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ORIGINAL

Decision No. 80249

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY and the CITY OF HEALDSBURG 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 23, 1972.

Application No. 53347
(Filed May 23, 1972)

(Electric)

O P I N I O N

Pacific Gas and Electric Company (PG&E), a California corporation, and the City of Healdsburg (City), a municipal corporation, seek an order of the Commission granting PG&E authority to sell and convey to City certain electric facilities located in the areas annexed to City by the ordinances designated as follows:

<u>Name of Annexation</u>	<u>Ord. No.</u>	<u>Certification Date</u>
West North Street Addition	525	February 10, 1970
South Fitch Mountain Addition	463	November 25, 1964
Ornbaum Addition	71-65	July 30, 1965
Urquhart Addition	1-70	January 28, 1970
Solar Terrace	370	November 21, 1955
Magnolia Drive Addition	518	July 15, 1969

and to effectuate the agreement between PG&E and City dated February 23, 1972.

PG&E is, and ever since October 10, 1905, has been, an operating public utility corporation, organized under the laws of the State of California. It is engaged principally in the business of furnishing electric and gas service in California. It also distributes and sells water in some cities, towns, and rural areas, and produces and sells steam in certain parts of San Francisco and Oakland.

The City of Healdsburg is a municipal corporation existing under the laws of the State of California. It is located in Sonoma County.

On February 23, 1972, PG&E and City executed an agreement, a true and correct copy of which is attached to the application as Exhibit B.

By this agreement PG&E agrees, among other things, to sell to City, and City agrees to purchase from PG&E, for the price and on the terms therein set forth, PG&E's electric facilities including additions, within the areas known as West North Street Addition, South Fitch Mountain Addition, Ornbaum Addition, Urquhart Addition, Solar Terrace, and Magnolia Drive Addition. The locations of the facilities are more particularly shown and delineated on the maps attached to the agreement.

City agrees to pay PG&E as the purchase price for the facilities, upon delivery by PG&E to City of the deed conveying the facilities: (a) the sum of \$2,741.00, and (b) the net value, as determined in accordance with PG&E's standard accounting practice, of any additions to, and retirements from, the facilities made by PG&E subsequent to August 11, 1971, and prior to the conveyance of the facilities to the City, together with 15 percent of such cost, plus tax applicable thereto.

Pursuant to the agreement, the current ad valorem taxes for the tax year in which the facilities are conveyed shall be prorated as of the date of conveyance, and City agrees to pay to PG&E on demand such part thereof as is attributable to the portion of the tax year from and after delivery of the deed of conveyance.

PG&E promises to execute and deliver to City a deed conveying the facilities to City. City agrees, upon execution and delivery of the deed, to assume all public utility obligations of PG&E to provide electric service in the area that has been supplied

from PG&E's facilities. City also agrees to save PG&E harmless from any and all liability arising from any failure of City to perform its utility obligations to customers in the area.

The agreement provides that it shall not become effective until the Commission shall, by order, authorize PG&E to carry out its terms and conditions.

Attached to the application as Exhibit D is a summary statement showing the estimated historical cost and the reproduction cost new, less depreciation, of the facilities. The actual cost of additions to and betterments of the facilities together with 15 percent of such cost, which accrued between August 11, 1971, and the date of conveyance, will be determined as of the date of conveyance to City. The Commission will be advised of these figures within 90 days after the date of transfer.

PG&E's reasons for executing and desiring to consummate the agreement of February 23, 1972, are as follows:

City is, and for some time has been, the owner of an electric distribution system located within the corporate limits of the City of Healdsburg. From this system City furnishes electric service to many of the residents and inhabitants thereof. The properties which PG&E proposes to convey are located in areas which have been annexed to and have become a part of the City of Healdsburg. City desires to acquire the electric distribution facilities of PG&E described in the agreement and incorporate them into its municipal electric distribution system. City intends, upon acquiring such properties, to continue furnishing the electric service now being supplied by these facilities.

Applicants assert that the agreement of February 23, 1972, is fair, just, and reasonable to the parties thereto and the customers affected thereby; that the properties and business which PG&E has agreed to sell to City are reasonably worth the amount City has agreed to pay therefor; and that PG&E and City desire to effectuate the agreement in accordance with its provisions.

For the twelve-month period ending December 13, 1970, PG&E supplied electric service from the facilities involved to 20 domestic customers and one agricultural customer. PG&E derived gross revenue from these customers as follows: domestic, \$1,971.32; and agricultural, \$73.21; for a total of \$2,044.53.

The furnishing of electric service to these customers by City at its effective rates and charges will not result in the charging or collecting of rates or charges in excess of those paid to PG&E by the customers for electric service.

PG&E holds no credit deposits for customers involved in this transaction.

The Commission has considered this matter and finds that the sale and transfer of certain property as proposed in this proceeding would not be adverse to the public interest. On the basis of this finding, we conclude that the application should be granted. A public hearing is not necessary.

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

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E), on or after the effective date hereof and on or before December 31, 1972, may sell and transfer to the City of Healdsburg (City) the property referred to in this proceeding in accordance with the agreement attached to the application as Exhibit B.

2. Within ten days after the date of actual transfer, PG&E shall file written notification to this Commission of the date of transfer and the date upon which City shall have assumed operation of the electric facilities authorized herein to be transferred. A true copy of the instrument of transfer shall be attached to the written notification.

3. Within ninety days after the date of actual transfer, PG&E shall file with this Commission the original cost figures to record properly the sale of the electric facilities on the books of PG&E. These figures should be reflected on proposed journal entires.

4. Upon compliance with the conditions of this order, PG&E shall stand relieved of all of its public utility obligations in the areas served by the transferred facilities, and may discontinue service concurrently with the commencement of service by City.

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

Dated at Los Angeles, California, this 18th
day of JULY, 1972.

Vermon L. Stenger
President
William J. Symons, Jr.
J. M. Miller
John W. ...
...
Commissioners