

Decision No. 37267

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of TALBOT KENDALL for an order
authorizing the sale of the CORCORAN
TELEPHONE EXCHANGE.

Application
No. 26594

BY THE COMMISSION:

ORIGINALO P I N I O N

In this application, Talbot Kendall asks permission to acquire all of the outstanding stock of Corcoran Telephone Exchange.

Corcoran Telephone Exchange, a corporation, was organized on or about November 22, 1922, under the laws of California. At present it furnishes telephone and telegraph service in and about the town of Corcoran and environs. Its lines connect with the lines of The Pacific Telephone and Telegraph Company. For the past five years, Corcoran Telephone Exchange has reported operating revenues and operating expenses as

follows:

<u>Item</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>
Operating revenues	\$17,188.02	\$19,752.95	\$21,751.89	\$24,905.07	\$28,749.65
Operating expenses	<u>11,545.35</u>	<u>13,804.71</u>	<u>16,155.40</u>	<u>17,857.36</u>	<u>21,942.65</u>
Net operating revenues	5,642.67	5,948.24	5,596.49	7,047.71	6,807.00
Less - rent for operating property	480.00	480.00	480.00	480.00	480.00
Less - taxes	<u>1,036.01</u>	<u>1,019.70</u>	<u>1,293.88</u>	<u>1,210.85</u>	<u>1,372.07</u>
Net operating income	\$4,126.66	\$4,448.54	\$3,832.61	\$5,356.86	\$4,954.93

As of December 31, 1944, the number of company -owned stations are reported at 458 and the number of subscriber-owned stations at 61.

Corcoran Telephone Exchange reports as of December 31, 1944, assets and liabilities as follows:

Assets

Telephone plant	\$37,627.24
Cash	479.54
Due from customers and agents	1,331.70
Materials and supplies	<u>1,257.83</u>
Total Assets	\$40,696.31

Liabilities

Capital stock	\$ 7,000.00
Notes payable	1,578.63
Depreciation reserve	21,897.26
Surplus	<u>10,220.42</u>
Total Liabilities	\$40,696.31

Talbot Kendall and Sallie Kendall, his wife, now own and operate the telephone exchange properties at Ripon. They also own the outstanding stock of Manteca Telephone Company, a corporation, and operate the properties of that company.

C. H. Glenn and Hypatia L. Glenn, his wife, are, or have been, the owners of all the outstanding stock of Corcoran Telephone Exchange. They have agreed to sell such stock to Talbot Kendall for \$57,000, subject to the conditions of the agreement of purchase and sale on file in this application as Exhibit "A." The agreement is dated October 12, 1944. At the time the parties were advised by someone other than the

Commission that they could consummate the transaction without Commission authorization. Subsequently, Talbot Kendall's attention was called to the provisions of Section 51(b) of the Public Utilities Act. He thereupon caused this application to be filed. In the meantime he has paid the full purchase price for the stock.

This application does not involve the transfer of the properties of Corcoran Telephone Exchange. The price which Talbot Kendall has paid for the stock of the corporation should not be made the basis for restating the cost of the corporation's telephone plant.

O R D E R

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary, and that this application should be granted; therefore,

IT IS HEREBY ORDERED that Talbot Kendall may purchase and hold all of the outstanding stock of Corcoran Telephone Exchange.

IT IS HEREBY FURTHER ORDERED that the action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

Dated at San Francisco, California, this 3rd day of April, 1945.

David Anderson
James F. Clever
Richard B. ...
Harold ...
Frank ...
Commissioners