

Decision No. 42111

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Elijah William Beebe and wife Olive
Bessie Beebe, owners of the Kenwood
Telephone Exchange, for an order
authorizing the sale of their telephone
property to E. A. Hosmer of San Francisco.

Application No. 29704

OPINION AND ORDER

This is an application for an order authorizing Elijah William Beebe and Olive Bessie Beebe, his wife, hereinafter referred to as sellers, to sell, and E. A. Hosmer, hereinafter referred to as buyer, to purchase sellers' telephone properties and business operating under the name of Kenwood Telephone Exchange.

The sellers have been engaged since October 1, 1946 in rendering telephone service in the community of Kenwood and adjacent territory in Sonoma County under the name of Kenwood Telephone Exchange. The buyer reports that he is the owner of a communication engineering organization engaged, among other things, in the business of furnishing advisory services to telephone companies, that he will personally manage said telephone property, and will provide from personnel available through his organization the services of a capable telephone craftsman and/or an engineer to operate the Kenwood Telephone Exchange.

Exhibit C, attached to the application, shows the plant investment of the Kenwood Telephone Exchange as of September 1, 1945 to be \$7,520.16, and the depreciation reserve to be \$894.82. Reports on file with the Commission for the years 1944, 1945, 1946, and 1947 show revenues and expenses as follows:

	<u>Year 1944</u>	<u>Year 1945</u>	<u>Year 1946</u>	<u>Year 1947</u>
Operating Revenues	\$2,491.14	\$2,888.87	\$3,072.49	\$4,306.03
Operating Expenses Including Taxes and Depreciation	<u>1,611.33</u>	<u>1,762.25</u>	<u>2,341.79</u>	<u>3,520.62</u>
Net Revenues	879.81	1,126.62	730.70	785.41

The application states: "That, the Seller desires to sell the said telephone property by reason of the fact that the full time services of a telephone craftsman are required to meet the service needs of the rapidly growing community and that by reason of other duties Seller is unable to devote his time to the operation, rehabilitation and expansion of said telephone property."

Sellers have agreed to sell their telephone properties described in the contract on file in this application as Exhibit A to E. A. Hosmer for \$15,000. The buyer, if he elects to do so, may pay one-half of the purchase price upon the approval of the agreement of sale by the Commission, and one-half 90 days thereafter. He may take possession of the properties upon the payment of one-half of the purchase price. The agreement of sale specifically excludes from the transaction the real estate consisting of a telephone exchange building and a partially completed residence located on Lot 20, Block 10. It is provided, however, that the buyer will rent said telephone exchange building from sellers for a period of five years at a monthly rental of \$50.

Buyer shall account for the purchase of said telephone properties in the manner provided in the uniform system of accounts prescribed for Class C telephone companies, and submit to the Commission for approval, within 60 days after taking possession of the properties, the proposed journal entries covering the purchase of said telephone properties. At this time the Commission makes no finding as to the amount buyer may record in his telephone plant accounts.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

The Commission having considered applicants' requests and it being of the opinion that this is not a matter on which a public hearing is necessary, and that this application should be granted, subject to the provisions of this order; therefore,

IT IS HEREBY ORDERED as follows:

1. Elijah William Beebe and Olive Bessie Beebe, his wife, doing business under the name of Kenwood Telephone Exchange, may, on or before March 31, 1949, sell to E. A. Hosmer the telephone properties described in the contract of sale dated September 1, 1948, on file in this proceeding as Exhibit A, said sale to be made pursuant to the terms of said contract.
2. Within sixty (60) days after the sale of said telephone properties, E. A. Hosmer shall file with the Commission a copy of the bill of sale under which he holds title to said properties, and shall also file with the Commission for its approval copies of journal entries required by the uniform system of accounts prescribed by the Commission for Class C telephone companies.
3. E. A. Hosmer shall file with the Commission, not later than thirty (30) days after the sale of said properties, a notice that he adopts the tariff schedules, including rules and regulations, then operative in the service area of Kenwood Telephone Exchange.
4. This order will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 11th day of

October, 1948.

R. Z. [Signature]
Justus F. [Signature]
Harold [Signature]
Thom [Signature]
Commissioners.