


Decision No. 25306

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 S. R. HEFFLEY,
 doing business under the fictitious
 name and style of Arrowhead Tele-
 phone Company, for authority to
 sell his telephone property and re-
 tire from the telephone business,
 and of Associated Telephone Company,
 Ltd. to purchase said property and
 render telephone service in the
 territory involved.



Application No. 18248

BY THE COMMISSION:

O P I N I O N

In this proceeding the Commission is asked to make its order authorizing S. R. Heffley to sell his telephone properties to Associated Telephone Company, Ltd. and to permit him to withdraw from the telephone business. Associated Telephone Company, Ltd. asks permission to acquire the telephone properties now owned by S. R. Heffley and to operate in the territory throughout which S. R. Heffley is now giving telephone service.

By Decision No. 21252, dated June 18, 1929, in Application No. 15710 (Vol. 33 Opinions and Orders of the Railroad Commission of California, page 251), the Commission authorized Arrowhead Utilities Company to sell for the sum of \$15,000.00 its telephone properties in Arrowhead Woods, San Bernardino County, to Sam R. Heffley. The cost of the properties was then reported at \$33,246.47. Since then new properties have been acquired and constructed.

As of May 31, 1932, Arrowhead Telephone Company reports its assets and liabilities as follows:

ASSETS

Plant and properties.....	\$69,580.59
Cash.....	1,671.53
Due from subscribers and agents.....	1,302.47
Deferred debits.....	<u>2.45</u>
Total Assets.....	<u>\$72,557.04</u>

LIABILITIES

Proprietor's investment.....	\$31,700.26
Miscellaneous accounts payable.....	75.33
Service billed in advance.....	4.25
Taxes accrued.....	172.44
Intercompany accounts payable.....	37,009.91
Reserve for accrued depreciation.....	3,308.06
Reserve for uncollectible bills.....	<u>286.79</u>
Total Liabilities.....	<u>\$72,557.04</u>

For 1931 Arrowhead Telephone Company reports operating revenues of \$10,684.41. While the company's report shows net income of \$6,063.44, its net income is overstated in that it did not include in operating expenses any charges on account of depreciation. C. K. Mason, Vice President and General Manager of the Associated Telephone Company, Ltd., estimates the accrued depreciation on the properties at \$8,114.66.

Associated Telephone Company, Ltd. has agreed to pay \$31,700.00 for the properties owned by S. R. Heffley, which are being operated under the name of Arrowhead Telephone Company, and to assume all current liabilities of Arrowhead Telephone Company. The purchaser does not ask permission to issue any stock or evidence of indebtedness for the purpose of paying for the properties. If it hereafter asks permission to do so, the Commission will give consideration to the actual or estimated historical cost of the properties and the accrued depreciation.

It appears that the management of Associated Telephone Company, Ltd. has been in charge of the operations of the Arrowhead

Telephone Company properties. The transfer of the properties will not result in any change in the manner in which these properties have been operated. The rates now in effect will continue in effect until a change is authorized by the Commission.

C R D E R

The Commission having been asked to enter its order as indicated in the foregoing opinion and having considered the request of applicants and being of the opinion that this is not a matter in which a public hearing is necessary and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED, as follows:

1. S. R. Heffley may, on or before October 1, 1932, sell and transfer to Associated Telephone Company, Ltd. his telephone properties at Lake Arrowhead, San Bernardino County, which are being operated under the fictitious name of Arrowhead Telephone Company and are used in rendering telephone service at Lake Arrowhead and surrounding territory, all in San Bernardino County, and which properties are more particularly described in Exhibit "C" filed in this proceeding.

2. Associated Telephone Company, Ltd. may purchase the aforementioned telephone properties from S. R. Heffley and may render telephone service in the territory which is now being served by said telephone properties. Upon the acquisition of said telephone properties by Associated Telephone Company, Ltd., S. R. Heffley may retire from the telephone business in the territory now served by said properties.

3. The consideration which Associated Telephone Company, Ltd. will pay for the aforementioned properties shall not be urged before this Commission as determining the value of said properties for any purpose other than the transfer herein authorized.

4. Associated Telephone Company, Ltd. shall, within thirty (30) days after acquiring the aforesaid properties, file with the Railroad Commission a certified copy of the bill of sale under which it acquires and holds title to said properties and a copy of the journal entries whereby the purchase of the aforesaid properties will be recorded on its books.

DATED at San Francisco, California, this 1st day of August, 1932.

C. Seaver
Leon Whitney
M. A. Lewis
W. B. Harris
Fred G. Stewart
Commissioners.