

ORIGINAL

Decision No. 53924

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

JOHN R. WISE and FLORENCE C. WISE,
his wife, doing business as Tuolumne
Telephone Exchange, an individual
proprietorship, and

TUOLUMNE TELEPHONE CO., a California
Corporation,

for an order authorizing:

- a) John R. Wise and Florence C. Wise,
his wife, to sell and Tuolumne
Telephone Co., a California Corporation,
to purchase the property owned by them
and consisting of the Tuolumne
Telephone Exchange;
- b) John R. Wise and Florence C. Wise,
to withdraw from the Public Utility
Telephone business;
- c) Tuolumne Telephone Co., a California
Corporation, to engage in the Public
Utility Telephone business now being
conducted by John R. Wise and Florence
C. Wise, his wife, and;
- d) Tuolumne Telephone Co., a California
Corporation, to issue stock.

Application
No. 38417

O P I N I O N

In this application John R. Wise and Florence C. Wise seek authorization to sell and convey the Tuolumne Telephone Exchange to Tuolumne Telephone Co., a corporation, in exchange for shares of stock.

John R. Wise and Florence C. Wise own and operate a public utility telephone system serving approximately 420 subscribers in the unincorporated town of Tuolumne and in surrounding

territory in Tuolumne County. They report that there has been a growth in population in their service area which has resulted in increased demand for telephone service which, in turn, now requires expansion of central telephone equipment and outside plant facilities and the conversion to dial operation.

Applicants Wise assert that they have not been in a position to finance the improvement program out of current resources, that they undertook to negotiate outside financing and that they found it difficult or impossible to obtain such financing in their present status as an unincorporated proprietorship. They therefore have caused the organization of the Tuolumne Telephone Co. and they now propose to transfer their business and properties to it, subject to outstanding liabilities, for the sum of \$7,273.37, which is the reported amount of the proprietary capital, as of June 30, 1956.

The corporation proposes to assume the outstanding liabilities and to issue 14 shares of no par value common stock to applicants Wise. It reports that it will continue to render telephone service to the public under the same rates, rules and regulations as are presently maintained in effect by applicants Wise or rates which may hereafter be established by the Commission.

On July 12, 1956, the present owners of the telephone system filed Application No. 38240 for authorization to increase rates. The matter has not been decided, but there appears to be no reason for withholding approval of the proposed transfer pending the determination of the rates. Upon the basis of the information now before us, we are of the opinion, and so find, that the transfer will not be adverse to the public interest. Applicants are placed on notice that the action taken herein shall not be construed to be

a finding of the value of the properties herein authorized to be transferred, nor as an approval at this time of any subsequent loan applications which the corporation may file, nor indicative of the amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

Because of the inquiry now being made into the investment in the plant and the operations of this utility in connection with Application No. 38240, we will require applicant corporation, in setting up its books, to charge to Account 276, Telephone Plant Acquired, the net values of the assets acquired from John R. Wise and Florence C. Wise as recorded on their books at the time of the transfer and to retain such amount in said account until completion of the proceedings in Application No. 38240.

O R D E R

The Commission having considered the above-entitled matter, and being of the opinion that a public hearing is not necessary, 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 the stock herein authorized is reasonably required by Tuolumne Telephone Co. 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. John R. Wise and Florence C. Wise, on and after the date hereof and on or before December 31, 1956, may sell and convey to Tuolumne Telephone Co., a corporation, the telephone properties and business to which reference is made in this proceeding, and thereafter may withdraw from their public utility telephone operations.

Tuolumne Telephone Co. may enter into the operations of the telephone properties as of October 1, 1956.

2. Tuolumne Telephone Co., on and after the date hereof and on or before December 31, 1956, may issue not exceeding 14 shares of its no par value common stock in payment for the properties and business of John R. Wise and Florence C. Wise, subject to the outstanding liabilities as of the date of transfer, which liabilities Tuolumne Telephone Co. shall assume.

3. None of the stock authorized by paragraph 2 hereof shall be sold or issued unless and until the corporation first shall have selected an escrow holder and said escrow holder shall have been first approved in writing by the Commission, and when issued all documents evidencing any of said stock shall forthwith be deposited with said escrow holder, to be held as an escrow pending the further written order of the Commission. The receipt of said escrow holder for said documents shall be filed with the Commission, and the owner or persons entitled to said stock shall not consummate a sale or transfer of said stock, or any interest therein, or receive any consideration therefor, until the written consent of the Commission shall have been obtained so to do.

4. On or before the date of actual transfer, John R. Wise and Florence C. Wise 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 Tuolumne Telephone Co.

5. The rates, rules and regulations of John R. Wise and Florence C. Wise now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of

Tuolumne Telephone Co., a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such re-filing, Tuolumne Telephone Co., 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. If the authority herein granted is exercised, John R. Wise and Florence C. Wise, within 30 days thereafter, shall notify the Commission in writing of the date of the completion of the transfer herein authorized and of their compliance with the conditions hereof.

7. Tuolumne Telephone Co. shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

8. In acquiring properties under the authorization herein granted and in recording the acquisition on its books, Tuolumne Telephone Co. shall charge to Account 276, Telephone Plant Acquired, the net values of the properties as reflected by the books of the transferors at the time of transfer and shall retain said amount in Account 276 until completion of the proceedings in Application No. 38240, whereupon, and within 60 days after such completion, it shall file with the Commission, for review, its proposed entries to distribute the balance in Account 276 to primary plant and other accounts.

9. The authority herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 16th day of October, 1956.

John E. Mitchell
President

Mathias J. Casner

Frank Lutzinger

Walter Dool

R. V. Fazio

Commissioners