

**ORIGINAL**

Decision No. 54502

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

RALPH HOEPER, doing business as  
Foresthill Telephone Co., a sole  
proprietorship, and

FORESTHILL TELEPHONE CO., a  
corporation,

for an order authorizing:

- a) Ralph Hoeper to sell and Foresthill Telephone Co., a corporation, to purchase the properties owned by him and consisting of the Foresthill Telephone Co.;
- b) Ralph Hoeper to withdraw from the public utility telephone business;
- c) Foresthill Telephone Co., a corporation, to engage in the public utility telephone business now being conducted by Ralph Hoeper;
- d) Foresthill Telephone Co., a corporation, to borrow up to \$44,000.00.

Application  
No. 38645

O P I N I O N

In this proceeding the Commission is asked to make an order authorizing Ralph Hoeper to sell a public utility telephone system to Foresthill Telephone Co., a corporation, and authorizing said corporation to issue \$18,350 par value of common stock, to enter into a loan agreement, to execute a mortgage, and to issue promissory notes in the total amount of \$44,000.

The application shows that Ralph Hoeper, doing business as Foresthill Telephone Co., is engaged in furnishing magneto manual exchange telephone service to approximately 200 subscribers

in Foresthill, Placer County, and in surrounding territory. Applicant Hoepfer reports that the population is growing in his territory and that he is experiencing an increasing demand for telephone service which requires the expansion of his facilities. He proposes at this time to convert the telephone system to a dial system, and to provide other facilities, all at an estimated cost of \$44,000, as follows:

"XY" Switchboard	\$25,500
Telephone, dials and pay stations	7,600
Pole line materials	500
Cable plant materials	7,000
Wire and miscellaneous materials	1,500
Labor	<u>1,900</u>
Total	<u>\$44,000</u>

Applicant Hoepfer reports that he is not in a position to finance the construction program out of his own resources and has found it difficult to obtain such financing in the present status of the telephone company as a sole proprietorship but that Stromberg-Carlson, a division of General Dynamics Corporation, tentatively has agreed to loan the sum of \$44,000, provided that the business be incorporated.

Accordingly, the present operator has caused the organization of Foresthill Telephone Co. and now proposes to transfer his business and properties to it in exchange for shares of stock equal, approximately, to the net book value of the assets, as of June 30, 1956, as reflected by his books of account, which book value is stated at \$18,357. Thereafter, it is proposed for the new corporation to enter into a loan agreement with Stromberg-Carlson under the terms of which the latter would advance the total sum of \$44,000, said advances to be represented at the outset by

interim notes, payable on demand, with interest at the rate of 5-1/4% per annum. The agreement provides for the ultimate issue, not later than June 30, 1958, of a final note in exchange for the interim notes then outstanding, the final note to be payable in 240 consecutive monthly installments with interest at the rate of 5-1/2% per annum and to be secured by a mortgage on the telephone properties.

The installation of the proposed improvements to the plant should be in the public interest and accordingly we will enter our order granting the present application. The authority granted herein shall not be construed to be a finding of the value of the property herein authorized to be transferred or as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

O R D E R

The Commission has considered the above-entitled matter and is of the opinion, and so finds, that a public hearing is not necessary, that the proposed transfer will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of the shares of stock and the notes herein authorized is reasonably required by applicant corporation for the purposes specified herein, and that such purposes, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Ralph Hooper, on and after the effective date hereof and on or before December 31, 1957, may sell and convey to Foresthill Telephone Co., a corporation, the telephone properties and business being operated by him and thereafter may withdraw from the public utility telephone business. Foresthill Telephone Co., a corporation, may enter into the operations of the telephone properties as of July 1, 1956.

2. Foresthill Telephone Co., a corporation, on and after the effective date hereof and on or before December 31, 1957, may issue not exceeding \$18,350 par value of its common stock in exchange for the properties and business of Ralph Hooper, subject to outstanding liabilities.

3. Foresthill Telephone Co., a corporation, on and after the effective date hereof and on or before December 31, 1957, may execute and enter into a loan agreement with Stromberg-Carlson, a division of General Dynamics Corporation, and may execute a mortgage, which loan agreement and mortgage shall be in, or substantially in, the same form as those filed in this proceeding, and may issue interim notes, pursuant to the terms of said agreement, and for the purposes set forth therein, in the aggregate amount of not exceeding \$44,000 at any one time outstanding.

4. Foresthill Telephone Co., a corporation, may issue its final note on or before June 30, 1958, as set forth in said agreement, in the principal amount of not exceeding \$44,000 in payment of interim notes of like amount.

5. On or before the date of actual transfer, Ralph Hooper 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 Foresthill Telephone Co., a corporation.

6. The rates, rules and regulations of Ralph Hooper now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of Foresthill Telephone Co., a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, Foresthill 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.

7. If the authority herein granted to transfer properties is exercised, Foresthill Telephone Co., a corporation, within 30 days thereafter, shall notify the Commission in writing of the date of completion of the transfer.

8. Foresthill Telephone Co., 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.

9. The authority herein granted will become effective when Foresthill Telephone Co., a corporation, has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$44.

Dated at San Francisco, California, this 11th day of February, 1957.

Paul E. Mitchell  
President  
Paulo Ventresca  
William D. Doolen  
R. Kartyo  
C. L. Fox  
Commissioners

