

ORIGINAL

Decision No. 46273

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 :
 CALIFORNIA-PACIFIC UTILITIES COMPANY)
 :
 for an order authorizing it to)
 purchase and acquire from Francis)
 H. Crosby 85,708 shares of the)
 capital stock (\$1.00 par value))
 of Colusa County Telephone Company.)
 -----)
 :

Application
No. 32757

O P I N I O N

This is an application for an order of the Commission authorizing California-Pacific Utilities Company, hereinafter referred to as applicant, to purchase and acquire all the outstanding shares of stock of Colusa County Telephone Company, hereinafter referred to as Colusa.

Applicant is a California corporation engaged in the electric, gas, water and telephone business in portions of the states of California, Nevada, Oregon, Washington, Idaho and Wyoming, its California operations including the distribution of electricity in and about Needles, Susanville, Chester and Weaverville, the distribution of gas in and about Needles, Dunsmuir and Yreka, the sale of water in and about Benicia and Susanville, and the furnishing of telephone service in and about Needles. For 1950, applicant reports its total revenues in the amount of \$4,329,510, of which the sum of \$1,193,698, or approximately 27½%, was obtained from California operations.

It appears that applicant desires to extend its operations in California through the acquisition of the outstanding shares of

stock of Colusa and, at a later date, through the acquisition of the physical properties of that company. To this end it has made arrangements to purchase from Francis H. Crosby all the outstanding shares of such stock, consisting of 85,708 shares of the aggregate par value of \$85,708, for the basic purchase price of \$175,000, subject to adjustment upon the completion of an audit to be made as of July 31, 1951. Of the basic purchase price, \$100,000 will be paid by the delivery by applicant of 4% promissory notes maturing on or before eleven months after date of issue, and the balance will be payable in cash.

The Commission recently has reviewed Colusa's properties and operations and by Decision No. 44878, dated October 10, 1950, authorized the company to restate its plant accounts so as to reflect therein historical reproduction cost figures as of December 31, 1948, and granted certain increases in rates estimated to produce net revenues of \$21,500 for the year 1951. Additional data referring to Colusa's financial condition are of record in the present proceeding. Exhibit A shows that Colusa's operating revenues amounted to \$179,950 during 1950 with net income, before provision for federal income tax, of \$23,203, and operating revenues for the seven months ended July 31, 1951, of \$109,200 with net income, before provision for federal income tax, of \$14,110. The exhibit shows Colusa's assets and liabilities as of July 31, 1951, as follows:

<u>Assets</u>		
Telephone plant		\$529,388.16
Current assets -		
Cash	\$30,758.40	
Accounts receivable	18,084.73	
Materials and supplies	12,458.06	
U. S. government bonds	<u>740.00</u>	
Total current assets		62,041.19
Prepaid accounts and deferred charges		<u>2,740.76</u>
Total		<u>\$594,170.11</u>

Liabilities

Long-term notes		\$172,000.00
Current liabilities		20,838.85
Reserve for depreciation		203,305.36
Net Worth -		
Common stock	\$85,708.00	
Paid in surplus	29,997.80	
Surplus	<u>82,320.10</u>	
Total net worth		<u>198,025.90</u>
	Total	<u>\$594,170.11</u>

The application shows that Francis H. Crosby finds it necessary, due to ill health, to withdraw from active participation in the operations of Colusa as soon as possible and that applicant for some time has desired to acquire the assets of that company. Applicant reports that at a later date, after arrangements for permanent financing have been completed, it will undertake to acquire the physical assets by merger, liquidation or other appropriate proceedings. The transfer of the properties is not now before the Commission.

A review of this matter indicates that the acquisition of the shares of stock by applicant will not be adverse to the public interest. Accordingly, an order will be entered granting the application, such order to become effective at once so as to enable applicant and Crosby to complete the transaction at the earliest possible time.

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. California-Pacific Utilities Company, after the effective date hereof and on or before December 15, 1951, may purchase and acquire, and thereafter hold, all the outstanding shares of stock of Colusa County Telephone Company under the terms and conditions of the agreement filed in this proceeding as Exhibit A.

2. The action taken herein shall not be construed to be a finding of the value of the properties of Colusa County Telephone Company.

3. On or before December 31, 1951, applicant shall file with the Commission a statement showing the action taken by it under the authority herein granted.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 8th day of October, 1951.

R. J. [Signature]
President

[Signature]
[Signature]

[Signature]
Commissioners