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Decision No. 10390.

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

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In the Matter of the Application of
J.G. KIRKMAN, of Exeter, California,
for permission to sell, and the appli-
cation of WILLIAM De CARTERET, of
Placerville, California, to buy the
EXETER TELEPHONE EXCHANGE,
located at Exeter, Tulare County,
California.

ORIGINAL

Application No. 7539

Karl Machetanz, for J.G. Kirkman;
Wm De Carteret, in propria persona.

BY THE COMMISSION:

O P I N I O N

This is a proceeding in which the authorization of this Commission is sought by J.G. Kirkman to transfer the telephone system, except the land and buildings, owned and operated by him in Exeter, Tulare County, to William De Carteret, and by William De Carteret to purchase said system. The original application was amended to include a request for authorization to issue a note and mortgage for \$13,000.00 to cover the unpaid balance on the purchase price of \$28,000.00.

A hearing on this matter was held by Examiner Satterwhite in Exeter on March 31, 1922.

At this hearing Mr. Kirkman stated that he wished to sell his telephone property so that he could reside near the University of California. He also filed a financial statement showing total assets amounting to \$36,257.87 and liabilities of \$12,205.47, leaving a surplus of \$24,052.40. The liabilities include a note for \$11,300.00. Mr. DeCarteret did not file a financial statement.

but the testimony indicates that he is well prepared to finance the deal.

It developed at the hearing that Mr. De Carteret desired to issue a note secured by mortgage to Mr. Kirkman for \$13,000.00 for that portion of the purchase price which was not paid for in cash or real property. Applicants asked permission to amend their petition to include a request for authorization to issue the note and execute the mortgage and the request for amendment was granted.

The Commission did not make an inventory and appraisal of the property or an extended survey of the utility's affairs in connection with this application, but it did do so in connection with Case No. 1667 decided on December 8, 1921. The historical reproduction cost of the property as of December 1, 1920, amounted to \$30,177. as determined by our engineers in Case No. 1667. This included \$8,000.00 for land and buildings which are used at present for telephone purposes but which are not included in the proposed transfer. Considering additions which have been made to the plant since the date of the appraisal, we consider that the sale price of \$28,000.00 is not unreasonable. Further, Mr. De Carteret, at our request, has stipulated that at no time will he ask this Commission, or any other public body, to consider the purchase price of the property in any rate proceeding which may be held in the future.

The order in Decision No. 9846, Case No. 1667, required certain improvements in service, changes in methods of keeping the utility's records, elimination of discrimination and the setting aside of a depreciation fund in cash. In determining the rates authorized in Decision No. 9846, allowance has been made for any additional expenses which would be incurred, and for the net additions to fixed capital which would result from these changes. Mr. De Carteret has stipulated that he will continue in effect such provisions of this order as have been complied with and will complete those provisions which have not been complied with at the time of transfer. This will be made a condition of the order.

O R D E R

An application having been filed with the Railroad Commission involving the transfer of the telephone property, excepting land and buildings, owned and operated by J.G. Kirkman in Exeter, Tulare County, to William De Carteret; the execution of a mortgage and the issuance of a note by William De Carteret; a public hearing having been held, and the Railroad Commission being fully apprised in the matter;

IT IS HEREBY ORDERED, that J.G. Kirkman be, and he is hereby, authorized to sell and transfer to William De Carteret all his telephone property, except land and buildings, in Exeter, Tulare County, California, more particularly described in the bill of sale filed with this Commission on February 14, 1922.

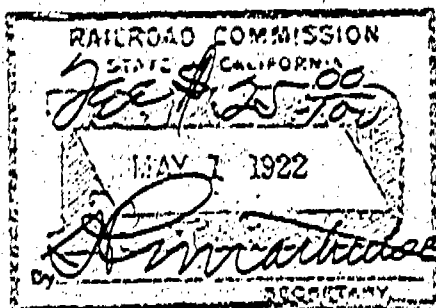
IT IS HEREBY ORDERED, that William De Carteret be, and he is hereby, authorized to issue a \$13,000.00 7 per cent. note payable on or before five years after date and execute a mortgage substantially in the same form as the mortgage filed in this proceeding for the purpose of securing the payment of the note.

The authority herein granted is upon the following conditions, and not otherwise:

- 1.--The consideration at which J.G. Kirkman is herein authorized to sell and transfer his property shall not be urged before this Commission, or any other public body, as fixing a value of said property for rate making or any purpose other than the transfer herein authorized.
- 2.--All the provisions in the order in Decision No. 9846, Case No. 1667, shall be continued in effect or, if not yet complied with, shall be executed by William De Carteret within the time limits specified, unless good cause is shown for an extension of time.

- 3.--J.G. Kirkman shall transfer to Mr. De Carteret, as part of his telephone property, the depreciation reserve fund ordered set aside in Decision No. 9846, less any amounts spent for replacements which are properly chargeable to this fund.
- 4.--The authority herein granted to execute a mortgage is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which such mortgage may be subject.
- 5.--William De Carteret shall keep such record of the issue of the note and the disposition of the proceeds as will enable him to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order in so far as applicable is made a part of this order.
- 6.--The authority herein granted will not become effective until William De Carteret has paid the minimum fee required by Section 57 of the Public Utilities Act, which fee is \$25.00.
- 7.--The authority herein granted will apply only to such note as may be issued on or before September 1, 1922.

DATED at San Francisco, California, this 2nd day of May, 1922.



[Signature]

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Commissioners