

Decision No. 44675**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Harry H. Baker, Sr. and Edith Marie Baker, husband and wife, owners of, and doing business as RAYMOND TELEPHONE COMPANY, for an order authorizing the sale of their telephone property to their son, Harry H. Baker, Jr.

Application
No. 31678

O P I N I O N

This is an application for an order authorizing Harry H. Baker, Sr. and Edith Marie Baker, hereinafter referred to as Sellers, to sell the telephone system known as Raymond Telephone Company to Harry H. Baker, Jr., hereinafter referred to as Buyer, and authorizing said Buyer to execute a chattel mortgage and to issue a note in the principal amount of \$50,000.00.

Sellers, doing business under the name of Raymond Telephone Company, are engaged in furnishing telephone service in and about the communities of Raymond, Ben Hur, Coarse Gold and Ahwahnee, which are located in portions of Madera and Mariposa Counties, and in furnishing toll telephone service and telegraph service connecting with the lines of The Pacific Telephone and Telegraph Company at that company's Madera exchange. Their annual reports to the Commission for the last five years show their operating revenues, net income and number of stations as follows:

<u>Year</u>	<u>Operating Revenues</u>	<u>Net Income</u>	<u>Stations</u>
1945	\$12,572	\$ 1,424	144
1946	16,224	(306)	172
1947	22,587	1,228	190
1948	25,700	1,485	207
1949	28,842	1,959	253

The assets and liabilities of Raymond Telephone Company, as of July 31, 1950, are reported as follows:

ASSETS

Plant and equipment	\$61,166.22
Cash	889.88
Accounts receivable	4,868.91
Materials and supplies	<u>6,875.81</u>
Total	<u>\$73,800.82</u>

LIABILITIES

Accounts payable	\$ 1,474.44
Customers' deposits	129.27
Depreciation reserve	10,444.16
Proprietary capital	<u>61,752.95</u>
Total	<u>\$73,800.82</u>

The application shows that Harry H. Baker, Sr. is in ill health and unable to carry on the physical work required in the operation of the telephone system and that accordingly he, and his wife, have entered into an agreement to sell the properties to their son, who, according to the application, is familiar with the system and is in a position to continue the operations.

The consideration to be paid for the telephone system is the sum of \$60,000.00, of which \$10,000.00 has been, or will be, paid in cash and \$50,000.00 will be represented by a note payable in installments of \$250 upon the first day of February, May, August and November of each year, commencing November 1, 1950, together with interest at the rate of 5% per annum, it being provided, however, that Buyer shall have the privilege of paying any additional sum upon the principal amount at any time. The payment of the note will be secured by a chattel mortgage.

A copy of the contract for the sale of the system has been filed in this proceeding as Exhibit C, a copy of the proposed

note as Exhibit D and a copy of the proposed chattel mortgage as Exhibit E.

The Commission has considered this matter and is of the opinion that the proposed sale will not be adverse to the public interest. Accordingly, an order will be entered.

O R D E R

The Commission, having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted as herein provided, that the money, property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore

IT IS HEREBY ORDERED as follows:

1. Harry H. Baker, Sr. and Edith Marie Baker, after the effective date hereof and on or before December 31, 1950, may sell the telephone system known as the Raymond Telephone Company to Harry H. Baker, Jr., said sale to be in accordance with the terms of the contract of sale filed in this proceeding as Exhibit C.

2. Harry H. Baker, Jr., after the effective date hereof and on or before December 31, 1950, may issue a promissory note in the principal amount of \$50,000, and execute a chattel mortgage to secure the payment of said note, for the purpose of financing in part the purchase price of said telephone system, which note and

chattel mortgage shall be in or substantially in the same form as those filed in this proceeding as Exhibit D and Exhibit E, respectively.

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

4. The rates, rules and regulations covering the operations of the Raymond Telephone Company now legally on file with the Commission in the names of the Sellers, shall be refiled by Buyer within thirty days after the date of transfer in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refileing, Buyer may file a notice of adoption of said rates, rules and regulations. No increase in the present lawfully filed rates shall be made unless authorized by the Commission.

5. Harry H. Baker, Jr. shall file with the Commission a report as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

6. The authority herein granted will become effective when Harry H. Baker, Jr. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$50.00.

7. If the authority herein granted is exercised, Harry H. Baker, Sr., within thirty days thereafter, shall notify the Commission in writing of the date of completion of the transfer of the telephone system.

Dated at San Francisco, California, this 22nd day
of August, 1950.

R. Z. [Signature]
Justice J. C. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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By M. Hogue