

According to the 1928 annual report of Arrowhead Utility Company on file with the Commission, the telephone properties include a franchise passed by the Board of Supervisors of San Bernardino County, about seventy-four miles of wire and one central office, with a Kellogg switchboard equipped with two hundred lines. The cost of the properties to the company as of March 31, 1929, is reported at \$33,246.47, consisting of the following;-

Central office	\$2,795.38
Station equipment	8,839.07
Exchange lines	7,067.44
Toll lines	14,544.58
Total	<u>\$33,246.47</u>

The company furnishes local and toll service, connections being made at San Bernardino with The Pacific Telephone and Telegraph Company and United States Long Distance Telephone and Telegraph Company. The revenues and expenses of the telephone system for the last three calendar years are as follows;-

<u>ITEM</u>	<u>1926</u>	<u>1927</u>	<u>1928</u>
Operating Revenues:			
Exchange	\$2,772.72	\$2,637.38	\$2,670.22
Toll	3,329.91	3,219.85	3,358.48
Total	<u>\$6,102.63</u>	<u>\$5,857.23</u>	<u>\$6,028.70</u>
Operating expenses:			
Net operating loss	6,358.06	8,622.80	8,258.90
Net operating loss	255.43	2,765.57	2,230.20
Taxes	355.64	322.15	331.58
Net loss	<u>\$ 591.07</u>	<u>\$3,087.72</u>	<u>\$2,561.18</u>

At the close of 1928, fifty-seven subscribers were reported.

Under the terms of the agreement of sale, dated June 7, 1929, by and between Arrowhead Utility Company and Sam R. Heffley, the purchaser has agreed to construct two additional toll lines connecting the telephone system of the seller with the City of San Bernardino. Information on file with the Commission indicates that the purchaser, Mr. Heffley, is an officer of Associated Telephone Company, a corporation now engaged in the telephone business in San Bernardino and elsewhere in the State of California. An application now is pend-

ing before the Commission for an order authorizing the transfer of the properties of Associated Telephone Company to The Associated Telephone Company, and it appears to be the intention of Mr. Heffley, hereafter, in the event such application is granted, to cause the transfer of the telephone system covered by this application to The Associated Telephone Company.

It appears to us that the transfer of these properties at the price indicated to Mr. Heffley and the subsequent transfer to The Associated Telephone Company is in the public interest. However, The Associated Telephone Company is not a party to the present application and the order herein accordingly will authorize the transfer of the properties only to Mr. Heffley. In the event he acquires the properties and proposes to transfer them to The Associated Telephone Company, a new application for permission to make such transfer should be filed with the Commission.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of the telephone properties of Arrowhead Utility Company to Sam R. Heffley, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the application should be granted, as herein provided,

IT IS HEREBY ORDERED that Arrowhead Utility Company be, and it hereby is, authorized to sell and convey on or before August 31, 1929, all of its telephone business, properties and franchises to Sam R. Heffley, for the sum of \$15,000.00, and Sam R. Heffley be, and he hereby is, authorized to acquire and operate such business, properties and franchises.

The authority herein granted is subject to the following conditions;-

1. Within sixty days after the transfer of the properties referred to herein, Sam R. Heffley shall file with the Commission a certified copy of the instrument of conveyance under which he acquires and holds title to said properties.
2. The authority herein granted will become effective ten days after the date hereof.
3. Within thirty days after acquiring the aforesaid properties, Sam R. Heffley shall file with the Commission a statement showing the date on which he acquired the same.
4. The consideration paid for the properties shall not be urged as a measure of the value of the aforesaid properties for any purpose other than the transfer herein authorized.

DATED at San Francisco, California, this 18th day of June,

1929.

David L. Smith

C. L. Seary

Leon Whitely

W. J. Carr

Commissioners.