

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Decision No. 3786

ORIGINAL

In the matter of the application of J. A. Coley and J. L. Craig, co-partners, doing business under the firm name and style of Coley-Craig Company, and The Pacific Telephone and Telegraph Company, for an order authorizing said Coley and Craig to sell to The Pacific Telephone and Telegraph Company all of their telephone property in and adjacent to Escalon, San Joaquin County, California, and The Pacific Telephone and Telegraph Company to purchase and acquire the same.

Application No. 2504.

J. L. Craig, for Coley and Craig.

J. T. Shaw, for The Pacific Telephone and Telegraph Company.

GORDON, Commissioner.

OPINION

This is a proceeding in which Coley-Craig Company, realty dealers and owners of a small telephone system serving the unincorporated town of Escalon and adjacent territory in San Joaquin County with telephone service, and The Pacific Telephone and Telegraph Company, which operates a general telephone and telegraph system throughout California, are seeking the authority of the Railroad Commission to a sale and transfer by the former to the latter of this telephone system for the sum of Four Thousand (4,000.00) Dollars in cash.

A public hearing was held on September 27, 1916, at Escalon. No one appeared at the hearing in opposition to the proposed sale and transfer.

This is not a proceeding in which two competing companies are operating in the same field and are seeking a consolidation. Petitioner, Coley-Craig Company, has had the exclusive control of telephone service in this field since the year 1908 when it entered into a contract with The Pacific Telephone and Telegraph Company for

an interchange of service, and defining the territory in which each of the parties should operate.

The reasons assigned for the proposed sale and transfer are that Coley-Craig Company finds that its telephone business is unprofitable and detrimental to its other business interests by reason of the time, attention and expense necessary to its proper conduct, and that The Pacific Telephone and Telegraph Company is ready and willing to purchase and operate the property as a part of its general system.

Coley-Craig Company desires to transfer to The Pacific Telephone and Telegraph Company all its franchise rights.

The question of rates is not at issue in this proceeding. The Pacific Telephone and Telegraph Company has agreed, however, that the present rates will be continued pending the further order of the Railroad Commission.

The Railroad Commission has not found a valuation of this property and does not know whether the amount which it is proposed to pay for it is a fair amount. The petitioners, however, have agreed upon a price of Four Thousand Dollars. In the absence of any objection from the public to the proposed transfer, and since it appears so far as public service is concerned, that The Pacific Telephone and Telegraph Company can better serve the public than the present owners, we believe that the petition should be granted, subject, however, to the right of the Railroad Commission to find a fair value of the property in any proceeding in the future, entirely irrespective of the price agreed upon between these petitioners and subject to the further conditions hereinafter provided.

The following order is recommended.

O R D E R

J.A. Coley and J.L. Craig, co-partners, doing business under the firm name and style of Coley-Craig Company, and The Pacific

Telephone and Telegraph Company, a corporation, having applied to the Railroad Commission for authority to the former to sell and transfer and to the latter to purchase and acquire certain telephone property in and adjacent to the town of Escalon, San Joaquin County, for the sum of Four Thousand (4,000.00) Dollars in cash, and a public hearing having been held, and it appearing to the Commission that, subject to the conditions hereinafter provided, this application should be granted.

IT IS HEREBY ORDERED AS FOLLOWS:

(1) That Coley-Craig Company be and it is hereby authorized to sell and convey to The Pacific Telephone and Telegraph Company all of its telephone property ^{including its franchises} in and adjacent to the town of Escalon, San Joaquin County, California, for the sum of Four Thousand Dollars.

(2) That The Pacific Telephone and Telegraph Company be and it is hereby authorized to purchase and acquire all of said telephone property for the sum of Four Thousand Dollars.

(3) Pending the further order of the Railroad Commission, the service heretofore provided and the rates heretofore in effect and charged its patrons by Coley-Craig Company shall be continued by The Pacific Telephone and Telegraph Company.

(4) Within thirty days after the execution by the petitioners herein of an instrument of conveyance assigning and transferring the property herein referred to, a certified copy of the same shall be filed with the Railroad Commission.

(5) The authority herein granted for the sale and transfer of this property shall not become effective until the Railroad Commission shall have issued its supplemental order herein reciting that the petitioner, The Pacific Telephone and Telegraph Company, has complied with the following condition to the satisfaction of the Railroad Commission.

The Pacific Telephone and Telegraph Company shall file with the Railroad Commission a stipulation duly authorized by its Board of Directors agreeing for itself, its successors and assigns, that it will never claim in any proceeding before the Railroad Commission, any court, or any other public authority any value for any franchise or franchises which are to be conveyed to it by Coley-Craig Company in excess of the moneys which were originally paid by Coley-Craig Company for said franchise or franchises to the public authority granting same, which moneys shall be stated for each franchise in said stipulation.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 16th day of October, 1916.

Max Thelen

Oliver Gordon

Edwin O. Edgerton

Frazer R. Dyer

Commissioners.