

Decision No. 83953**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY and the CITY OF SANTA CLARA 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 May 7, 1974.

(Electric)

Application No. 55314  
(Filed November 14, 1974)

O P I N I O N

Pacific Gas and Electric Company (Pacific) and the city of Santa Clara (City) request authorization of Pacific to sell to City certain electric facilities in the city of Santa Clara; to consummate this sale in accordance with the terms of a contract dated May 7, 1974; and to relieve Pacific, concurrently with the sale and transfer of the facilities, of the public utility duties and responsibilities of an electrical corporation within the area involved. A copy of the contract is attached to the application as Exhibit B.

The contract provides that Pacific shall sell for \$4,526 those electric distribution facilities installed as of November 1, 1973, in the area annexed to City by Ordinance No. 2305, an unincorporated area known as "Jefferson 40". Any additions to and betterments of the facilities made by Pacific subsequent to November 1, 1973 are to be sold for total cost as determined by Pacific's standard accounting practice. The current ad valorem taxes for the tax year in which the facilities are conveyed are to be prorated between Pacific and City. The electric facilities to be sold are shown on a map made a part of the contract. The historical cost of the facilities to be transferred is estimated to be \$2,698.

The contract contains the provision that it shall not become effective until the Commission shall, by its order, authorize Pacific to carry out the terms of the contract.

Pacific's reasons for executing and desiring to consummate the agreement of May 7, 1974 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 Santa Clara. From this system City furnishes electric service to many of the residents and inhabitants thereof. The properties which Pacific proposes to convey are located in areas which have been annexed to and have become a part of the city of Santa Clara. City desires to acquire the electric distribution facilities of Pacific 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 May 7, 1974 is fair, just, and reasonable to the parties thereto and the customers affected thereby; that the properties and business which Pacific has agreed to sell to City are reasonably worth the amount City has agreed to pay therefor; and that Pacific and City desire to effectuate the agreement in accordance with its provisions.

For the twelve-month period ending June 12, 1974, Pacific supplied electric service from the facilities involved to only three customers in the annexed area. Pacific derived gross revenue of one thousand five hundred seventy-five dollars (\$1,575) from these customers.

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 Pacific by the customers for electric service.

Pacific holds no credit deposits for these customers.

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

Findings

We find that:

1. Pacific holds no credit deposits from customers whose service will be transferred to City.
2. The proposed sale described in this application will not be adverse to the public interest.
3. A public hearing is not necessary.
4. With reasonable certainty the project involved in this proceeding will not have a significant effect upon the environment.

We conclude that the application should be granted.

O R D E R

IT IS HEREBY ORDERED that:

1. Pacific Gas and Electric Company may sell and convey to the city of Santa Clara, in accordance with the terms of the contract dated May 7, 1974, a copy of which is attached to the application, the electric distribution facilities described therein and shown by the map attached thereto.
2. Upon completion of the sale and transfer authorized by this order and upon compliance with all the terms and conditions of this order, Pacific Gas and Electric Company shall be relieved of its public utility obligations in connection with the utility system transferred.
3. Pacific Gas and Electric Company shall, within thirty days after such sale and transfer, notify this Commission in writing of the date thereof.

In the event the city of Santa Clara does not consummate the purchase of the property under the terms of the contract dated May 7, 1974 within two years after said date, the authority herein granted shall expire.

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

Dated at San Francisco, California, this  
7th day of JANUARY, 1975.

Vernon L. Stinson  
President  
William J. Lyons  
[Signature]

Commissioners