

Decision No. 37451

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application of A. C. Shaw, Owner of the RAYMOND TELEPHONE COMPANY for an order authorizing the sale of his telephone property to HARRY E. BAKER and EDITH MARIE BAKER, husband and wife, and the latter to mortgage the property.

Application  
No. 26362

BY THE COMMISSION:

O P I N I O N

A. C. Shaw, engaged in the business of furnishing telephone and telegraph service under the name of Raymond Telephone Company, asks permission to sell his telephone and telegraph properties and business to Harry E. Baker and Edith Marie Baker, husband and wife, in accordance with the terms of the contract filed in this application as Exhibit "A." The Purchasers ask permission to acquire the properties and issue to the Seller a \$12,500, 4% installment note and to execute a chattel mortgage to secure the payment of such note.

The petition shows that the Seller is now and has been rendering telephone service under the name of Raymond Telephone Company since prior to the year 1910 in certain portions of Madera and Mariposa Counties, California, as a public utility,

and at present furnishes telephone and telegraph service in the towns and communities of Raymond, Ben Hur, Coarse Gold, Ahwahnee and surrounding territory, and has toll and telegraph lines connecting with the lines of The Pacific Telephone and Telegraph Company at the latter company's Madera Exchange.

Because of his advanced age and ill health, the Seller cannot properly manage and conduct his utility business. It is for this reason that he has agreed to sell his public utility properties to Harry H. Baker and Edith Marie Baker, husband and wife. Harry H. Baker has had experience in connection with the maintenance and operation of telephone properties.

The balance sheet of Raymond Telephone Company, as of August 1, 1944, shows assets and liabilities as follows:

Assets

Plant and Equipment	\$38,388.84
Cash	1,021.76
Due from Customers & Agents	1,040.65
Accounts Receivable	223.50
Materials & Supplies	<u>1,960.46</u>
Total Assets	<u>\$42,635.21</u>

Liabilities

Proprietary Capital	\$23,561.72
Accounts Payable	173.96
Customers' Deposits	16.67
Depreciation Reserve	<u>18,882.86</u>
Total Liabilities	<u>\$42,635.21</u>

For the seven months ending July 31, 1944, the Seller reports his operating revenues at \$4,025.43; for the calendar year 1943 at \$7,834.44, and for 1942 at \$8,019.72.

He has agreed to sell his telephone and telegraph properties and business, which properties are more particularly described in the Agreement of Sale and Inventory attached thereto, for \$21,500. The Purchasers will pay for the properties \$2,500 in cash, delivered to the Seller free of all liens and encumbrances whatsoever, a certain residence commonly known as 141 East 23d Street, Merced, California, valued at \$6,500, and a promissory note for \$12,500, secured by a chattel mortgage on the property being sold. The promissory note is payable quarterly in installments of \$250 plus interest on all unpaid balances at 4% per annum, also payable quarterly. A copy of the note and chattel mortgage is on file in this application as Exhibit "E."

The Agreement of Sale provides that the books and records of the telephone system, kept and maintained by the Seller to and including July 31, 1944, shall remain the property of the Seller, but the Purchasers shall have the privilege of inspecting said books and records to obtain therefrom any information which they may need in the operation of the business from and after August 1, 1944. In our opinion, such books and records should be delivered to the Buyers.

The Commission's General Order No. 28 <sup>(1)</sup> prohibits the destruction of certain records. We regard the books and records as part of the telephone properties and believe they should be transferred with the properties and retained by the Purchasers. They can, of course, at all times make them available to the Seller.

(1)

General Order No. 28 reads as follows:

"IT IS HEREBY ORDERED, that each and every public utility and common carrier subject to the jurisdiction of this Commission, but not subject to the jurisdiction of the Interstate Commerce Commission shall, from the date of October 10, 1912, preserve all records, memoranda and papers supporting each and every entry in the following general books of such public utilities and common carriers:

Voucher Register or Accounts Payable Ledger.  
Accounts Receivable Register, or Ledger Inventories.  
Vouchers and papers supporting all deeds and title papers.  
Trial Balances of all Ledgers.  
General and Auxiliary Ledgers.  
General and Auxiliary Journals.  
General and Auxiliary Cash Books.  
All Cash papers and Journal entries.  
Capital Stock Ledger, Journal Stubs, and all records pertaining thereto.  
Annual Reports.  
Minute Books.

