



Applicants presented two exhibits and testimony by one witness in support of the application. The Commission staff cross-examined the applicants' witness for the purpose of developing a full record to aid the Commission in deciding this request. The matter was submitted at the close of the day's hearing for Commission consideration and now is ready for decision. No person attending the hearing entered any objection to the granting of the application.

The Wrightwood Area

The Wrightwood area is located partially in San Bernardino County and partially in Los Angeles County and includes essentially the following locations:

Clydes Ranch	Desert Springs
Big Pines	Phelan
Smithsonian Observatory	Wrightwood
Jackson Lake	

The area lies generally southeast of Palmdale, southwest of Victorville, and north of Ontario, as shown on the map attached to the application and marked "Exhibit A". Presently it is not included within any exchange area, being unassigned territory. Pacific presently provides telephone service in said area by means of 60 toll stations.

Applicants' Position

During recent years Cal-Interstate has received a number of requests to provide exchange telephone service in the Wrightwood area. The community of Wrightwood, particularly, is of a resort nature and, while somewhat seasonal, is expanding rapidly. The increasing development and activity in the communities named have created a need for exchange telephone service. To provide said service, Cal-Interstate proposed to install an unattended dial

telephone exchange in a central office and to establish a toll rate center in Wrightwood near the location of the Wrightwood United States Post Office. By concurrent decision under Application No. 39569, Cal-Interstate is being granted authority to establish the Wrightwood exchange. Under such a condition, Pacific takes the position that Cal-Interstate should furnish local and toll service over most of the area and that certain of its existing toll circuits and facilities in the area should be sold and transferred to Cal-Interstate.

Utility Plant to be Sold and Transferred

Cal-Interstate has made an offer to purchase the outside plant facilities of Pacific serving the Wrightwood area in accordance with a Memorandum of Agreement dated January 16, 1956, a copy of which is attached to the application and marked "Exhibit B". Said exhibit contains an inventory of outside plant items totaling 841 poles, 839 cross arms and 102.60 miles of wire and appurtenant equipment. As of September 23, 1954, the book value of these plant items was \$56,000, the estimated reproduction new cost was \$116,500 and the observed depreciation was \$25,800. This indicates an estimated structural value of \$90,700 as the price which Cal-Interstate agrees to pay to Pacific for the utility plant in question, plus an amount for any net additions thereto adjusted for depreciation since September 23, 1954, currently estimated at \$6,000.

Pacific owns a partial interest in 54 poles and 14 anchors which it also utilizes in serving the Wrightwood area. The book cost of this portion of joint plant as of September 23, 1954, was \$1,657 and the estimated structural value was \$1,250. Cal-Interstate also has agreed to purchase Pacific's interest in such jointly-owned

plant for \$1,250 plus an additional amount for any net additions thereto since September 23, 1954. An inventory of said joint-owned plant is set forth in "Exhibit C" attached to the application. The transfer of Pacific's interest in the jointly-owned plant will be consummated by a bill of sale through the Joint Pole Committee.

Tariff Changes

Pacific states that prior to the establishment of the Wrightwood exchange it will notify the Commission, pursuant to paragraph XII of General Order No. 96, of its intention to discontinue the toll stations operated by said facilities effective with the establishment of the Wrightwood exchange as follows:

Big Pine #1	Verdugo Pines #1	Wrightwood #19
Big Pine #2	Wrightwood #1	Wrightwood #22
Big Pine #3	Wrightwood #2	Wrightwood #27
Clyde's Ranch	Wrightwood #3	Wrightwood #28
Desert Springs #1	Wrightwood #4	Wrightwood #29
Desert Springs #2	Wrightwood #5	Wrightwood #31
Desert Springs #3	Wrightwood #7	Wrightwood #32
Desert Springs #4	Wrightwood #8	Wrightwood #35
Desert Springs #5	Wrightwood #9	Wrightwood #36
Desert Springs #6	Wrightwood #10	Wrightwood #42
Phelan #1	Wrightwood #11	Wrightwood #43
Phelan #5	Wrightwood #12	Wrightwood #45
Phelan #6	Wrightwood #13	Wrightwood #46
Phelan #7	Wrightwood #15	Wrightwood #50
Phelan #8	Wrightwood #16	Wrightwood #51
Smithsonian Observatory	Wrightwood #17	Wrightwood #53
Swartout #1	Wrightwood #18	Wrightwood #54
		Yucca Inn #1

Because of the remoteness and unduly high cost to Cal-Interstate, Pacific agrees to continue the following toll stations in the new exchange area.

