

**ORIGINAL**

Decision No. 47312

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of )  
JAMES W. WELCH and T. P. HOUCK, co-owners, )  
THE VOLCANO TELEPHONE CO., for an order )  
of the Commission authorizing T. P. HOUCK )  
to sell his interest in "THE VOLCANO )  
TELEPHONE CO." to JAMES W. WELCH and to )  
authorize T. P. HOUCK to withdraw from )  
the Public Utilities Telephone Business )  
in the Volcano and West Point territories; )  
and, supplementary thereto, the Applica- )  
tion of JAMES W. WELCH, an individual, )  
and "THE VOLCANO TELEPHONE COMPANY", )  
a corporation, for an order (a) Author- )  
izing JAMES W. WELCH, if the above matters )  
are granted, to sell to THE VOLCANO )  
TELEPHONE COMPANY, a Corporation, the )  
properties owned or to be owned by him )  
consisting of the VOLCANO TELEPHONE EX- )  
CHANGE and its contiguous system; (b) )  
Authorizing JAMES W. WELCH, an individual, )  
to withdraw from the Public Utilities )  
Telephone Business in the Volcano Tele- )  
phone Territory; (c) Authorizing THE )  
VOLCANO TELEPHONE COMPANY, a corporation, )  
to purchase The Volcano Telephone Exchange )  
and to engage in the public utility tele- )  
phone business in the Volcano territory; )  
(d) Authorizing the VOLCANO TELEPHONE )  
COMPANY, a Corporation, to issue shares )  
of its \$25.00 Par Value Common Stock in )  
an amount equal to the net book value of )  
said VOLCANO TELEPHONE EXCHANGE and to )  
issue the same to JAMES W. WELCH in re- )  
turn for said JAMES W. WELCH'S transferr- )  
ing said VOLCANO TELEPHONE EXCHANGE busi- )  
ness to THE VOLCANO TELEPHONE COMPANY, a )  
Corporation. )  
----- )

Application  
No. 33364  
(First Supplemental)

FIRST SUPPLEMENTAL OPINION AND ORDER

By Decision No. 47173, dated May 16, 1952, the Commission authorized T. P. Houck to sell his interest in the Volcano Telephone Company to James W. Welch.

In a supplemental application filed in this proceeding, James W. Welch reports that he desires to conduct the business by means of a corporate organization, that he has caused the incorporation of The Volcano Telephone Company on April 15, 1952, and that he proposes to transfer his business and assets to said corporation in exchange for stock equal to the net book value of the properties, the corporation to take over all the assets and to assume the outstanding liabilities and to adopt the rates, rules and regulations presently on file with the Commission.

The financial statement of the business as of March 31, 1952, shows the proprietorship investment and the assets and liabilities as follows:

Assets

Investment in telephone plant		\$55,012.80
Current assets:-		
Cash	\$ 516.38	
Due from customers and agents	2,991.44	
Materials and supplies	<u>1,883.39</u>	
Total current assets		<u>5,391.21</u>
	Total	<u>\$60,404.01</u>

Liabilities

Proprietary capital	\$37,297.48	
Undistributed profits	<u>2,020.61</u>	
Total noncorporate proprietorship		\$39,318.09
Notes payable		9,600.00
Accounts payable		1,472.14
Depreciation reserve		<u>10,013.78</u>
	Total	<u>\$60,404.01</u>

Upon reviewing this supplemental proceeding, the Commission is of the opinion that a public hearing is not necessary; that the transfer will not be adverse to the public interest; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by the issue of \$39,325 of stock 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. James W. Welch, after the effective date hereof and on or before October 31, 1952, may transfer the properties comprising the Volcano Telephone Company to The Volcano Telephone Company, a corporation, under the terms and conditions set forth in the first supplemental application filed in this proceeding, and upon such transfer may withdraw from his public utility operations.

2. The Volcano Telephone Company, a corporation, may acquire said properties and in consideration may assume the payment of outstanding indebtedness and issue not exceeding \$39,325 par value of its common stock.

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

4. On or before the date of actual transfer, James W. Welch 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 The Volcano Telephone Company, a corporation.

5. The rates, rules and regulations governing the operation of Volcano Telephone Company now on file with the Commission shall be refiled within thirty (30) days after the date of transfer under the name of The Volcano Telephone Company, a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refileing, The Volcano Telephone Company, a corporation, 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.

6. The Volcano Telephone Company, a corporation, shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

7. The authority herein granted will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 24<sup>th</sup> day of

June, 1952.

R. F. Dunnington  
President.

Justus F. Casper  
Harold F. Kule

Francis J. Little  
John E. Mitchell  
Commissioners