

LRA

Decision No. 19984

BEFORE THE RAILROAD COMMISSION STATE OF CALIFORNIA

In the Matter of the Application of)
THE PACIFIC TELEPHONE AND TELEGRAPH)
COMPANY)
for an order authorizing the pur-)
chase of the capital stock of)
Corona Home Telephone and Telegraph)
Company.)

ORIGINAL

Application No. 14607.

Pillsbury, Madison and Sutro;
Lawler and Degnan and
James C. Marshall, for applicant.

BY THE COMMISSION:

OPINION

In this proceeding The Pacific Telephone and Telegraph Company asks permission to acquire from Pierce, Fair & Co. 4,240.75 shares (par value \$10.00) of the capital stock of the Corona Home Telephone and Telegraph Company at a cost of \$75,000.00 and acquire the remaining outstanding one share of stock of the Corona Home Telephone and Telegraph Company if the same can be acquired at a reasonable price.

The Corona Home Telephone and Telegraph Company is engaged in a general telephone business in and about the city of Corona, Riverside county. As of February 29, 1928, the number of stations in service are reported at 950, of which 662 are residence and 288 business stations.

For the three years ending December 31, 1927, the Corona Home Telephone and Telegraph Company has reported revenues and expenses as follows:-

ITEM	1925	1926	1927
Operating revenue	\$23,816.32	\$25,195.45	\$27,435.15
Nonoperating revenue	1,125.88	1,193.52	1,381.67
Total	24,942.20	26,388.97	28,816.82
Operating expenses	15,910.23	16,149.06	17,882.96
Balance	9,031.97	10,239.91	10,933.86
Taxes	1,980.72	1,946.88	2,527.45
Income deductions	3,485.75	3,781.30	3,912.76
Profit for year	\$5,565.50	\$4,511.73	\$4,495.65

In Exhibit 3 the assets and liabilities of the Corona Home Telephone and Telegraph Company as of February 29, 1928, are reported as follows:-

ASSETS:

Fixed capital	\$97,217.82
Construction work in progress	677.56
Cash and deposits	10,387.05
Marketable securities	18,851.50
Accounts receivable	673.08
Materials and supplies	974.83
Accrued income not due	45.55
Sinking fund assets	3,500.00
Prepayments	169.96
Total Assets	<u>\$132,497.35</u>

LIABILITIES:

Capital stock, common	\$42,417.50
Funded debt	41,200.00
Accounts payable	1,330.35
Accrued liabilities not due	1,479.21
Reserve for accrued depreciation	27,615.86
Sinking fund reserve	6,587.49
Surplus and undivided profits	11,866.94
Total Liabilities	<u>\$132,497.35</u>

This proceeding does not involve the transfer of the properties of Corona Home Telephone and Telegraph Company. While the order herein will permit the Pacific Telephone and Telegraph Company to purchase the common stock of the Corona Home Telephone

and Telegraph Company, it should be understood by the purchaser that we have made no determination of the amount of such purchase price which may be charged to fixed capital accounts at the time the properties of the Corona Home Telephone and Telegraph Company may be acquired by The Pacific Telephone and Telegraph Company. The Pacific Telephone and Telegraph Company has filed a stipulation in which it agrees for itself, its successors and assigns that the price to be paid for the stock of Corona Home Telephone and Telegraph Company will not be claimed by it before the Commission or other public authority as representing for rate fixing or any other purpose, the fair value of the property of Corona Home Telephone and Telegraph Company.

O R D E R

The Pacific Telephone and Telegraph Company having asked permission to purchase the outstanding common stock of the Corona Home Telephone and Telegraph Company, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the acquisition of such stock by The Pacific Telephone and Telegraph Company is in the public interest and that this application should be granted as herein provided, therefor,

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company may purchase and hold \$42,417.50 par value of the outstanding common stock of the Corona Home Telephone and Telegraph Company upon the terms and conditions set forth in this proceeding.

IT IS HEREBY FURTHER ORDERED that within thirty (30)

