

Decision No. 38582

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
 JANE R. THOMPSON, Owner of the J. R.)
 THOMPSON TELEPHONE COMPANY, for an)
 order authorizing the sale of her)
 Telephone Company property to HOWARD)
 F. HANST and ANNIE HANST, Husband and)
 Wife, and OREN F. HENDERSON and ALMA)
 M. HENDERSON, Husband and Wife, and)
 of the purchasers to mortgage the)
 property.)
 -----)

Application
No. 27139

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Jane R. Thompson, hereinafter referred to as Seller, to sell certain telephone properties to Howard F. Hanst and Annie Hanst, husband and wife, and Oren F. Henderson and Alma M. Henderson, husband and wife, hereinafter referred to as Buyers, and authorizing said Buyers to execute a chattel mortgage and to issue a note in the principal amount of \$7,000.

It is set forth in the application that Jane R. Thompson, doing business under the firm name and style of J. R. Thompson Telephone Company, is engaged in giving telephone service as a public utility in territory surrounding the town of Arroyo Grande, San Luis Obispo County, outside the base rate area and certain suburban area of the Arroyo Grande exchange of The Pacific Telephone and Telegraph Company. By Decision No. 15261, dated August 4, 1925, (26 CRC 876) the Commission fixed the utility's rates and indicated its service area.

The telephone properties comprising the system, according to the application, include 1625 poles, 250 miles of iron aerial wire, 146 wall sets and 80 desk sets, together with appurtenances, materials and supplies. The switching and exchange service for the system is furnished by The Pacific Telephone and Telegraph Company's Arroyo Grande exchange. The assets and liabilities of the Seller, as of October 1, 1945, are reported as follows:

Assets

Plant and equipment	\$14,835.00
Cash	1,507.93
Due from Subscribers	1,002.12
Materials and supplies	<u>165.00</u>
Total	<u>\$17,510.05</u>

Liabilities

Proprietary capital	\$16,623.04
Accounts payable	27.71
Customers' deposits	178.25
Depreciation reserve	<u>681.05</u>
Total	<u>\$17,510.05</u>

The operating revenues have been reported at \$5,122.26 for 1943, at \$5,310.37 for 1944 and at \$4,055.77 for the first eight months of 1945, and the net operating income at \$1,609.93 in 1943, \$1,575.59 in 1944 and \$1,996.33 for the first eight months of 1945.

The application shows that Jane R. Thompson now desires to retire from the telephone business and has made arrangements to sell her telephone properties to Buyers for the sum of \$17,000, of which \$10,000 will be paid in cash and \$7,000 will be paid in installments of \$100 a month with interest at the rate of 6% per annum, said \$7,000 to be represented by a note secured by

a chattel mortgage covering the telephone system. A copy of the contract of sale, dated November 28, 1945, is filed in this proceeding as Exhibit "A", and a copy of the proposed chattel mortgage as Exhibit "F".

The proposed chattel mortgage appears to be in satisfactory form. The contract of sale provides, among other things, in paragraph 8 thereof, that the books and records of the telephone system kept and maintained by Seller to and including December 31, 1945, shall remain the property of Seller, but Buyers shall have the privilege of inspecting said books and records to obtain therefrom any information which Buyers may need in the operation of the business from and after December 31, 1945.

Buyers should either obtain possession of the books and records of the Seller or a certified copy of the accounts showing the investment in the telephone plant, and also a certified copy of the revenues and expense accounts for the years 1941 to 1945, both inclusive.

It appears that Howard Hanst and Oren F. Henderson are experienced telephone men and should be able to carry on the telephone operations. It is their intention to change the name of the utility to Hanst-Henderson Telephone Company. This change in name can be made without an order from the Commission.

It appears to the Commission that this is not a matter in which a public hearing is necessary and that this transfer, as proposed, is not contrary to public interest. The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

O R D E R

The Railroad Commission having considered this application and being of the opinion that the requests of applicants should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the note for \$7,000 is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Jane R. Thompson, after the effective date hereof and on or before March 31, 1946, may sell the telephone system referred to in this proceeding to Howard F. Hanst and Annie Hanst, husband and wife, and Oren F. Henderson and Alma M. Henderson, husband and wife, described in the contract of sale dated November 28, 1945, filed in this proceeding as Exhibit "A".

2. Howard F. Hanst and Annie Hanst and Oren F. Henderson and Alma M. Henderson, after the effective date hereof and on or before March 31, 1946, may execute a chattel mortgage in, or substantially in, the same form as that filed in this proceeding as Exhibit "F", and may issue a note in the principal amount of \$7,000, payable in monthly installments of \$100 or more, commencing one month after date of issue, with interest at the rate of 6% per annum on deferred balances, for the purpose of financing in part the purchase price of the telephone system herein authorized to be sold to them.

3. Howard F. Hanst and Annie Hanst and Oren F. Henderson and Alma M. Henderson, if they acquire the telephone system referred to herein shall, prior to or concurrently with the acquisition thereof, file with the Commission a statement showing that they adopt the Seller's rates, rules and regulations on file with the Railroad Commission, and shall file with the Commission, within thirty (30) days after such acquisition, a true and complete copy of each instrument of conveyance under which they acquire and hold title to said system.

4. The authority herein granted will become effective when Buyers have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

Dated at San Francisco, California, this 4th day of January, 1946.

David Anderson
Justice J. Casper
Francis D. Barry
Joseph H. Lawrence
Howard F. Hanst
Commissioners

