

ORIGINAL

Decision No. 91976 JUL 2 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND
 ELECTRIC COMPANY and the CITY OF
 HEALDSBURG for an order authorizing
 former to sell and convey to the
 latter certain electric distri-
 bution facilities, in accordance
 with the terms of an agreement
 dated October 15, 1979.
 (Electric)

Application No. 59569
(Filed April 3, 1980)

O P I N I O N

Pacific Gas and Electric Company (PG&E) and the city of Healdsburg (City), a municipal corporation, seek an order of the Commission granting PG&E authority to sell and convey to City certain electric distribution facilities located in the area known as the South Fitch Mountain Annexation Nos. 2, 3, and 4, which have been annexed to City, and to effectuate the agreement between PG&E and City dated October 15, 1979.

City is and for some time has been the owner of an electric distribution system located within the corporate limits of City. 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 October 15, 1979 PG&E and City executed an agreement, a true and correct copy of which is attached to the application and made a part thereof 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 set forth therein, the facilities, including additions, all as described in Exhibit B, within the areas known as the South Fitch Mountain Annexation Nos. 2, 3, and 4. The locations of the facilities are more particularly shown on the map attached to the agreement. PG&E promises to execute and deliver to City the appropriate instruments of title conveying the facilities to City. City agrees upon execution and delivery of the instruments of title to assume all public utility obligations of PG&E and to provide electric service to the approximately 20 customers in the area now supplied from the facilities, and any other customers added by PG&E prior to the delivery of such instruments of title. City also agrees to hold 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 a bill of sale conveying the facilities and the assignment of land rights and property interests, the sum of \$11,054. This sum is adjusted to reflect: (a) the net value as determined in accordance with the practice prescribed for electric utilities under the Uniform System of Accounts as established by the Federal Power Commission and as adopted by the California Public Utilities Commission of the facilities and of any additions to and retirements from the facilities made within the South Fitch Mountain Annexation Nos. 2, 3, and 4 by PG&E subsequent to April 27, 1978 and prior

to the conveyance of the facilities to the City; (b) 15 percent of such net value plus any applicable tax; and (c) any severance costs that may be involved as a result of such additions and retirements. 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 less depreciation of the facilities sought to be sold to City. The actual cost of additions to and betterments of the facilities together with 15 percent of such cost, which accrued between the date of inventory 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 February 15, 1979 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 agreed to pay therefor, and that PG&E and City desire to effectuate the agreement in accordance with its provisions.

The current ad valorem taxes for the tax year in which the facilities and any additions are conveyed to the City shall be prorated as of the date of conveyance.

For the 12-month period ended October 31, 1979, PG&E supplied electric service from the facilities involved to approximately 20 domestic customers and derived a gross annual revenue from these customers of \$7,100.

The furnishing of electric service to these customers by City and 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 no MLX or credit deposits for customers involved in this transaction. 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 of Fact

1. The purchase price for the facilities of \$11,054 plus the net value of additions specified in Exhibit B is reasonable.
2. The proposed sale prescribed in this application will not be adverse to the public interest.
3. It can be seen with certainty that there is no possibility that the transaction in question may have a significant effect on the environment.

Conclusions of Law

1. A public hearing is not necessary in this matter.
2. 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 Healdsburg (City) the property referred to in this proceeding in accordance with the agreement attached to this decision.
2. Within thirty 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 electric facilities authorized herein to be transferred. A true copy of the instrument of transfer shall be attached to the written notification.

3. Within ninety 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 condition 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 days after the date hereof.


Dated JUL 2 1980, at San Francisco, California.




President



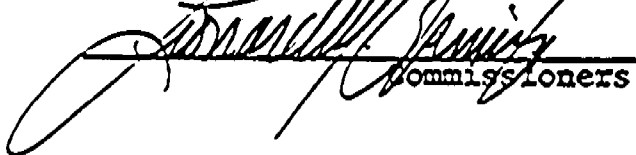
William L. Ferguson



Michael D. Havel



Elaine J. DeFazio



Commissioners