

Decision No. 40458

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PUBLIC UTILITIES CALIFORNIA CORPORATION
and MELVIN W. HAWES to sell, and R. W.
COFFELT (also known as Raymond W. Coffelt)
to purchase and operate, telephone systems
serving Bear Creek, Millville, Bella Vista
and Ingot areas, Shasta County, California.

ORIGINAL

Application No. 28127

Orrick, Dahlquist, Neff, Brown & Herrington, by Warren A.
Palmer, for Applicant, Public Utilities California Corporation;
T. S. Allen for The Pacific Telephone and Telegraph Company.

O P I N I O N

In this application, the Public Utilities California Corporation (hereinafter called "Public") and Melvin W. Hawes, an individual doing business under the name of Bear Creek and Millville Telephone Lines, seek authority to enter into contracts with R. W. Coffelt covering the sale and transfer of certain telephone property and to withdraw from certain territory now served. Coffelt requests authority to purchase this telephone property and to operate the purchased property together with new plant and equipment as a telephone utility, and to place into effect tariff schedules for such utility service. A hearing was held in this matter at Pale Cedro, Shasta County, on February 20, 1947, before Examiner Wessells.

The application as filed contemplated a present sale of Public and Hawes properties to Coffelt. Applicants stated at the hearing that since filing the application it was determined a present sale agreement was not feasible under the circumstances and they requested leave to file an amended application which would include an agreement covering the postponement of transfer of title until Coffelt is in a position to operate as a telephone utility. Permission was granted to file such amended application and it was filed with this Commission on April 18, 1947.

The properties which Public proposes to sell consist of telephone lines and associated equipment which serve 14 subscribers in the existing Bella Vista

and Ingot exchanges.^{1/} The purchase price as stated in the contract of sale and operating agreement attached as Exhibit A to the amended application is \$120. Exhibit A provides that Coffelt will operate these properties as an independent contractor for Public. Revenues derived from these operations will be paid to Coffelt and he will be responsible in so far as Public is concerned for the operation and maintenance of the lines. A witness for Public testified that he believed this arrangement desirable in view of the fact that Coffelt plans to make improvements to the properties. It was understood by the Applicants that Public would continue in its public utility obligations in this area until the transfer of the title.

The properties which Hawes proposes to sell consist of telephone lines and associated equipment and telephone sets. The purchase price as stated in the contract set forth as Exhibit B to the amended application is \$100. Hawes is now serving two subscribers in the area which Coffelt proposes to serve and it is contemplated that Hawes will withdraw from the utility business as soon as Coffelt is able to serve these two subscribers.^{2/}

Coffelt testified that he has had 16 years' experience in the construction, operation, and maintenance of telephone systems, and that he is fully familiar with the areas and the properties which he proposes to purchase from Public and Hawes. Coffelt further testified that he intends to rehabilitate and improve these properties.

^{1/} The territory in which Coffelt proposes to provide exchange service is now included in Public's Bella Vista exchange and in Hawes' serving area as shown on the map entered as Exhibit 1 in this proceeding. Also, certain territory located in Public's Bella Vista and Ingot exchanges and in Hawes' serving area, as shown on Exhibit 1, is proposed to be excluded from those exchanges and the serving area, and to be served by Coffelt by means of toll stations located at Oak Run, Fern, Whitmore, Midway, and Shingletown, all in Shasta County. Coffelt further contemplates providing toll service at Viola and Manzanita Lake, Shasta County, which are presently in unassigned territory.

