

Decision No. ✓.

ORIGINAL

Decision No. 3101

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of  
CARL G. BELL and JOHN L. BUTLER for  
authority to sell and of MRS. S. K.  
MORRISON for authority to purchase  
the property of the COLFAX TELEPHONE  
EXCHANGE.

} Application No. 1915.  
}

BY THE COMMISSION.

O P I N I O N.

This is an application on behalf of Carl G. Bell and John L. Butler, hereinafter designated and referred to as the owners, for authority to sell for \$3,500.00 to Mrs. S. K. Morrison, and on behalf of Mrs. S. K. Morrison for authority to purchase, the Colfax Telephone Exchange in the City of Colfax, Placer County, and a one-half interest in the telephone line to Iowa Hill in said County.

A public hearing was held in Colfax on February 3, 1916, and from the evidence it appears that the owners have kept no books or records of the costs of materials or labor nor have they filed any annual reports with this Commission as prescribed by law. This condition of affairs, while not caused by intentional violation of the law, has rendered it impossible to form any accurate estimate of the amount of capital which has been actually invested in the property.

The exchange has been transferred a number of times during its brief existence and the following summary of these transfers may be of value as throwing some light upon the history, the growth, and the average age of the plant:

(a) Bought by John L. Butler from Pacific Telephone and Telegraph Company in 1905 or 1906, 16 subscribers. . . . . \$ 500.00

(b) Bought by J. B. McCleary from John L. Butler in 1910, 21 subscribers. . . 1,200.00

(c) Bought by the present owners from J.B.McCleary on May 22, 1913, 48 subscribers. 2,000.00

This last mentioned sale was approved by an ex parte order of this Commission (Dec. No. 680, reported in Vol. 2, Opinions and Orders of the Railroad Commission of California, p. 938) without passing upon the valuation of the property or upon the reasonableness of the purchase price.

In June, 1915, Mrs. S.K. Morrison, who is the sister of applicant, Carl G. Bell, paid the owners \$3,500.00 as the purchase price for the Colfax Telephone Exchange, which now has 75 subscribers, and their one-half interest in the Iowa Hill line, without applicants having taken the precaution of obtaining the authorization of this Commission for the proposed transfer; and applicants are now coming before this Commission at this rather late date to obtain its authority.

The exchange at present comprises about seventy-five telephones, with connections with the Pacific Telephone and Telegraph Company's system, Colfax Suburban Telephone Company (a so-called "farmer's line") and with the Iowa Hill line, together with all connections, permits, lines, poles and fixtures belonging to, or appurtenant to, the telephone plant of said Bell and Butler in the said City of Colfax.

From the evidence it appears that the purchase price of \$3,500.00 already paid by Mrs. S.K.Morrison is considerably

in excess of the value of the property to be transferred, and in granting this application it must be distinctly understood that neither this Commission nor any other rate fixing body shall in any manner be bound by the selling price of said property.

O R D E R.

CARL G. BELL and JOHN L. BUTLER having applied to this Commission for authority to sell to MRS. S. K. MORRISON for the sum of \$3,500.00, the Colfax Telephone Exchange situated in the City of Colfax, Placer County, which includes all the property described as belonging to said exchange in the foregoing Opinion, and their one-half interest in the line known as the Iowa Hill line, and MRS. S. K. MORRISON having joined in this application, and a public hearing having been held, and it appearing to this Commission that the application should be granted,

IT IS HEREBY ORDERED that Carl G. Bell and John L. Butler be, and the same are hereby, authorized to sell to Mrs. S. K. Morrison for the sum of \$3,500.00 the Colfax Telephone Exchange described in the foregoing Opinion and their one-half interest in the Iowa Hill line upon the following condition, and not otherwise, to-wit:

The purchase price paid for the property herein authorized to be transferred, and the action of this Commission in authorizing the transfer, shall not be binding upon this Commission or any other rate fixing body as affecting the valuation of said property for rate fixing purposes or otherwise.

Dated at San Francisco, California, this 16<sup>th</sup> day of February, 1916.

Max L. Fisher  
W. H. Ireland  
Edwin C. Edgerton  
Frank R. Doherty  
Commissioners.