

ORIGINAL

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

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In the matter of the application of :  
G. K. ESTES for permission to sell :  
his telephone plant at Morgan Hill : Application No. 408  
to T. H. Dassel and of T. H. Dassel :  
for permission to purchase this plant. :  
.....

Appearances:

G. K. Estes and T. H. Dassel, in propria persona.  
E. A. Colby, for protestants.

GORDON, Commissioner:

OPINION.

G. K. Estes is the owner of a telephone plant which is operated in and about Morgan Hill, Santa Clara County, California. G. K. Estes now desires to sell this telephone plant to T. H. Dassel. These two gentlemen have entered into a contract of sale, which is incorporated in the application in this proceeding, in which the property to be transferred is stated as follows:

"The telephone exchange property at Morgan Hill, consisting of all pole lines (about 75 poles), aerial cables, wire, drop wires, substation apparatus, booths and special fittings, exchange supplies, central office equipment, 77 telephone sets, and all tools and implements connected with said exchange; one share in the Diana Avenue Farmers Telephone line."

G. K. Estes also agrees to assign to T. H. Dassel the connecting agreement between himself and the Pacific Telephone and Telegraph Company.

For the transfer of this property, the purchaser is to pay \$2425.00.

At the hearing a number of the patrons of this telephone system appeared and protested <sup>against</sup> the granting of this application, these protestants having in mind the purchase and operation of this plant by themselves as a mutual company. This plan of the protestants, however, was abandoned and the opposition to the

granting of this application withdrawn.

The hearing disclosed two matters to which I wish to draw attention. The first of these matters is that the ringing power used in this telephone plant is inadequate. This was called to the attention of Mr. T. H. Dassel, and he stipulated at the hearing that as soon as the plant was transferred to him he would correct this weakness. The second of these matters is that the existing connecting agreement between the Pacific Telephone and Telegraph Company and G. K. Estes, which agreement will, under the transfer be assigned to T. H. Dassel, should be modified in important particulars. The agreement should be amended so as to provide that in the division of toll revenues between the long distance company and the local operating company the local company shall receive thirty per cent (30%) on originating tolls, or the equivalent thereof in payments divided on originating and incoming business.

The Commission's view as to the division of toll revenues is so well understood by both companies that it is expected that the connecting agreement involved in this case will be revised without delay.

I recommend that this application be granted, and submit herewith the following form of order:

ORDER.

G. K. Estes having applied to this Commission for permission to sell his telephone plant in and about Morgan Hill, Santa Clara County, California, for the sum of \$2425.00, and T. H. Dassel having applied to this Commission for permission to purchase this plant, and a public hearing having been held upon this application,

IT IS HEREBY ORDERED That G. K. Estes be and he hereby is authorized to sell his telephone plant in and about Morgan Hill, Santa Clara County, California, for the sum of \$2425.00

and that T. H. Dassel be and he hereby is authorized to purchase the same upon the following condition and not otherwise, to-wit:

The consideration of \$2425.00 given in exchange for the property herein authorized to be transferred shall not be taken before this Commission, nor any other public body, as representing for rate fixing or other purposes, the value of the property to be transferred.

IT IS FURTHER ORDERED That on and after May 1, 1913, the toll revenues shall be so divided between the Pacific Telephone and Telegraph Company and the local company at Morgan Hill that the local company shall receive thirty per cent (30%) on originating tolls, or the equivalent thereof in payments divided on the originating and incoming business.

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

Dated at San Francisco, California, this 30th day of April, 1913.

John M. E. Sherman  
Alfred Stanford  
Edwin O. Edgerton  
Commissioners.