Also:

All records, contracts, estimates and memoranda pertaining to original cost of property and to Additions and Betterments.  
All records pertaining to depreciation and replacement of equipment and plant.

"In the event that different titles, or designations, from those named above are used, the records or memoranda similar in character and purpose to those mentioned above, shall be preserved.

"The manner in which these records, memoranda and papers shall be preserved must be such that this Commission may readily examine the same at its convenience.

"IT IS FURTHER ORDERED that no records, memoranda or papers which come within the scope of this Order shall be destroyed, except on the written authority of this Commission. In the application for such authority full particulars must be stated, and complete reference made to the records, memoranda or papers to be destroyed."

The transfer of the properties does not involve any change in the telephone rates charged by the Seller.

O R D E R

The Commission has considered applicants' requests and is of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified in this Order, and that this application should be granted subject to the provisions of this Order, therefore

IT IS HEREBY ORDERED as follows:

1. A. C. Shaw may, after the effective date hereof and on or before December 31, 1944, sell to Harry H. Baker and Edith Marie Baker, husband and wife, the public utility telephone properties being operated under the name of Raymond Telephone Company and more specifically described in the Contract of Sale filed in this application as Exhibit "A," which Contract of Sale applicants are hereby authorized to execute, provided said Contract of Sale is amended so as to provide for the transfer to said Harry H. Baker and Edith Marie Baker, husband and wife, of the books and records of said telephone system, kept and maintained by Seller to and including the date of the transfer of said properties. Said books and records shall be transferred to Harry H. Baker and Edith Marie Baker, husband and wife, and retained by them in accordance with the Commission's General Order

No. 28. Harry H. Baker and Edith Marie Baker, husband and wife, may purchase and operate said properties.

2. Harry H. Baker and Edith Marie Baker, husband and wife, may, after the effective date hereof and on or before December 31, 1944, issue to A. C. Shaw their promissory note in the principal sum of not exceeding \$12,500 for the purpose of paying, in part, the purchase price of said Raymond Telephone Company properties and execute a chattel mortgage to secure the payment of said note, said note and said chattel mortgage to be in substantially the same form as the note and chattel mortgage on file in this application as Exhibit "E."

3. Harry H. Baker and Edith Marie Baker, husband and wife, shall file with the Railroad Commission not later than thirty (30) days after the transfer of said properties, a notice that they adopt the tariff schedule, including rules and regulations, then operative in the service territory of Raymond Telephone Company.

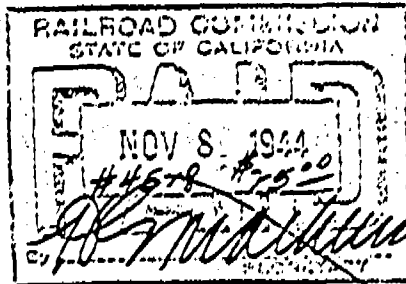
4. The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

5. The authority herein granted will become effective when Harry H. Baker and Edith Marie Baker, husband and wife, have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is Twenty-five (\$25.00) Dollars.

6. Within thirty (30) days after the sale and transfer of the properties herein authorized, Harry H. Baker and Edith

Marie Baker, husband and wife, or either of them, shall file with the Railroad Commission a true and correct copy of the Contract of Sale executed under the authority herein granted, a true and correct copy of the mortgage of chattels, and of the note executed under the authority herein granted.

Dated at San Francisco, California, this 31<sup>st</sup> day of October, 1944.



*[Handwritten signature]*

*Richard L. Baker*  
*Justus F. Cisneros*  
*Francis R. Harenner*  
*Francis W. Bawn*  
*James J. Duice*  
Commissioners