

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3325
JUNE 23, 1993

R E S O L U T I O N

RESOLUTION E-3325. IN RESPONSE TO TRINITY COUNTY LOCAL AGENCY FORMATION COMMISSION'S REQUEST FOR A COMMISSION OPINION ON THE EFFECT OF TRINITY COUNTY PUBLIC UTILITIES DISTRICT'S PROPOSED ACQUISITION OF PACIFIC GAS AND ELECTRIC COMPANY'S FACILITIES IN PARTS OF TRINITY COUNTY, CALIFORNIA; FINDS THAT ACQUISITION WILL NOT SUBSTANTIALLY IMPAIR PACIFIC GAS AND ELECTRIC COMPANY'S ABILITY TO PROVIDE ADEQUATE SERVICE AT REASONABLE RATES IN THE REMAINDER OF ITS SERVICE TERRITORY.

BY LETTER RECEIVED ON MARCH 29, 1993.

SUMMARY

1. The Trinity County Local Agency Formation Commission has requested an opinion of the California Public Utilities Commission (Commission) whether a proposed reorganization of the Trinity County Public Utilities District (TCPUD) will substantially impair the ability of PG&E to provide adequate service at reasonable rates within the remainder of PG&E's service area. Under the proposed reorganization, TCPUD will acquire the facilities of Pacific Gas and Electric Company (PG&E) in parts of Trinity County, California and will annex the Hayfork Valley Public Utilities District (Hayfork).
2. This Resolution finds that the proposed reorganization would not substantially impair PG&E's ability to provide adequate service at reasonable rates in the remainder of PG&E's service territory.

BACKGROUND

1. TCPUD was initially formed to take over the operations of the CP National electric system serving the community of Weaverville and adjacent areas of Trinity County.
2. TCPUD and PG&E discussed the acquisition of that part of PG&E's electric distribution system which serves the central and northeastern parts of Trinity County (the Transfer Facilities). (The Transfer Facilities provide service in the territory currently served out of PG&E's Weaverville Service Center.) Subsequently, in a stipulated judgement by Trinity County

Superior Court, TCPUD was ordered to take the Transfer Facilities and to pay PG&E \$8,394,000.

3. Hayfork, a recently formed public utilities district in central Trinity County, has taken over PG&E's distribution facilities in the Hayfork community area. Hayfork intends to merge into TCPUD upon TCPUD's acquisition of the Transfer Facilities. Hayfork filed in Trinity County Superior Court to condemn PG&E's distribution facilities in the vicinity of the Hayfork community. The transfer of these distribution facilities to Hayfork has already occurred. There is no information available that this condemnation action has previously been brought to the attention of the Commission.

4. Government Code Section 56129 et seq. prescribes, inter alia, procedures to be followed when certain districts approve a change of organization or reorganization that would expand the district in order to provide gas or electric service within a service area already certificated to a public utility. Government Code Section 56131 states in part:

After that change of organization or reorganization has been ordered, the clerk of the district shall file with the Public Utilities Commission a certified copy of any ordinance, resolution, or order made by the board of directors of a district proposing to furnish gas or electric service, as defined in subdivision (c) of Section 56129, within the territory.

After that filing, the Public Utilities Commission shall cause an investigation to be made and may conduct any hearings in connection with the proposal. Upon completion of the investigation and not later than 90 days after the date of the filing, the Public Utilities Commission shall make a report to the commission stating whether, in the opinion of the Public Utilities Commission, the proposed service by the district within the territory will substantially impair the ability of the public utility to provide adequate service at reasonable rates within the remainder of the service area of the public utility.

The secretary of the Public Utilities Commission shall immediately file a certified copy of that report with the executive officer.

