

On October 17, 1979 PG&E and SDAPUD executed a formal agreement wherein PG&E agreed to sell and SDAPUD agreed to purchase certain of PG&E's electric distribution facilities, including betterments and additions, located within PG&E's Shasta Dam Rate Area and adjacent areas including the area previously known as Summit. A copy of the agreement is attached to the application as Exhibit B, and a copy of the proposed bill of sale is attached as Exhibit C.

Under the terms of the agreement, SDAPUD agrees to pay PG&E, as the purchase price, upon delivery by PG&E to SDAPUD, the bill of sale conveying the electric distribution facilities and the assignment of PG&E's existing private land rights, the sum of \$509,000. Within 180 days after Commission authorization, SDAPUD will also pay to PG&E (1) the net value, as determined by PG&E in accordance with the practice prescribed for electric utilities under the Commission's Uniform System of Accounts, of any additions and betterments to the facilities subsequent to October 1, 1978 and prior to the conveyance of the facilities to SDAPUD; (2) 15 percent of such net value; and (3) any severance costs that may be involved as a result of such additions and betterments. The current ad valorem taxes for the tax year in which the facilities are conveyed are to be prorated as of the date of conveyance. Further, PG&E promises to execute and deliver to SDAPUD the appropriate instruments of title conveying the facilities. SDAPUD agrees that upon execution and delivery of the instruments of title it will assume all public utility obligations of PG&E to provide electric service to approximately 1,375 customers now supplied by the facilities and any other customers added by PG&E prior to the delivery of such deed or deeds. SDAPUD also agrees to hold PG&E harmless from any and all liability arising from any failure of SDAPUD to perform its utility obligations to customers in the area. The agreement also provides that until such time as SDAPUD can integrate the facilities with its system, including reinforcement of its

115 kilovolt substation facilities, SDAPUD may wish to arrange for transmission of Central Valley Power over PG&E's facilities in order to maintain reliable service to its new customers.

SDAPUD is, and for some time has been, the owner of an electric distribution system located within PG&E's Shasta Dam Rate Base Area which is adjacent to the former Summit District from which electric service is furnished to many of the residents and inhabitants. The facilities PG&E proposes to convey are in an area which includes the entire area now served by Summit. SDAPUD would like to acquire the electric distribution facilities of PG&E.

Upon authorization of the agreement and the sale of facilities by PG&E, PG&E will withdraw its Shasta Dam Rate Area Schedules Nos. D-40 and D-All. PG&E asserts that the agreement is fair, just, and reasonable.

The furnishing of electric service to the affected customers by SDAPUD at its effective rates and charges will result in the charging or collecting of rates or charges equal to those presently charged by PG&E in its Shasta Dam Rate Area and lower than those paid to PG&E by customers in the Summit annexed area since SDAPUD is a preferenced agency customer of the United States Department of Energy, Western Area Power Administration, for its wholesale purchased power requirements.

The Commission has considered this matter and finds that the sale and transfer as proposed in this proceeding would not be adverse to the public interest. On the basis of this finding, we conclude that the application should be granted. A public hearing is not necessary.

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

In order to expedite approval of the agreement and to permit recording the summer maximum demand on a timely basis, the effective date of this order should be made effective 10 days after the date hereof.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company may sell and transfer to the Shasta Dam Area Public Utility District the facilities referred to in this proceeding in accordance with the agreement attached to the application as Exhibit B.

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.

The effective date of this order shall be ten days after the date hereof. ✓

Dated MAY 20 1980, at San Francisco, California.

John E. Coyne
President
William L. Sullivan
Richard D. Howell
Clara J. Daniels
Terrence M. Yarnish
Commissioners