

Decision No. 51314**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 CALIFORNIA WATER & TELEPHONE COMPANY, )  
 a corporation, for authority to sell )  
 to THE PACIFIC TELEPHONE AND TELEGRAPH )  
 COMPANY, certain of its telephone )  
 plant in its Mount Wilson exchange; to )  
 cancel and withdraw its exchange tele- )  
 phone service rates now applicable in )  
 the Mount Wilson exchange; and to be )  
 relieved of its public utility obliga- )  
 tion in the furnishing of telephone )  
 service within the Mount Wilson )  
 exchange; and of THE PACIFIC TELEPHONE )  
 AND TELEGRAPH COMPANY, a corporation, )  
 for authority to file and make effec- )  
 tive rates for exchange telephone )  
 service in the Mount Wilson exchange. )

Application No. 36797

OPINION AND ORDER

California Water & Telephone Company, a corporation, hereinafter referred to as "Seller", by application filed March 16, 1955, requests authority to sell certain outside plant facilities in its Mount Wilson exchange to The Pacific Telephone and Telegraph Company, a corporation, hereinafter referred to as "Buyer". Seller further seeks authority to cancel and withdraw its Mount Wilson exchange service schedules and to be relieved of its public utility obligation to furnish telephone service in said exchange. Buyer requests authority to file and make effective exchange service schedules to be applicable in the Mount Wilson exchange coincident with the acquisition of Seller's facilities.

Seller is a California public utility engaged in furnishing telephone service in portions of Los Angeles, Riverside, San Bernardino, and San Diego Counties, and in furnishing water service. Buyer is a California public utility furnishing telephone service throughout the State of California and elsewhere.

The application states that Mount Wilson exchange was established in 1948 primarily to meet the needs of radio and television broadcasters, who currently have 13 transmitters located on the mountain. Pursuant to an agreement with Seller, Buyer constructed a building on Mount Wilson, together with interexchange facilities from Pasadena to this building, and facilities between this building and the various transmitter locations. Dial central office equipment was installed in Buyer's building by Seller, who constructed exchange telephone plant and who furnishes exchange, toll and private line service in the Mount Wilson exchange. In order to provide these services Seller leases from Buyer all interexchange facilities from the Mount Wilson exchange boundary to its central office as well as private line facilities between the central office and the transmitters. Difficulties have arisen from the dual responsibility of two utilities operating within the exchange, and it is stated that both Buyer and Seller believe that it would be in the public interest for Buyer to assume the obligation of providing all communication service therein. There are at present a total of 40 exchange telephones, including one public telephone, within the exchange.

A memorandum of agreement attached to the application as Exhibit A signifies Seller's acceptance of Buyer's offer to purchase Seller's outside plant in its Mount Wilson exchange for the sum of \$25,000, plus an additional amount for any net additions, adjusted for depreciation, made from April 1, 1954 to the date of closing. The application states that the original cost and book value of Seller's outside plant amounted to \$11,474.36 as of December 31, 1952 and that Buyer will account for this purchase on an original cost less estimated reserve basis. It is further stated that Buyer plans to install telephone station equipment in lieu of that now provided

by Seller and plans to utilize dial central office equipment in furnishing exchange telephone service. Buyer proposes to continue in effect the present exchange rates for primary telephone service, together with the present base rate and exchange areas, the present local service area and the present rate center. Buyer proposes that other rates and rules and regulations be in accordance with its tariffs on file with this Commission. A statement of the present and proposed rates for all items of service and equipment currently being furnished Mount Wilson subscribers is attached to the application as Exhibit B. Application of these proposed rates will result in nominal increases in subscriber's charges in some cases and decreases in other cases with the estimated over-all effect being a net decrease in annual charges to the public amounting to approximately \$300.

The Commission has considered the above-entitled application and is of the opinion that a public hearing thereon is not necessary and that the granting of the application as herein provided will not be adverse to the public interest and should result in improved service. However, the action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ from those herein prescribed for the future are unjust and unreasonable, therefore,

IT IS HEREBY ORDERED that California Water & Telephone Company may, on or after the effective date hereof and on or before March 31, 1956, sell and transfer the Mount Wilson exchange properties to The Pacific Telephone and Telegraph Company in accordance with the terms of the agreement dated April 1, 1954, attached to the application as Exhibit A, and upon the sale and transfer of said properties

cease public utility operations in said Mount Wilson exchange area. The Pacific Telephone and Telegraph Company may acquire said properties and enter in and furnish telephone service in said Mount Wilson exchange. The authority granted herein is subject to the following conditions:

1. The rates, rules and regulations of California Water & Telephone Company applicable in the Mount Wilson exchange now legally on file with this Commission shall be refiled reflecting rates set forth in Exhibit B attached to the application within thirty days of the date of transfer under the name of The Pacific Telephone and Telegraph Company in accordance with the procedure prescribed by General Order No. 96. Or in lieu of such refiling, The Pacific Telephone and Telegraph Company may file a notice of adoption of said presently filed rates. No increases in the presently filed rates shall be made other than those set forth in Exhibit B attached to the application.
2. On or before the date of actual transfer, California Water & Telephone Company shall refund all deposits, which Mount Wilson customers are entitled to have refunded; and that any unrefunded deposits shall be transferred to and become the obligation for refund of The Pacific Telephone and Telegraph Company.
3. If the authority herein granted is exercised, The Pacific Telephone and Telegraph Company shall within thirty days thereafter notify this Commission in writing of the date of such completion of the property transfer herein authorized and of its compliance with the conditions hereof.

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

Dated at San Francisco, California, this 12th day of APRIL, 1955.

[Signature]  
 President  
[Signature]  
[Signature]  
[Signature]  
 Commissioners