

ORIGINAL

Decision No. 88718 APR 18 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY and the CITY OF REDDING 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 December 5, 1977.

Application No. 57833

O P I N I O N

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation (PG&E), and the CITY OF REDDING, a municipal corporation (City), seek an order of the Commission granting PG&E authority to sell and convey to City certain electric facilities located in the area previously known as the Cascade Community Services District, which has been annexed to City, and to effectuate the agreement between PG&E and City dated December 5, 1977.

City is, and for some time has been, the owner of an electric distribution system located within the corporate limits of the City of Redding. From this system, City furnishes electric service to many of the residents and inhabitants thereof. 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.

On December 5, 1977, PG&E and City executed an agreement, a true and correct copy of which is annexed and made a part hereof 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 transmission and distribution facilities (facilities) including additions, within the areas previously known as the Cascade Community Services District. The locations of the facilities are more particularly shown and delineated on the maps attached to the agreement, Exhibit B of the application. 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.

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 \$1,427,517.00 and (b) the net value (estimated to be \$25,000), 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 December 17, 1976, and prior to the conveyance of the facilities to the City, together with 15% of such cost, and any severance costs (estimated to be \$69,022) that may be involved. A copy of the proposed bill of sale is attached to the application as Exhibit C. Exhibit D of the application contains 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% of such cost, which accrued between December 17, 1976, 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.

Applicants assert that the agreement of December 5, 1977, 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 therefore; and that PG&E and City desire to effectuate the agreement in accordance with its provisions.

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.

For the twelve-month period ending December 30, 1977, PG&E supplied electric service from the facilities involved to 115 streetlights, 1,715 domestic customers and 198 commercial customers. PG&E derived gross revenue from these customers as follows: streetlights \$12,900.00; domestic \$1,280,000.00; and commercial \$205,000.00 for a total of \$1,497,900.00.

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 a number of credit and line extension deposits (amount estimated to be \$18,631.77) for customers involved in this transaction, all of which will be refunded when the purchase of these facilities has been authorized.

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.

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

Findings and Conclusions

We find that:

1. Pacific plans to refund \$18,631.77 in credit deposits to 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 ORDERED that:

1. Pacific Gas and Electric Company (PG&E) on or after the effective date hereof may sell and transfer to the City of Redding (City) the property referred to in this proceeding in accordance with the agreement attached to the application as Exhibit B.
2. Within 30 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 90 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 entries.

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 ~~thirty~~ ^{thirty} ~~days~~ ^{days} ~~from~~ ^{from} the date hereof.

Dated at San Francisco, California, this 18th day of APRIL, 1978.

Robert Bateman
President
William J. ...
Vernon L. ...

Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.