

ORIGINALDecision No. 71551

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 January 25, 1966.

Application No. 48807
 (Filed September 21, 1966)

(Electric)

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 Park in the City of Palo Alto, in accordance with the terms of an agreement dated January 25, 1966, a copy of which is attached to the application as Exhibit A.

The agreed consideration is (a) \$13,010.15, and (b) the total cost of any additions to and betterments of facilities made by Pacific subsequent to August 10, 1965 and prior to the conveyance of facilities to City, together with 15 per cent of such cost. The current ad valorem taxes for the tax year in which the facilities and any additions and betterments are conveyed are to be prorated as of the date of conveyance. The estimated historical cost new of these facilities is stated to be \$12,758 as of August 10, 1966.

The application states that City is the owner of certain electric distribution systems located within the City, by means of which 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 September 1, 1965, it served all electric customers within the area herein considered and derived therefrom the amount of \$5,862.20 in gross revenues. There are no meter deposits, or contributions in aid of construction involved in this proposed sale.

City, upon acquisition of the facilities, agrees to assume all public utility obligations of Pacific for the territory served from said facilities and agrees to provide electric service 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.

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 January 25, 1966, a copy of which is 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 the 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 (including all public utility obligations) 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 August 10, 1965 and prior to the conveyance of said facilities to the City of Palo Alto, together with 15 per cent of such cost.

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 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 9th
day of NOVEMBER, 1966.

Paul E. Mitchell
President

George F. Grover

Fredrick B. Waldhoff

Avigator

Dallan M. Bennett
Commissioners