

Decision No. 21917

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 NORTHERN CALIFORNIA TELEPHONE COMPANY,
 for an order authorizing the Northern
 California Telephone Company to sell
 its property and assets and The Pacific
 Telephone and Telegraph Company to
 purchase said properties and assets and
 Northern California Telephone Company
 to retire from the telephone business,
 and authorizing The Pacific Telephone and
 Telegraph Company to enter the territory
 involved and assume the obligations of
 rendering telephone service therein.

ORIGINAL

Application No. 16155

Alfred Sutro and James G. Marshall,
for applicants.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to make its order authorizing Northern California Telephone Company to sell its properties and assets to The Pacific Telephone and Telegraph Company and to withdraw from the telephone business in the territory now served by it, and authorizing The Pacific Telephone and Telegraph Company to purchase said properties and assets and to engage in the telephone and telegraph business in the territory now served by the Northern California Telephone Company.

The application shows that Northern California Telephone Company is a corporation engaged in a general telephone business in the Counties of Colusa, Glenn, Lake, Mendocino, Napa,

Sonoma and Tehama. The company's assets and liabilities as of October 31, 1929, have been reported to the Commission as follows:

ASSETS

Fixed capital.....	\$1,252,541.42
Construction work in progress.....	8,711.91
Cash and deposits.....	5,506.64
Accounts receivable.....	36,349.86
Materials and supplies.....	28,176.44
Prepayments.....	4,098.22
Deferred debit items.....	<u>4,047.96</u>
Total assets.....	<u>\$1,339,432.45</u>

LIABILITIES

Capital stock.....	\$ 193,800.00
Funded debt.....	190,000.00
Advances from system corporations.....	972,742.44
Bills payable.....	291,112.07
Accounts payable.....	214,174.64
Accruals.....	47,819.57
Deferred credits.....	1,226.03
Reserves.....	47,916.68
Corporate surplus-debit balance...	<u>619,358.98</u>
Total Liabilities..	<u>\$1,339,432.45</u>

In Application No. 16114 filed with the Commission on November 22, 1929, The Pacific Telephone and Telegraph Company reported that it was the owner of \$190,300.00 of the outstanding stock of Northern California Telephone Company and asked permission to acquire at not more than par the remaining \$3,500.00 of such stock. Such permission was granted by the Commission by Decision No. 21877, dated December 6, 1929, so that it now appears that The Pacific Telephone and Telegraph Company is, or is about to become, the owner of all the Northern California Telephone Company's outstanding stock.

It appears that The Pacific Telephone and Telegraph Company desires to purchase and acquire the properties of Northern California Telephone Company and thereafter to furnish telephone service in the territory now being served by Northern California

Telephone Company and to operate the properties as a part of its general system.

The consideration for the transfer of the properties is the sum of \$1.00 plus the assumption by the purchaser of all the debts, liabilities and obligations of Northern California Telephone Company and the release of the seller by the purchaser from and/or all claims whatsoever that The Pacific Telephone and Telegraph Company now has against the Northern California Telephone Company. Had the properties been transferred as of October 31, 1929, the purchasing company would have assumed liabilities in the sum of \$32,563.20 and released claims of \$1,684,511.55.

Northern California Telephone Company was organized during 1915 under the name of Sacramento Valley Telephone Company. Its outstanding stock and bonds were issued under authority granted by the Commission in Decision No. 2580, dated July 8, 1915. (Vol. 7, Opinions and Orders of the Railroad Commission of California, page 564.) Since its organization, it regularly has filed financial reports and the Commission is familiar with the affairs of the company and the conditions under which it operates. It therefore appears to us that the transfer of the properties, as herein proposed, is in the public interest and should be authorized. An order accordingly will be entered.

ORDER

Application having been made to the Railroad Commission as indicated in the foregoing opinion, and the Railroad 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 as follows:-

1. Northern California Telephone Company may sell, on or before March 1, 1930, its properties and assets to The Pacific Telephone and Telegraph Company, and The Pacific Telephone and Telegraph Company may purchase such properties and assets and, in part consideration therefor, assume and become responsible for all the debts, liabilities and obligations of Northern California Telephone Company, such sale and purchase to be in accordance with the terms and conditions set forth in this application and referred to in the foregoing opinion.

2. Northern California Telephone Company may, upon the transfer of its properties and assets to The Pacific Telephone and Telegraph Company, cease furnishing and withdraw from the telephone and telegraph business in the territory in which it now gives such service, provided that The Pacific Telephone and Telegraph Company undertakes the furnishing of said service upon the acquisition of the properties and assets of said Northern California Telephone Company.

3. The Pacific Telephone and Telegraph Company may, upon acquiring the properties and assets of Northern California Telephone Company, engage in the telephone and telegraph business in the territory now served by Northern California Telephone Company, such service to be furnished under rates, rules and regulations similar to those of Northern California Telephone Company now on file with the Commission, or under such other rates, rules and regulations as may be authorized by the Commission.

4. The Pacific Telephone and Telegraph Company within

ninety days after acquiring the properties of Northern California Telephone Company shall file with the Commission a copy of the deed or other instrument of conveyance under which it acquires and holds title to said properties, a statement indicating the exact date upon which it acquired possession of said properties, and copies of each and every entry made on its books of account to record the cost of the properties and the distribution thereof to primary accounts.

5. The authority herein granted will become effective ten days after the date hereof.

DATED at San Francisco, California, this 16th day of December, 1929.

Thos B. Lott
Albany
Ernest H.
Leon Whiteley
W. J. Linn
Commissioners.