

Decision No. 11000

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of The Tulare Home Telephone and Telegraph Company, a corporation, for an order authorizing The Tulare Home Telephone and Telegraph Company to sell to The Pacific Telephone and Telegraph Company all of its telephone property in and adjacent to Tulare, Tulare County, California, and The Pacific Telephone and Telegraph Company to purchase and acquire the same.

ORIGINAL

Application No. 7950.

Sanborn, Roehl and Smith, for applicants.
E. G. Holland, City Attorney for the City
of Tulare, protestant.

BY THE COMMISSION:

O P I N I O N

In this proceeding The Tulare Home Telephone and Telegraph Company, a corporation, owning and operating a telephone plant and system located in and serving the City of Tulare, Tulare County, and adjacent territory, is seeking an order of the Railroad Commission authorizing the sale and transfer of its said plant and system, for cash, to The Pacific Telephone and Telegraph Company, a corporation, for the sum of \$82,000.00, plus the cost of additions made to the property between the period April 15, 1922 and such date as the property may be acquired, and The Pacific Telephone and Telegraph Company is seeking to purchase and acquire the same. Petitioner, The Tulare Home Telephone and Telegraph Company is also seeking authority to withdraw from the telephone business in the territory covered by said system. The property which it is proposed to sell and transfer

is described in a proposed instrument of transfer, to be executed and delivered by The Tulare Home Telephone and Telegraph Company to The Pacific Telephone and Telegraph Company, which is attached to the petition as Exhibit "A".

A public hearing was held before Examiner Satterwhite in Tulare on August 24, 1922.

The City of Tulare through its City Attorney has protested the proposed sale and transfer of this property on the alleged grounds that The Tulare Home Telephone and Telegraph Company has heretofore failed to pay to the City an amount claimed by the City to be due under certain franchises ~~against the gross receipts of the~~ company. Subsequent to the hearing of August 24 counsel for applicants has advised the Commission in its letter of September 12, 1922 that the claim of the City against The Tulare Home Telephone and Telegraph Company has been settled in full and has forwarded to the Commission a copy of a receipt signed by the City Clerk, acknowledging payment in full of the City's claim.

The petitioner, The Tulare Home Telephone and Telegraph Company represents that the reason why it desires to sell and transfer its property to The Pacific Telephone and Telegraph Company and to retire from the telephone business is chiefly that requirements for additions and betterments to its system will, within a few years, be greater than its owners can successfully finance and that The Pacific Telephone and Telegraph Company, which is engaged in the general telephone and telegraph business throughout the State of California and elsewhere will be better able through its larger organization to finance these necessary extensions and betterments, thus assuring a continuance of efficient and adequate service to the patrons of the present company.

The Tulare Home Telephone and Telegraph Company has issued and outstanding \$15,000.00 in bonds and \$24,900.00 in capital stock. It also has outstanding two notes of \$5,000.00 each, for cash borrowed locally to finance certain improvements. It has no other indebtedness other than current indebtedness. Its President has testified that the purchase of the property is to be by cash payment and that all present indebtedness will be taken up by the present owners out of the proceeds of the sale.

An inventory and appraisal of the property proposed to be sold and transferred has been submitted to the Commission and has been checked by the Commission's engineers. We find that the proposed purchase price is not an unreasonable amount to be paid for the property.

No change is proposed by the purchasers in the rates at present in effect by The Tulare Home Telephone and Telegraph Company. This is not a case in which a consolidation of competing telephone systems is involved. On the other hand, it appears to be a case in which the present owners anticipate difficulty in the future in properly financing its business and in which The Pacific Telephone and Telegraph Company, if permitted to consummate the transfer will be better able to finance the business and continue the public service. It is our opinion therefore that the public interest will be subserved by the sale and transfer herein proposed and that the application should be granted.

O R D E R

The Tulare Home Telephone and Telegraph Company and The Pacific Telephone and Telegraph Company having applied to the Railroad Commission for an order authorizing The Tulare Home Telephone and Telegraph Company to sell to The Pacific Telephone and Telegraph Company all of its telephone property in and adjacent to Tulare, Tulare County, California; authorizing The Pacific Telephone and Telegraph Company to

purchase and acquire the same; authorizing The Tulare Home Telephone and Telegraph Company to withdraw from the telephone business in the territory served by its telephone system; and authorizing The Pacific Telephone and Telegraph Company to engage in the telephone and telegraph business in said territory; a public hearing having been held and the Commission being fully apprised,

IT IS HEREBY ORDERED that The Tulare Home Telephone and Telegraph Company be and it is hereby authorized to sell and transfer to The Pacific Telephone and Telegraph Company, for cash, for the sum of \$82,000.00, plus the cost of additions, which may be made between April 15, 1922 and the date of purchase of the same, the property more specifically described in Exhibit "A", attached to and made a part of the application in this proceeding, and

IT IS HEREBY FURTHER ORDERED that The Tulare Home Telephone and Telegraph Company be and it is hereby authorized and permitted to withdraw from the telephone business in the territory covered by the system herein authorized to be sold and transferred, and

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company be and it is hereby authorized to engage in the telephone and telegraph business in said territory; provided, that the applicants herein shall, within thirty (30) days of the date of the sale and transfer herein authorized to be made, file with the Railroad Commission a certified copy of the instrument of transfer, selling and transferring said property and provided further that the consideration named for the purchase and sale of said property shall not be taken before this Commission or other authority as representing the value of said

property for rate fixing or other purposes.

Dated at San Francisco, California, this 19th day
of September, 1922.

H. H. Brundage

Charles H. Jones

J. H. McDonald

Commissioners.