DISCUSSION

1. If TCPUD acquires the Transfer Facilities and the facilities in Hayfork, it will serve most of the inhabited area of Trinity County. Three (3) areas of the county would not be incorporated into the district. The largest area is the southern and southwestern part of Trinity County. The second area is the

northwestern corner of Trinity County. Both areas are administered as a part of a different division of PG&E, its Humboldt Division. These PG&E facilities are also physically isolated from the Transfer Facilities. The third area not being incorporated is the Post Mountain Community Services District (PMCSA) located entirely within the area being annexed by TCPUD. There is no electric service currently being provided in the PMCSA service area by any utility.

2. The annexation area, together with the area already part of TCPUD, contains most of the electric customers in Trinity County. At present PG&E serves 3,800 accounts in Trinity County, TCPUD serves 2,200 accounts, and Hayfork serves 500 accounts. After the proposed transfer and reorganization PG&E would serve 230 accounts, TCPUD would serve 6,270 accounts, and Hayfork would be merged into TCPUD. One account being taken over by TCPUD is located in Shasta County. TCPUD would serve this one customer, resulting in no loss of electric service where it is currently being provided by PG&E. In comparison with the 3,570 customers to be transferred from PG&E to TCPUD, and the 500 customers to be transferred from Hayfork to TCPUD, PG&E's system served 4.3 million electric customer accounts in 1992.

3. PG&E's customers in the area being annexed are primarily residential and/or agricultural customers with the small commercial - industrial businesses to serve these residential agricultural customers. These customers are primarily in the valleys of Trinity County, with the mountain areas owned by various government agencies. The United States Forest service is the largest land owner and employer in Trinity County. The principal sources of income in Trinity County are tourism, lumbering, and agriculture. There are no large customer accounts served by PG&E in the area being annexed by TCPUD. Of the two operating sawmills in Trinity County, the largest is already a customer of TCPUD and the other is a customer of Hayfork.

4. Commission Advisory and Compliance Division staff visited the area and viewed the Transfer Facilities. The staff verified that the Transfer Facilities are capable of separation from PG&E's system with no disruption of service. Neither the transfer nor the annexation of the Hayfork area by TCPUD would have any significant impact upon the remaining customers of PG&E.

FINDINGS

1. TCPUD has obtained a stipulated judgment providing for the condemnation of distribution facilities providing electric service to the central and northeastern parts of Trinity County, California. TCPUD would provide electric service to one customer in Shasta County as the cost of extending PG&E's facilities in Shasta County to serve this one customer would be excessive.

2. The facilities to be transferred are electric distribution facilities to serve customers, with one exception, in Trinity County. These facilities are located at the edge of PG&E's Shasta - Trinity District. This transfer of ownership would have no substantial effect upon the service provided to the remaining customers of PG&E. The PG&E facilities to be transferred are used exclusively to provide electric service to the customers who will be customers of TCPUD.

3. As PG&E's 3,800 customers in this area are all relatively small users of electrical energy it does not appear that the proposed transfer will have any noticeable effect upon rates to the remaining customers of PG&E.

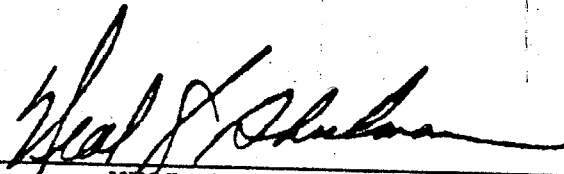
4. As the customers in the Hayfork district are being served by Hayfork, their transfer to TCPUD should not have any noticeable effect upon rates to PG&E customers.

5. The transfer of the above-described Pacific Gas and Electric Company (PG&E) distribution facilities in Trinity County, California to Trinity County Public Utilities District (TCPUD); the expansion of TCPUD to include the area currently served out of PG&E's Weaverville Service Center and the area within the Hayfork Valley Public Utility District; and the provision of electric service within that territory by TCPUD will not substantially impair the ability of PG&E to provide adequate electric service at reasonable rates within the remainder of PG&E's service area.

THEREFORE, IT IS ORDERED that:

1. A certified copy of this Resolution shall be mailed to the Executive Officer of the Trinity County Local Agency Formation Commission, and to Pacific Gas and Electric Company.
2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 23, 1993. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
Commissioners