

ORIGINALDecision No. 70832

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 CECIL J. McINTYRE, KENNETH D. McINTYRE
 and DORIS E. SCRUGGS, as individuals
 and as a co-partnership doing business
 under the firm name and style of
 INDIAN VALLEY LIGHT AND POWER COMPANY
 and PACIFIC GAS AND ELECTRIC COMPANY
 for an order authorizing, among other
 things, (a) the former to sell and
 convey to the latter the electric
 properties and business herein described,
 and (b) Pacific Gas and Electric Company
 to file and make effective electric
 tariff schedules as herein requested.

Application No. 48338
 (Filed March 24, 1966;
 Amended May 11, 1966)

(Electric)

OPINION AND ORDER

Cecil J. McIntyre, Kenneth D. McIntyre and Doris E. Scruggs, as individuals and as a copartnership doing business under the firm name of Indian Valley Light and Power Company (Indian Valley) and Pacific Gas and Electric Company (Pacific), request an order authorizing (a) Indian Valley to sell and convey to Pacific its public utility electric properties and business in accordance with the terms and conditions of an agreement dated January 13, 1966, as amended by an agreement dated May 9, 1966, copies of which are attached to the application, marked Exhibits A and E, respectively, and (b) Pacific to file its proposed electric tariff schedules, attached to the application, marked Exhibit C.

Under the terms and conditions of the agreement, as amended, Indian Valley agrees to sell and Pacific agrees to purchase for a basic purchase price of \$590,000 the Indian Valley system, including, at the date of conveyance, the following:

(a) All of the electric utility distribution facilities owned by Indian Valley within the area shown on the map attached to the agreement, consisting of a substation, poles, fixtures, inventories, tools, conductors, transformers, switching devices, cutouts, services, meters, street lighting installations, appliances and all other equipment in any way connected with the system.

(b) All franchises, permits, licenses, contracts, easements, rights of way and certificates of public convenience and necessity owned by Indian Valley at the date of conveyance that relate to said system, to the extent used or useful in connection therewith, and the real property situated in the County of Plumas, State of California, described as follows:

Substation and Pole Yard.

Beginning at the northeast corner of Frank M. Clarke ranch in Section 35, Township 27 North, Range 9 East, M.D. & M., said corner being common the northwest corner of land belonging to Pacific Gas and Electric Company and used as an electrical substation. Corner also being on the south side of County Road from Greenville to Taylorsville. Thence in a southwesterly direction along the south fence of said County Road, a distance of 340 feet, more or less, thence in an easterly direction, a distance of 334 feet, more or less, to the east line of said Clarke ranch, thence in a northerly direction along the east line of said Clarke ranch, a distance of 157 feet, more or less, thence westerly a distance of 13 feet, more or less, thence northerly 15 feet, more or less, to point of beginning; containing 0.65 acres, more or less.

Office Lot.

Beginning at the corner of Ann Street and Franklin Alley in the Town of Greenville, said point being also the northwest corner of Block Four (4) of said town; and running thence South $40^{\circ} 30'$ West 60 feet; thence South $49^{\circ} 30'$ East 62 feet; thence North $40^{\circ} 30'$

East 60 feet to Ann Street; thence along the south side of Ann Street North 49° 30' West 62 feet to the place of beginning.

(c) All books, records, accounts and maps, or copies thereof, pertaining to the system.

All customer deposits together with any accrued interest thereon relating to the system held by Indian Valley at the date of conveyance are to be paid by Indian Valley to Pacific within thirty days thereafter. Such payment is to be accompanied by all records or copies thereof and agreements relevant to said deposits. Pacific is to assume Indian Valley's obligation for settlement of such deposits.

Current real and personal property taxes, and sale or use taxes, if any, are to be paid as provided in the agreement.

The agreement provides that the conveyance of the system shall be subject to the prior authorization of the Commission and of any other regulatory agency having jurisdiction over the parties and the transaction.

The historical cost of the fixed capital of the electric properties and other assets of Indian Valley proposed to be purchased as of December 31, 1965, is stated to be \$405,709.

The application states that Pacific proposes to record the purchase in accordance with the Commission's Uniform System of Accounts.

Pacific proposes concurrently with the acquisition to:

1. Withdraw and cancel all effective tariff schedules of Indian Valley.
2. File the proposed tariff sheets attached to the application as Exhibit C.

3. Make effective, in addition to the schedules included in Exhibit C, in the present area of Indian Valley the rates and charges of the systemwide Pacific rate schedules as set forth in Section V(3) of the application.

4. Make effective in the Indian Valley service area Pacific's filed rules (including contracts and other forms) relating to furnishing electric service.

