

Decision 82 06 004

JUN 2 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
CP NATIONAL CORPORATION, a California )  
corporation, for authority to sell the )  
Weaverville District Electric System )  
to Trinity County Public Utility )  
District. )  
\_\_\_\_\_ )

Application 82-04-31  
(Filed April 14, 1981)

O P I N I O N

CP National Corporation (CP National) seeks an ex parte order of the Commission authorizing the sale and transfer of its public utility system within Weaverville and adjacent territories in Trinity County to Trinity County Public Utility District (District). District joins in the application.

CP National owns and operates public utility electric, gas, water, and telephone systems in a number of locations in California. It also provides public utility services in Oregon, Nevada, Utah, and Arizona. The Weaverville District of CP National provides electric service to 1,545 residential, commercial, and other customers.

District is a political subdivision of the State of California, incorporated in November 1981, under the provisions of the California Public Utility District Act (Division 7 of the Public Utilities Code) for the purpose of supplying inhabitants in and adjacent to Weaverville with light, power, heat, and other electrical services.

Under the provisions of the federal Trinity River Act of 1955 (Public Law No. 84-386, 69 Stat. 719) electric users in Trinity County are eligible for preferential electric rates provided the electric power produced from the Trinity Dam project is distributed to them by a public agency.

In order to accomplish that purpose District and CP National have entered into an Agreement of Purchase and Sale dated April 13, 1982. Under the Agreement the purchase price is an amount equal to the net book value of all CP National's assets used and useful in connection with the furnishing of electric power to the Weaverville District plus the book cost of materials and supplies, the amount of customer accounts receivable (net of an agreed reserve for uncollectibles), and the amount in the purchased power cost balancing account, and less an amount equal to the total of all refundable customer deposits and advances held at closing. The purchase price also includes an amount equal to all federal and state income taxes and all other taxes incurred by CP National, including but not limited to liability for recaptures of investment tax credit and depreciation incurred by CP National as a result of the sale.

The agreement provides that District will assume CP National's liabilities and obligations to refund customer deposits and advances made to the utility for the Weaverville District and other contractual commitments to which CP National is a party at closing. Further, the agreement provides for reading of meters adjusted to the closing date.

Upon acquisition, District will assume full responsibility to provide electric service within the boundaries of CP National's Weaverville District service area without unreasonable differences or discrimination between members of the public as to rates, charges, practices, rules, service facilities, or in any other respect.

District is negotiating a contract with CP National to operate and maintain the system following its purchase. If the agreement is terminated, District would continue to provide public utility service with its own personnel. District has engaged the services of a public utility consultant who has wide experience operating and maintaining electric distribution systems.

Upon acquisition, District proposes to charge the same rates for electric service that were being charged by CP National on December 31, 1981. Those rates are less than those being charged when the application was filed.

All electric power sold by CP National in the Weaverville District is purchased from Pacific Gas and Electric Company. Over the past several years, CP National rates for electric service in the Weaverville District have been steadily increasing because the rates for power purchased from Pacific Gas and Electric Company have been periodically increased.

District plans to purchase power from the Western Area Power Administration of the U.S. Department of Energy (Dept. of Energy). The Dept. of Energy is prepared to sell power to District at preferential rates when District becomes entitled to federal preferential power allocations. District will qualify when it acquires ownership of CP National's Weaverville District. The sale will enable District to provide its customers with preferential power at rates lower than those being charged by CP National. The sale will further enable such customers to avoid future increases in CP National rates.

In its application CP National shows an original cost of \$1,566,000 and a net book value of \$1,167,000 for its Weaverville District as of February 28, 1982. In its 1981 annual report CP National shows Weaverville sales of 22.2 million kWh and revenues of \$1,638,000.

Notice of the application appeared in the Commission's Daily Calendar of April 16, 1982. No protest has been received.

Findings of Fact

1. The proposed sale and transfer of the Weaverville District electric system from CP National to District is not adverse to the public interest.
2. The transfer will enable the customers in District to receive electric service at preferential rates that otherwise would not be available if the system remained in the ownership of CP National.
3. District will charge rates which are the same rates as were charged by CP National on December 31, 1981 in Weaverville. Those rates are less than those presently being charged.

4. District has the ability to operate and maintain the electric system in a manner which will not be detrimental to the public interest.

5. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

6. A public hearing is not necessary.

7. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. The application should be granted.

2. CP National should be released from its public utility obligation in its Weaverville electric system and District should undertake that obligation.

The effective date of this order should be the date of signature in order to provide for an expeditious transfer, since there is no known opposition and no reason to delay the request. This authorization is not a finding of the value of rights and properties to be transferred.

O R D E R

IT IS ORDERED that:

1. The Agreement of Purchase and Sale between CP National Corporation (CP National) and Trinity County Public Utility District (District) attached to the application, with such changes as may be necessary that are not inconsistent with this decision, is approved.

2. On or before December 31, 1982, CP National may perform such acts as necessary to transfer its electric system to District, according to the terms of the agreement.

3. As a condition of our authorization, District shall assume all liability of CP National for refunds of customer deposits and advances in aid of construction existing upon the close of sale and shall assume all liability for their repayment when due in accordance with all terms applicable to such deposits and advances when made.

4. Within 10 days after transfer, CP National shall notify the Commission in writing of the date of transfer and of the date when District began operating the electric system. A true copy of the transfer documents shall be attached to the notice.

5. On or at the time of actual transfer, CP National shall deliver to District, and District shall keep all records pertaining to the construction and operation of the transferred electric system.

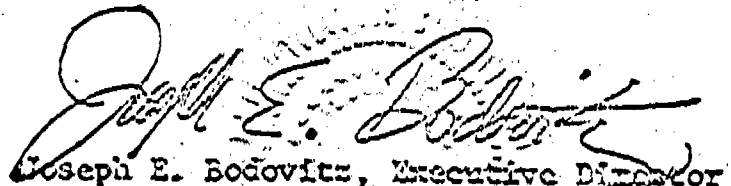
6. Upon compliance with this order, CP National shall be relieved of its public utility obligation in connection with the transferred system.

This order is effective today.

Dated JUN 2 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioners

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

  
Joseph E. Bodovitz, Executive Director