Cajon No. 1	Cajon No. 4	Cajon No. 7
Cajon No. 2	Cajon No. 5	Mile High No. 1
Cajon No. 3	Cajon No. 6	

Findings and Conclusions

After considering the evidence of record the Commission finds and concludes that the authorization as requested should be granted. The question as to whether the utility property prices

based on a 1954 inventory would be reasonable in 1958, owing to the added depreciation since 1954, was asked of the applicants' witness. The witness indicated that the new prices of certain items had increased probably sufficiently to offset the increase in depreciation since 1954. In any event the difference is not sufficient, in the Commission's opinion, to warrant denial of the application on the prices set forth therein.

The request of Pacific to abandon the 52 toll stations on establishment of the exchange appears reasonable and will be authorized. Likewise, the request of Pacific to continue to serve 8 toll stations in the new exchange area because of economic considerations appears reasonable and will be authorized.

The Commission finds that the proposed sale and transfer of certain of Pacific's public utility plant in the new Wrightwood exchange upon the establishment of such exchange will not be adverse to the public interest, that any increases or decreases in rates, rules, conditions or charges that may result for Pacific's present toll line subscribers on transfer are justified and are authorized, that the existing rates to such subscribers after transfer are, for the future, unjust and unreasonable, and that an order should be issued authorizing the transfer of property. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

The above-entitled application to sell and transfer public utility property having been filed with this Commission, a public

hearing having been held, the matter having been submitted and now being ready for decision, and the Commission having found that the proposed sale and transfer of public utility property will not be adverse to the public interest; therefore,

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company may after the effective date hereof, and on or before December 31, 1961, sell and transfer the herein described public utility property to California Interstate Telephone Company pursuant to the agreement of sale and purchase embodied in the application as Exhibit B subject to the following conditions:

- a. Pacific is relieved of the responsibility of furnishing toll station service in the area and to the extent described in the foregoing opinion coincident with the establishment of the Wrightwood exchange by Cal-Interstate.
- b. Subscribers being transferred shall be placed on the appropriate rate tariff of the company to which transferred for future billing purposes.
- c. On or before the date of actual transfer, all deposits which subscribers are entitled to have refunded shall be refunded; and any unrefunded deposits shall be transferred to become the obligation of refund of the new serving company.
- d. On or before the date of actual transfer of the physical properties herein authorized, the utilities shall transfer and deliver to each other, and each shall receive the preserve, all records, memoranda and papers pertaining to each utility's operations as more specifically described in the Commission's General Order No. 28.

2. If the authority herein granted is exercised, applicants shall within thirty days after the last transfer notify

this Commission in writing of the date or dates of completion of the property transfers herein authorized.

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

Dated at San Francisco, California, this 12<sup>th</sup> day of August, 1958.

E. Lynn Fox  
 President

[Signature]

[Signature]

[Signature]

Commissioners

Commissioner Theodore H. Jenner, being necessarily absent, did not participate in the disposition of this proceeding.

A-39569  
A-39656  
C-6058 nb

## APPENDIX A

### LIST OF APPEARANCES (Under A-39569, A-39656 and C-6058)

For the Utilities: Best, Best & Kreiger by James H. Kreiger and Richard Edsall, for California Interstate Telephone Company; Pillsbury, Madison & Sutro and Arthur T. George by Charles B. Renfrew, for The Pacific Telephone and Telegraph Company; H. Ralph Snyder, Jr., for General Telephone Company of California.

Interested Parties: Neal C. Hasbrook, for California Independent Telephone Association; J. J. Deuel, for California Farm Bureau Federation; Frederick E. Marshall, for Wrightwood Chamber of Commerce.

For Petition Subscribers to The Pacific Telephone and Telegraph Company: Mrs. Earle Winnett, Secretary, Llano Improvement Assn.

Commission Staff: Hector Anninos.

### LIST OF WITNESSES

Evidence was presented on behalf of the Utilities: Under A-39596 by: Arthur S. Taylor, Clarence H. Harling, Harold E. Throp, John H. Barrows; Under A-39656 by: Russell J. Priddy; Under C-6058 by: Clarence H. Harling, John H. Barrows, Paul F. Sercu, Carl F. Joos, Roscoe C. Bowles, R. W. Replogle.

Evidence was presented on behalf of the Commission Staff by: James M. McCraney.

Evidence was presented on behalf of the Interested Parties by: Mrs. Grace Winnett, Thomas W. Boyden, Mrs. Virginia Buchanan, R. W. Wiess.