

Decision NO. 5613

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

In the matter of the application of	:
THE PACIFIC TELEPHONE AND TELEGRAPH	:
COMPANY for authority to sell prop-	:
erty and franchise and to lease	:
property to Redondo Home Telephone	:
Company and to withdraw from the	:
telephone business and of REDONDO	:
HOME TELEPHONE COMPANY for authority	:
to acquire property and franchise and	:
to lease property from The Pacific	:
Telephone and Telegraph Company, and	:
to issue bonds.	:

Application
No. 3866

Pillsbury, Madison & Sutro and James T. Shaw
for The Pacific Telephone and Telegraph
Company.

Arthur Wright for Redondo Home Telephone
Company.

EDGERTON, COMMISSIONER:

O P I N I O N

Applicants seek authority to consolidate two com-
peting telephone systems operating in the City of Redondo
and vicinity.

The Pacific Telephone and Telegraph Company pro-
poses to sell, and pending consolidation, to lease to Redondo
Home Telephone Company its plant.

The purchase price agreed upon involves the issuance of bonds by Redondo Home Telephone Company and there is not sufficient evidence before this Commission upon which to determine the amount of bonds which may safely be borne by the telephone property upon which the lien of these bonds will rest.

We find here the usual reasons for approving of consolidation. It would be to the undoubted advantage of telephone subscribers in this community to have the use of one system and notwithstanding widespread publicity given to this proposed consolidation no protests were made.

Furthermore it is evident that this is not a field within which two competing companies can operate with financial success. The evidence before the Commission shows that for a period of six years last past the Redondo Home Telephone Company has operated at a net loss and it will be impossible for it to continue operations and avoid bankruptcy. It may be that with the two plants consolidated and the entire telephone business done by one company, there will be reasonable hope of successful financial operation.

I recommend therefore that this consolidation be authorized and that the terms and conditions of the consolidation be fixed by a subsequent supplemental order when the Commission will be more fully advised.

O R D E R

Application having been made therefor by
The Pacific Telephone and Telegraph Company and
Redondo Home Telephone Company;

IT IS HEREBY ORDERED BY THE RAILROAD
COMMISSION OF THE STATE OF CALIFORNIA that The
Pacific Telephone and Telegraph Company is hereby
authorized to sell all that certain real and per-
sonal property and franchises located in the City
of Redondo and vicinity, all of which is more
particularly described in Exhibit A and Exhibit
No. 2 on file herein to Redondo Home Telephone
Company and pending the consolidation of the
plants herein authorized, to lease the same.

Redondo Home Telephone Company is here-
by authorized to purchase and lease said proper-
ty and to consolidate the same with its telephone
system in the City of Redondo and vicinity.

Provided, however, that before said
sale or lease shall be consummated a supplemen-
tal order shall be made by this Commission fix-
ing the terms of such sale and lease.

The Pacific Telephone and Telegraph
Company is further authorized to withdraw from
the telephone business in the City of Redondo
and vicinity.

IT IS HEREBY DECLARED BY THE RAILROAD
COMMISSION OF THE STATE OF CALIFORNIA that pub-
lic convenience and necessity require and will

require that Redondo Home Telephone Company exercise the rights and privileges under the franchises to be acquired from The Pacific Telephone and Telegraph Company.

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 26th day of July, 1918.

Edwin O. Edgerton
A. H. Howard
Alex. Gordon

Commissioners.