

ORIGINAL

Decision No. 46820

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MRS. DORIS E. SMITH, doing business as)
the PASO ROBLES AND SHANDON TELEPHONE)
COMPANY and the WILLOW CREEK TELEPHONE)
COMPANY, for authority to sell certain)
telephone facilities to THE PACIFIC)
TELEPHONE AND TELEGRAPH COMPANY, and)
for authority to withdraw entirely from)
public service as a telephone utility.)

Application No: 32987

James G. Marshall, for applicant,
Mrs. Doris E. Smith, operating as
Paso Robles and Shandon Telephone
Company and Willow Creek Telephone
Company; Arthur T. George and
Alexander R. Imley, for applicant,
The Pacific Telephone and Telegraph
Company; Eldon N. Dye, for California
Farm Bureau Federation, interested
party.

O P I N I O N

By this application, Mrs. Doris E. Smith, doing business as the Paso Robles and Shandon Telephone Company and the Willow Creek Telephone Company, seeks authority to sell her public utility telephone systems and withdraw from public service, and The Pacific Telephone and Telegraph Company, a California corporation, seeks authority to purchase said systems and to apply thereto its presently effective Paso Robles exchange rates. The agreement of sale is filed in this matter as Exhibit No. 1.

A public hearing in this proceeding was held before Commissioner Mitchell and Examiner Wessells on February 14, 1952, at Paso Robles.

The seller provides telephone service in certain territory in San Luis Obispo and Kern Counties, all within the suburban area

of the buyer's Paso Robles exchange, as shown on the map filed as Exhibit No. 3. The buyer now furnishes switching service to all subscribers of the seller by means of the buyer's switching facilities in its Paso Robles exchange. The seller owns and maintains the telephone instruments and the lines serving her subscribers from the subscribers' premises to the points of connection with the buyer's facilities at the base rate area boundary of the Paso Robles exchange. As of October 15, 1951, the seller was serving 381 stations, 304 of which were classified as suburban stations as shown in Exhibit No. 5.

The seller states that she is technically and financially unable to maintain the plant required to furnish adequate service and to provide for the increased demands for new service. For this reason the seller desires to be relieved of the responsibility of furnishing telephone service, financing, and operating a telephone utility.

Tariff schedules of the seller provide that the farmer line rates applicable in the buyer's Paso Robles exchange apply in addition to rates quoted in the seller's tariffs. The buyer proposes to apply its filed tariff rates,^{1/} rules, and regulations applicable

^{1/} A comparison of the rates of the Paso Robles and Shandon Telephone Company and the Willow Creek Telephone Company with those of The Pacific Telephone and Telegraph Company for the principal classes of service is as follows:

Classification	Rate per Month - Desk or Handset Station			
	Zone 1*	Zone 2*	Company*	Telegraph Co.:
<u>Residence</u>				
1-party	\$4.55	\$4.55	\$4.55	\$4.05
2-party	3.28	3.28	3.28	3.50
4-party	2.72	2.72	2.72	2.95
Suburban	3.10	3.60	2.80	3.45
Farmer Line	-	-	-	.85
<u>Business</u>				
1-party	5.55	5.55	5.55	6.50
2-party	3.78	3.78	4.03	5.25
Suburban	4.00	4.50	3.95	4.75
Farmer Line	-	-	-	1.50

* Includes farmer line switching rate of The Pacific Telephone and Telegraph Company. Mileage rates are applicable in addition to the rates for 1-party, 2-party, and 4-party line service shown above.

within the Paso Robles exchange to subscribers now served by the seller. In addition to the changes in the basic rates, increases will result in rates for certain miscellaneous services and equipment. The buyer further proposes to apply the wall set differential of 25 cents per month to all subscribers of the seller having wall sets as of the effective date of the property transfer.

The seller presently is furnishing service over certain lines, to which are connected more than 10 main stations to each line. The buyer proposes to continue these service arrangements on a deviation basis until rehabilitation and reinforcement work is completed in the areas involved. The buyer also proposes to continue as deviation services, at the Paso Robles suburban service rate, four subscribers located within the Templeton exchange receiving Paso Robles exchange service. It is planned that held orders of the seller will be integrated chronologically and by priority classifications with those of the buyer's Paso Robles exchange.

In the aggregate, the estimated effect of applying the buyer's rates to the seller's subscribers will be an annual increase of approximately \$1,260.

The buyer appraised the seller's property at \$35,050, as of June 15, 1951, at current cost and in the condition found as of that date. The details of this appraisal are filed as Exhibit No. 2. The amount which the buyer has agreed to pay the seller for her telephone facilities is the sum of \$30,000, adjusted to reflect any substantial change in facilities between June 16, 1951, and the date of sale.

A witness for the buyer testified that upon assumption of the responsibility of providing service to the seller's subscribers, the buyer will also determine the extent of current and latent demands for telephone service. The buyer proposes to undertake new outside

plant construction and reconstruction of seller's plant in order to furnish better service. Prior to completion of the final serving arrangement, the buyer proposes to make maximum practical use of existing facilities and of additional facilities, as they become available. The buyer estimates that its expenditures for the reconstruction and rehabilitation of the system to be acquired will approximate \$40,000, and that such work will be done progressively over a period of eight to ten months, following completion of the property transfer.

Two residents of the area, Joseph M. Ryan and Clarke Hall, as witnesses, favored the proposed sale as a means of securing better telephone service. No one appeared in opposition to the granting of the application.

A review of the evidence indicates that the proposed sale and transfer will not be adverse to the public interest. The application will be granted; however, the action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.

O R D E R

The above entitled application having been considered, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. Doris E. Smith, may, on or after the effective date hereof and on or before June 30, 1952, sell and transfer the herein described public utility property to The Pacific Telephone and Telegraph Company pursuant to the agreement of sale and purchase embodied in the said application. If the authority herein granted is exercised, the buyer shall, within thirty (30) days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized.

2. Upon acquisition of said telephone facilities and the furnishing of telephone service by The Pacific Telephone and Telegraph Company to the territory now served by the seller, Doris E. Smith, is relieved of her public utility obligation to furnish telephone service and may cancel the rates, rules and regulations, of the Paso Robles and Shandon Telephone Company and of the Willow Creek Telephone Company.
3. The Pacific Telephone and Telegraph Company, if it acquires the telephone facilities referred to herein, shall apply its filed tariff rates, rules and regulations applicable within its Paso Robles exchange to the territory now served by the seller. Necessary tariff schedule revisions, in accordance with General Order No. 96, shall be made after the effective date hereof and on not less than five (5) days' notice to the Commission and to the public. The company is authorized to continue service on lines having in excess of 10 parties until facilities are available to reduce the number of parties per line, to not more than 10, to continue as deviation services, at the Paso Robles suburban service rate, four subscribers receiving Paso Robles exchange service located within the Templeton exchange; and to furnish wall set service at 25 cents less than the rates for desk or handset service to subscribers having wall sets as of the date of transfer.
4. On or before the date of actual transfer, Doris E. Smith shall refund all deposits which customers are entitled to have refunded; and any unrefunded deposits shall be transferred to and become the obligation for refund of The Pacific Telephone and Telegraph Company.
5. The Pacific Telephone and Telegraph Company shall, within ninety (90) days after the acquisition of seller's telephone facilities, file with the Commission a statement showing the amount paid for seller's telephone facilities, and a copy of the journal entry or

entries used in recording the acquisition of said telephone facilities on its accounting records.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 11th day of March, 1952.

P. T. [Signature]
President.
James J. [Signature]
Harold A. [Signature]
[Signature]
Commissioners.