

ORIGINALDecision No. 55966

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of)
 CENTRAL CALIFORNIA TELEPHONE COMPANY, a)
 corporation, and PAUL HUNEKE doing business)
 as LEMON COVE TELEPHONE EXCHANGE, for an) Application No. 39516
 Order authorizing said Paul Huneke to sell)
 his telephone system to Central California)
 Telephone Company.)

OPINION AND ORDER

This is an application for an Order authorizing Paul Huneke, doing business as Lemon Cove Telephone Exchange, to sell his telephone system to Central California Telephone Company, a corporation.

Paul Huneke is the owner of a public utility telephone system serving approximately 127 subscribers in the community of Lemon Cove in Tulare County. He has operated this system since 1912. He reports that he desires to retire from the operation of the telephone system and that he has made arrangements to sell to the Central California Telephone Company, with the exception of the exchange building and real property on which it is located, the properties constituting the Lemon Cove Telephone Exchange for \$3,000 in cash.^{1/}

Central California Telephone Company is a corporation presently engaged in operating public utility telephone systems furnishing local and toll service in parts of Tulare, Kings,

1/ The net telephone plant in service including the exchange building was reported at \$5,094.60 as of December 31, 1956 in Exhibit C. Annual reports to the Commission show that Lemon Cove Telephone Exchange first reported investment in Ac. 212, Buildings, in 1954 in the amount of \$3,312.71 and this same amount is shown for Ac. 212, Buildings, as of December 31, 1956 in Exhibit C.

San Joaquin and Calaveras Counties. It asserts that it is familiar with the Lemon Cove telephone system and operations and that the combining of such operations with its own will permit operating and management economies. The purchaser proposes for the present to adopt the rates and rules of the Lemon Cove Telephone Exchange currently on file with this Commission.

The real property upon which the exchange building is located is presently leased to Paul Huneke by the County of Tulare under a lease expiring on July 31, 1964 with an option to extend the term for an additional five years. Central California Telephone Company proposes to sublease the exchange building and land from Paul Huneke for the remaining period of the lease and the extension thereof at a rental of \$120 per month for a period of 10 years from the date of the sublease and thereafter at a rental of \$10 per month. Under the lease agreement between the County of Tulare and Paul Huneke, title to the building will revert to and become the property of the County of Tulare upon the termination of the lease.

An additional condition of the purchase agreement between Central California Telephone Company and Paul Huneke provides that the former will convert the Lemon Cove telephone system to unattended dial operation on or before March 1, 1958, or such later date as may be agreed to by the parties, but not beyond July 1, 1958, and that the sale will be consummated as soon as possible after such conversion.

From a review of the application and of the financial statements of purchaser, it appears that purchaser should be in a position to take over the Lemon Cove operations of Paul Huneke and continue the service and we are of the opinion, and so find, that the transfer will not be adverse to the public interest. However, purchaser is placed on notice that the Commission will not

necessarily recognize the agreed rental for the exchange building and land as a reasonable charge to operating expenses for rate-fixing purposes.

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 binding the Commission to accept the agreed purchase price for the purpose of fixing rates or authorizing the issue of securities.

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary, and that the application should be granted as herein provided; therefore,

IT IS ORDERED as follows:

1. Paul Huneke may sell the properties constituting the Lemon Cove Telephone Exchange to Central California Telephone Company, a corporation, under the terms and conditions set forth herein.
2. The rates and rules of Paul Huneke, doing business as Lemon Cove Telephone Exchange, now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of Central California Telephone Company, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such re-filing, Central California Telephone Company may file a notice of adoption of said presently filed rates and rules. No increase in the presently filed rates shall be made unless authorized by the Commission.
3. On or before the date of actual transfer, Paul Huneke, doing business as Lemon Cove Telephone Exchange, 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 Central California Telephone Company.
4. On or before the date of actual transfer of the physical properties under the authorization herein granted, Paul Huneke, doing

business as Lemon Cove Telephone Exchange, shall transfer and deliver to Central California Telephone Company all records, memoranda, and papers pertaining to the construction and operations of the properties of Lemon Cove Telephone Exchange.

5. On compliance with the terms and conditions of the transfer, Paul Huneke, doing business as Lemon Cove Telephone Exchange, shall stand relieved of all further public utility obligations in connection with the operations of the public utility system herein authorized to be transferred.

6. If purchaser acquires the Lemon Cove telephone properties, Decision No. 55735 dated October 28, 1957 relating to accounting records of Central California Telephone Company shall apply with reference to Lemon Cove exchange.

7. If the authority herein granted is exercised, Central California Telephone Company, within 30 days thereafter, shall notify the Commission in writing of the date of completion of such transfer. The authority herein granted will lapse unless exercised on or before September 30, 1958.

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

Dated at San Francisco, California, this 16th day of December, 1957.

Paul E. Huneke
 President

Paul Huneke

Mark D. ...

R. Hardy

E. ...
 Commissioners