

ORIGINAL

Decision No. 46123

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SALLIE KENDALL, owner of RIPON)
TELEPHONE EXCHANGE for an order)
authorizing the sale of her telephone)
properties to SAN JOAQUIN TELEPHONE)
COMPANY, a California corporation.)
-----)

Application
No. 32602
(and Amendment)

O P I N I O N

This is an application for an order of the Commission authorizing Sallie Kendall to transfer certain public utility telephone properties known as the Ripon Telephone Exchange to San Joaquin Telephone Company, a corporation.

The properties to be transferred consist of all the telephone properties of the Ripon Telephone Exchange with the exception of certain land, buildings and furniture, and include a three-position Kellogg common battery switchboard, 839 company-owned stations as of June 30, 1951, approximately 260 working lines, approximately 60 miles of pole line, with nine miles of cable and 230 miles of aerial wire, together with supplies, motor vehicles and other equipment. Applicant Kendall reports her investment in plant and equipment at May 31, 1951, in the amount of \$97,314.29, with a depreciation reserve of \$14,448.24, leaving a balance of \$82,866.05 which has been paid or provided, in general, with moneys borrowed from San Joaquin Telephone Company in the amount of \$39,919.93 and by other borrowed moneys and proprietor's investment. (1)

(1) In her annual report, this applicant has reported her net book investment in plant at \$62,024 at the close of 1949. In connection with Application No. 30233 (a rate proceeding decided by Decision No. 43979, dated March 28, 1950) a member of the Commission's staff estimated the average net plant for 1949 at \$61,796.

It appears that the present owner is of the opinion that she no longer is able to assume the responsibility of operating her telephone properties for the reason that the development within the exchange area is such that additional outside capital is required to meet the demands for new services. Accordingly, she has entered into an agreement to sell her properties to San Joaquin Telephone Company for the sum of \$65,279.17, an amount which was determined in the following manner:

Proprietary capital	\$33,172.45
Amount due San Joaquin Telephone Company	<u>29,919.93</u>
Total	73,092.38
Less: Current value of property not transferred	<u>8,039.32</u>
Balance	65,053.06
Add: Furniture and office equipment in central office	<u>226.11</u>
Purchase price	<u>\$65,279.17</u>

Of the total purchase price, \$39,919.93 as shown above represents amounts advanced by the purchaser on open account for materials and labor. The remainder of \$25,359.24 will be paid by a note to be issued to Talbot Kendall and Sallie Kendall, said note to bear interest at the rate of 6% per annum and to be due upon demand.

San Joaquin Telephone Company, the purchaser in this application, is a corporation presently engaged in giving telephone service in and about Manteca, being operated by Sallie Kendall. It is reported that the corporation financially and otherwise is able to continue the operation of the Ripon Telephone Exchange and also to provide outside capital necessary to meet its requirements.

It appears that the transfer as here proposed will not be adverse to the public interest. Accordingly, an order will be entered granting applicants' requests.

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, and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Sallie Kendall, after the effective date hereof and on or before December 31, 1951, may sell her telephone properties comprising the Ripon Telephone Exchange to San Joaquin Telephone Company, under the terms set forth in this application.

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

3. San Joaquin Telephone Company, in acquiring the properties of Ripon Telephone Exchange, shall transfer to its books the plant accounts and the reserve for depreciation appearing on the books of Ripon Telephone Exchange as of the date of transfer.

4. The rates, rules and regulations of Ripon Telephone Exchange now on file with the Commission shall be refiled within thirty (30) days from the date of transfer under the name of San Joaquin Telephone Company, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, San Joaquin Telephone Company may file a notice of adoption of said presently filed rates, rules and regulations. No increase in the present rates shall be made unless authorized by the Commission.

5. On or before the date of actual transfer, Sallie Kendall shall refund all deposits which customers are entitled to

have refunded. Any unrefunded deposits shall be transferred to and become the obligation for refund of San Joaquin Telephone Company.

6. San Joaquin Telephone Company shall maintain its records in such form as to make available information regarding the investment in telephone plant in Ripon, and the operating revenues and expenses applicable to such plant.

7. Within thirty (30) days after the transfer of the properties, San Joaquin Telephone Company shall file with the Commission a certified copy of the deed of conveyance.

8. This order will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 28th day of August, 1951.

A. J. Dinsmore
Justice J. Cassen
Kenneth R. Bates

Commissioners