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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company, and Cape Concord Homeowners Association for an Order under Section 851 of the California Public Utilities Code to Sell and Convey a Walkway Lighting System. (U-902-E)

Application 88-06-046
(Filed June 23, 1988)

ORIGINAL

O P I N I O N

San Diego Gas & Electric Company (SDG&E), a California corporation, and the Cape Concord Homeowners Association (Cape Concord), an incorporated homeowners association, request authority under Section 851 of the Public Utilities Code for SDG&E to sell and convey to Cape Concord a walkway lighting system on Cape Concord's private walkways.

We will grant SDG&E authority to sell and convey to Cape Concord the walkway lighting system, under the terms and conditions of the Sale Agreement dated February 12, 1988. We will relieve SDG&E, concurrently with the transfer of ownership of the facility to Cape Concord, of the public utility duties and obligations of owning, operating, and maintaining the system. We will also authorize SDG&E to change the rate for Cape Concord walkway lights, upon the closing date of this transaction, from Schedule DWL to Schedule DR.

On February 12, 1988, SDG&E and Cape Concord executed the Agreement for Conveyance of Walkway Lighting Facilities (Sale Agreement). Under the Sale Agreement, SDG&E contracted to sell to Cape Concord the walkway lighting system, consisting of luminaries, lamps, poles, photocells, and underground service wire on the property of the Cape Concord Homeowners Association. The original

cost of the system was \$21,852. The book value of the system as of March 15, 1988 was \$16,027.

The agreed sales price is \$22,527. According to the applicants, the purchase price consists of an amount equal to the average new replacement cost of the system, less depreciation. In addition, Cape Concord has agreed to pay SDG&E on demand the current ad valorem taxes for the tax year in which the system is conveyed, prorated as of the closing date.

We find that the Sale Agreement is fair, just, and reasonable to the parties. The sales price reasonably reflects the current value of the system. No party has protested this application. Therefore, we will authorize sale of the system in accordance with the terms and conditions of the Sale Agreement.

The transfer of ownership, operation, and maintenance of the system to Cape Concord will permit Cape Concord to receive electric service to the system under Schedule DR. This rate is lower than the rate in Schedule DWR under which the System is currently served; but with the reduction in rates, Cape Concord must assume responsibility for operation and maintenance of the system. Applicants indicate that the Board of Directors of the Homeowner's Association is authorized to make annual and special assessments to cover the operating costs; thus there will be no impairment of service.

Findings of Fact

1. SDG&E proposes to sell to Cape Concord the walkway lighting system located on the Cape Concord property in San Diego California.

2. The agreed sales price is \$22,527, an amount equal to the average new replacement cost of the system, less depreciation. In addition, Cape Concord has agreed to pay SDG&E on demand the current ad valorem taxes for the tax year in which the system is conveyed, prorated as of the closing date.

3. The original cost of the system was \$21,852. The book value of the system as of March 15, 1988 was \$16,027.

4. The Cape Concord Homeowners Association is financially capable of owning, operating, and maintaining the walkway lighting system on its premises, without impairment of service.

5. No protest has been filed. A public hearing is not necessary.

Conclusion of Law

The proposed transfer of the walkway lighting system from SDG&E to Cape Concord is in the public interest.

ORDER

IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized to sell and convey to the Cape Concord Homeowners Association the walkway lighting system in accordance with the terms of the sales agreement dated February 12, 1988.

2. Upon the closing date of this transaction, SDG&E is relieved of the public utility duties and responsibilities of owning, operating, and maintaining the system.

3. Upon the closing date of this transaction, SDG&E may change the rate for Cape Concord walkway lights from Schedule DWL to Schedule DR.

4. SDG&E shall file with Commission Advisory and Compliance Division, the final cost figures for the sale of the system within 30 days of the closing date of this transaction.

5. SDG&E shall credit the depreciation reserve account with the amount of the purchase price less costs of sale.

6. Any reimbursement to SDG&E of ad valorem taxes in connection with this transaction shall be credited to an appropriate expense account.


This order is effective today.

Dated OCT 14 1988, at San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Victor Weisner, Executive Director