Schedules A-5 and D-5 will be applicable in the Greenville Rate Area which, as of January 1966, had 623 customers and 10.97 miles of line with a density of 57 customers per mile. This area meets the criteria for Zone 5 rates. The remaining rural territory has approximately 220 customers and about 33 miles of line with a density of 7 customers per mile of line. Pacific's Zone 6 rates will be applied in the rural territory outside of the Greenville Rate Area. Pacific's rates and charges in Schedules A-5, A-6, D-5 and D-6 are the same as those applicable elsewhere on Pacific's system.

All domestic and general service customers in the Greenville Rate Area will receive rate reductions under Pacific's Zone 5 rates. All customers on Indian Valley's Schedules A-3, LS-1, LS-2, P-1, and PA-1 will receive rate reductions upon transfer to Pacific's system rates. Most customers on Schedule A-2 will benefit upon transfer to Pacific's Schedules A-5, A-6, or A-13.

In general rural domestic customers using more than 580 kwh per month on Indian Valley's D-1 (and rural general service customers using more than 2,410 kwh per month on Indian Valley's A-1), will benefit by transfer to Pacific's Zone 6 rates.

The application states it is the intention of Pacific that no customer now served by Indian Valley shall receive a rate increase by reason of the application of Pacific's rate schedules and Pacific proposes to file Schedules A-1, A-2, D-1, and H-1 of Indian Valley as Schedules Nos. A-51, A-52, D-51, and H-51, respectively, of Pacific. These proposed schedules have been restricted so that they will be limited to existing customers whose service under said schedules is continuous after the date Indian Valley properties are transferred to Pacific. Any new customer at an existing location will be placed on the applicable schedule of Pacific.

During the year 1965, Indian Valley supplied electric service to an average of 836 customers and received a total gross revenue of \$239,348. Pacific estimates that the proposed rates would have produced approximately \$219,717, a reduction of \$19,631.

By Decision No. 34495, dated August 12, 1941, in Application No. 22218, Pacific was granted a certificate to exercise a franchise in Plumas County. Condition No. 2 of the order states the following:

- "2. That, except upon further certificate of this Commission first obtained, applicant shall not exercise such franchise for the purpose of supplying electricity in those parts or portions of said county now being served by Indian Valley Light and Power Company, California-Pacific Utilities Company, and Sierra Pacific Power Company."

Pacific proposes to exercise its franchise in the area involved and requests the reference to Indian Valley Light and Power Company in Condition No. 2 be deleted.

The application states the owners of Indian Valley desire to retire from utility business. Pacific has been furnishing electric energy to Indian Valley for resale to its customers.

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

The Commission finds that (1) the proposed sale and transfer is not adverse to the public interest, and (2) the reference to Indian Valley in Condition No. 2 of the order in Decision No. 34495 should be deleted.

The application should be granted. No protest has been received. A public hearing is not necessary.

IT IS ORDERED that:

1. Cecil J. McIntyre, Kenneth D. McIntyre and Doris E. Scruggs, doing business under the firm name and style of Indian Valley Light and Power Company, may sell and convey to Pacific Gas and Electric Company, and the latter may purchase, the public utility properties, together with all utility rights, in accordance with the terms and conditions of an agreement dated January 13, 1966, as amended by an agreement dated May 9, 1966, copies of which are attached to the application, as amended, as Exhibits A and E, respectively.

2. Pacific Gas and Electric Company shall, within thirty days after the consummation of the transfer herein authorized, 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 such transfer.

3. Indian Valley Light and Power Company, concurrently with the consummation of the sale and conveyance, is relieved of its duties as a public utility.

4. Pacific Gas and Electric Company shall record the acquisition in accordance with the Commission's Uniform System of Accounts prescribed for Class A and Class B electric utilities, and shall, within sixty days after the consummation of the purchase, file with the Commission a copy of each journal entry used to record the purchase in its books of account.

5. Upon transfer and conveyance of the property and business, Pacific Gas and Electric Company is authorized to withdraw and cancel all filed and effective tariff rates and rules of Indian Valley Light and Power Company, to file in accordance with General Order No. 96-A its proposed tariff schedules attached to the application as Exhibit C, and to make effective its presently filed electric service rules.

6. On or before the end of the third month after the consummation of the transfer, Pacific Gas and Electric Company shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report or reports related to the operations of the sellers for the period commencing with the first day of the current year to and including the effective date of the transfer.

7. Condition No. 2 of the order in Decision No. 34495, dated August 12, 1941, in Application No. 22218, is amended to delete the reference to Indian Valley Light and Power Company.

In all other respects said decision shall remain in full force and effect.

The authority granted herein shall expire if not exercised within two years from the date hereof.

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

Dated at San Francisco, California, this 14th day of JUNE, 1966.

Frederick P. Hilduff
President

John E. Hutchell

George J. Foster

Author

William H. Bennett
Commissioners