us have signed it, namely, that it is without prejudice to whatever ratemaking treatment the Commission may later <sup>14</sup> find appropriate.  
George T. Grover