

Decision No. 41769

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 LYNDON FARWELL and J. WALTER CRIDER,
 a co-partnership, doing business
 under the name of Morgan Hill
 Telephone Company, to sell, and of
 LOS GATOS TELEPHONE COMPANY, a corpo-
 ration, to purchase the Telephone
 System commonly known as Morgan Hill
 Telephone Company.

ORIGINAL

Application No. 29382

OPINION AND ORDER

This is an application for an order authorizing Lyndon Farwell and J. Walter Crider, a co-partnership, hereinafter referred to as Sellers, to sell, and Los Gatos Telephone Company, a corporation, hereinafter referred to as Buyer, to purchase Sellers' telephone properties and business operated under the name of Morgan Hill Telephone Company.

It is set forth in the application that Sellers are a co-partnership engaged in furnishing telephone service in the town of Morgan Hill and adjacent territory in the County of Santa Clara, under the name of Morgan Hill Telephone Company. Morgan Hill is a town, having a population of over 1,500 people, located on the Monterey Highway and on the Southern Pacific Railroad approximately 19 miles southeasterly of San Jose, California, and 11 miles northwesterly of Gilroy, California. It is in the center of a horticultural, viticultural, and agricultural area.

Buyer is a corporation engaged in the business of supplying telephone service in and about the town of Los Gatos, Santa Clara County, California.

Exhibit C-1, attached to the application, shows the plant investment of the Morgan Hill Telephone Company as of December 31, 1947, to be the amount of \$60,920.39, including materials and supplies. The amount shown in the depreciation reserve is \$22,368.14. Plant investment of the Los Gatos Telephone Company, as shown on Exhibit B attached to the application, is \$485,326.13 as of December 31, 1947, and the depreciation reserve shown thereon is the amount of \$104,903.25. J. Walter Crider is president and Lyndon Farwell is vice president and secretary of Los Gatos Telephone Company.

The application states that, because of its operations under a co-partnership, the Morgan Hill Telephone Company will encounter difficulty in financing the program for the expansion of said system made necessary by the rapid growth and development of its exchange due to additional customers and to additions to plant required for the conversion to the dial system. Because of this, Sellers have agreed to sell said properties as of December 31, 1947, to Buyer, for the sum of \$44,000 plus the repayment to Sellers of any advances made by them to the Morgan Hill Telephone Company for capital improvements during the period from January 1, 1948, to the date of completion of sale.

Petitioners believe that the purchase and operation of said Morgan Hill Telephone Company by Los Gatos Telephone Company in connection with its telephone system now operated by it will result in additional and better, and more economical normal and emergency repair service to the area now served by Morgan Hill Telephone Company because the service area of Buyer is in such close proximity to it as to allow Buyer to make available and use its general administrative overhead and larger reservoir of manpower and heavy service equipment in connection with the operation, maintenance, and extension of such service.

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The Commission has considered applicants' request and is of the opinion that this is a matter in which a public hearing is not required and that the sale of the Morgan Hill Telephone Company to Los Gatos Telephone Company should be authorized; therefore

IT IS HEREBY ORDERED that Lyndon Farwell and J. Walter Crider, a co-partnership, doing business under the name of Morgan Hill Telephone Company, be and they are hereby authorized to sell and transfer on or before December 31, 1948, the telephone properties of the Morgan Hill Telephone Company to Los Gatos Telephone Company, and the latter is authorized to acquire and operate said telephone properties. It is further ordered as follows:

1. That the action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.
2. Los Gatos Telephone Company shall file with this Commission, within sixty (60) days after acquisition of the Morgan Hill Telephone Company properties, a copy of each journal entry used to record on its books the acquisition of such properties.
3. That within thirty (30) days after the sale and transfer of the telephone properties under the authority herein granted, Los Gatos Telephone Company shall file with the Commission a certified copy of the deed and bill of sale under which it holds title to said properties.
4. That Los Gatos Telephone Company shall file with the Commission, not later than thirty (30) days after the transfer of said properties as herein authorized, a notice that it adopts the tariff schedules, including rules and regulations, then operative in the service area of Morgan Hill Telephone Company.

This Order shall become effective twenty (20) days from the date hereof.

Dated at San Francisco California, this 22nd day of June 1948.

R. E. [unclear]
Justus J. [unclear]
[unclear]
Harold A. [unclear]
[unclear]
Commissioners.