

Decision 83 09 011 September 7, 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BAY POINT LIGHT AND
POWER COMPANY and PACIFIC GAS AND
ELECTRIC COMPANY 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
July 8, 1982.

(Electric)

ORIGINAL

Application 83-01-08
(Filed January 6, 1983)

O P I N I O N

Bay Point Light and Power Company (Bay Point) and Pacific Gas and Electric Company (PG&E) seek an order of the Commission granting Bay Point authority to sell and convey to PG&E all of its electric distribution facilities in accordance with an agreement between them dated July 8, 1982.

PG&E is an operating public utility corporation, organized under California law. It is engaged principally in the business of furnishing electric and gas service in northern and central California. It also distributes and sells water in certain cities, towns, and rural areas, and it produces and sells steam in parts of San Francisco. Bay Point is a California public utility corporation operating an electric distribution system within a small area in Contra Costa County, where it serves the community of Clyde and the United States Navy facilities at Port Chicago. As of September 30, 1982, Bay Point distributed electricity to approximately 350 customers. The annual system revenue for the year 1981 was \$627,200. The average annual expense, exclusive of taxes and depreciation, for the same period was \$581,277.

For over 60 years all of the corporate stock of Bay Point was owned by Walter and Eunice N. Van Winkle, who as officers and directors of the corporation operated the utility. Walter Van Winkle died intestate in 1952, and his entire residual estate was distributed to his surviving spouse, Eunice N. Van Winkle, under a decree of the Contra Costa County Superior Court. In 1978, Eunice N. Van Winkle died testate, and in 1982 the Contra Costa County Superior Court issued a judgment directing final distribution of her estate. All of Bay Point's outstanding and issued shares of stock have been distributed under Mrs. Van Winkle's will and in accordance with the judgment. The terms of the July 8, 1982 sales agreement have been confirmed by the Court, and the assets of Bay Point are to be acquired by PG&E, subject only to the approval of this Commission.

The sales agreement, which is attached to the application as Exhibit C, states that the purchase price will be \$685,000, representing the depreciated book value of the facilities as of April 19, 1982. A description of the facilities to be sold is set forth in Exhibit C. The agreement provides that the purchase price will be adjusted to reflect any additions and betterments installed by Bay Point subsequent to April 19, 1982, and prior to final sale to PG&E.

Applicants assert that the agreement of July 8, 1982, is fair, just, and reasonable to the parties and the affected customers and that the properties and business which Bay Point has agreed to sell to PG&E are reasonably worth the amount PG&E has agreed to pay.

A Commission staff accountant has examined the application and has determined that the \$685,000 sales price is within about one percent of the \$689,000 figure for depreciated book value that he arrived at by appropriate adjustments to the figures shown in Bay Point's 1981 annual report to the Commission. It is the opinion of

the staff accountant that this difference has no material bearing upon the merits of the application and that there is no issue related to the reasonableness of the sales price.

Applicants state that the executor and beneficiaries of the Van Winkle estate have no desire to own and operate an electric distribution utility. They contend that, because PG&E is in the electric distribution business and now sells electricity at wholesale to Bay Point, PG&E is the most logical purchaser of Bay Point. We agree, and we are of the opinion that PG&E, with its greater resources, should be in a better position than Bay Point to meet the present and future service requirements of Bay Point's service area.

The furnishing of electric service to Bay Point's customers by PG&E will not initially affect the rates charged to Bay Point's customers, although the cost of electric service will be subject to subsequent changes in PG&E's regular tariffs. PG&E contemplates full absorption of Bay Point's system into its system as part of Application (A.) 82-12-48, PG&E's 1984 test year general rate case, with Bay Point's customers being treated identically to similarly situated PG&E customers.

The following tabulation is a generalized comparison of Bay Point's existing rates with PG&E's present rates. As the figures show, some Bay Point rates are higher and others are lower:

<u>Type of Service</u>	<u>Bay Point</u>	<u>PG&E</u>
<u>Domestic Service</u>		
240 kWh Life Line Allowance (LLA)	\$ 15.48	\$ 13.00
500 kWh (240 kWh LLA)	37.83	31.32
2000 kWh (240 kWh LLA)	157.33	167.87
<u>General Service</u>		
250 kWh	27.12	20.48
1000 kWh	105.75	76.67

Because no rate changes will result from our authorization of the requested transfer, the above rate differences do not constitute an impediment to approval of the application. The issue as to whether PG&E should be authorized to apply its rates to the Bay Point service area commencing January 1, 1984 is an issue that should be dealt with in A.82-12-48, as PG&E proposes be done.

No protests to the granting of this application have been received by the Commission.

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

Findings of Fact

1. A public hearing is not necessary.
2. Consumation of the sales as described in the application will not be adverse to the public interest.
3. Because the application involves no more than a transfer of assets and does not involve the construction or rearrangement of any facilities, the granting of the application will have no significant effect on the environment.

Conclusion of Law

We conclude that the application should be granted.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1983, Bay Point Light and Power Company (Bay Point) may transfer the electric distribution system designated in the application to Pacific Gas and Electric Company (PG&E).
2. As a condition of this grant of authority, PG&E shall:
 - a. Assume the public utility obligations of Bay Point.
 - b. Assume liability for refunds of all existing customer deposits.
 - c. Notify the affected customers.

3. Within 10 days after transfer PG&E shall advise the Commission in writing of the date of transfer and the date that the requirements of paragraph 2 were completed.

4. PG&E shall either file a statement adopting Bay Point's tariffs or refile those tariffs under its own name as prescribed in General Order Series 96. Rates shall not be increased unless authorized by this Commission.

5. Before the transfer occurs, Bay Point shall deliver to PG&E, and PG&E shall keep, all records of the construction and operation of the electric distribution system.

6. Within 90 days after actual transfer, PG&E shall file, in proper form, an annual report on Bay Point's operations from the first day of the current year through date of transfer.

7. When this order has been complied with, Bay Point shall have no further public utility obligation in connection with this electric distribution system.

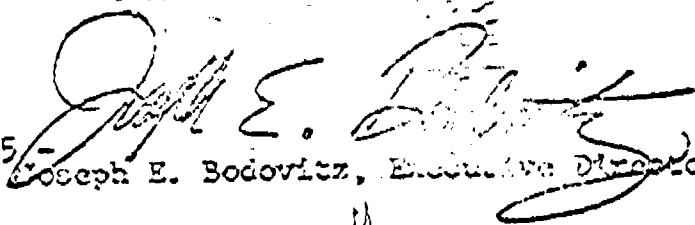
This order becomes effective 30 days from today.

Dated September 7, 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. CREW
DONALD VIAL
Commissioners

Commissioner William T. Bagley
being necessarily absent, did
not participate.

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

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Joseph E. Bodovitz, Executive Director