^{2/} A major portion of Hawes' system is located in the Anderson exchange of The Pacific Telephone and Telegraph Company and Hawes is a subscriber to farmer line service of that exchange. He in turn resells the service, at his filed rates, to subscribers connected to his system. At the time of the hearing it was contemplated that a portion of Hawes' territory, as shown on Exhibit 1, would be incorporated in the Anderson exchange. While not a part of the record of this proceeding, this transfer was effected on April 25, 1947, under authority of Resolution No. T-1429 of this Commission, and only two subscribers of Hawes now remain outside of the Anderson exchange. As soon as Coffelt is able to serve these two subscribers, it is proposed that the portion of the Hawes line in the Anderson exchange will be operated as a mutual undertaking of the persons connected thereto and receive Anderson farmer line service at the regularly filed rates of the Pacific Company.

and construct and install new plant and equipment in the area. Service will be provided by means of a magneto central office located at Millville, Shasta County. He testified that his financial assets were \$19,098 which included equipment, cash on hand, property, and material, and that he had no outstanding liabilities secured by mortgages or unsecured indebtedness other than current bills. Coffelt estimated that organization expense and physical investment, including labor, would amount to \$21,292 initially. He estimated gross revenues from the operation of the system of \$5,100 per year, with a resultant net revenue of \$1,530.

Coffelt expects to be able to complete the work of rehabilitation and construction of the basic part of his system, that is, the exchange facilities in the proposed Millville exchange, on or before November 1, 1947.

The tariff schedules which Coffelt proposes to place into effect are set forth in Exhibit 2, and the principal exchange rates proposed are set forth below:

	<u>Rate per Month</u>	
	<u>Desk or Hand Set Station</u>	<u>Business</u>
Individual line primary station	\$4.00	\$3.00
Two-party line primary station	3.50	-
Four-party line primary station	-	2.25
Extension station	1.00	.75
Suburban line primary station*	3.75	3.25
Extension station, without bell	1.00	.75

*Ten-party line service

Coffelt proposes to place into effect direct toll rates between toll points on his system and points on the Pacific Company's system and its connecting companies. Connection for toll service to Coffelt's proposed telephone system will be provided by means of a Pacific Company toll line between Millville and Redding. While this toll line is not now in place, a witness for the Pacific Company testified that it proposes to construct a toll line running from Redding and connecting at the central office in Millville. It was further stated that this project was expected to be completed within six months from the time the Commission authorized the agreement to sell, set forth in the amended application herein.

The Commission has received complaints relative to poor service or lack of service in the Millville area for some time and the matter has been reviewed with Public and Hawes as well as with Coffelt and residents of the territory.

Witnesses testified to their desire for the type of service proposed by Coffelt and as to their belief in his ability to operate the telephone system as proposed.

Witnesses further testified that they believed the rates proposed, assuming efficient and prompt service, were reasonable.

The Commission will authorize the parties to this application to enter into the agreements set forth as Exhibits A and B attached to the amended application. At such time as Coffelt completes the construction of his basic plant, has a toll connection provided between Millville and Redding, and is ready to commence utility operation, the Commission will, upon suitable showing by Coffelt, look with favor on authorizing him to commence utility operation and to place into effect the tariff schedules shown as Exhibit 2.

O R D E R

Public Utilities California Corporation and Melvin W. Hawes having requested authority to enter into contracts for the sale of public utility properties to R. W. Coffelt and to withdraw from certain territory now served, at such time as Coffelt is authorized to operate as a telephone utility, and R. W. Coffelt having requested authority to operate a telephone system at Millville, California and territory adjacent thereto, the Public Utilities Commission of the State of California hereby finds as a fact that the proposed sale and transfer is in the public interest and that this application should be granted as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Public Utilities California Corporation and R. W. Coffelt are authorized to enter into the contract set forth as Exhibit A of the amended application.
2. Melvin W. Hawes and R. W. Coffelt are authorized to enter into the contract set forth as Exhibit B of the amended application.
3. Upon suitable showing by R. W. Coffelt that he has completed the installation of the exchange facilities in the proposed Millville exchange and has obtained direct toll connection with the Pacific Company, the Commission will authorize the transfer of title of property as contemplated herein; provided such showing is made on or before March 1, 1948.

4. The effective date of this Order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 28th day of

June, 1947.

Harold P. Huls

Justin F. Craven

Robert D. Powell

A. Z. Zimmerman

Kenneth Patten

Commissioners.