

Decision No. 61903

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
CALIFORNIA WATER & TELEPHONE COMPANY

For authorization (1) to merge with  
its wholly-owned subsidiary,  
COACHELLA VALLEY TELEPHONE COMPANY  
and (2) to enter into and undertake  
the public utility operations  
conducted by Coachella Valley  
Telephone Company

Application No. 43197

and the application of COACHELLA  
VALLEY TELEPHONE COMPANY to merge  
with California Water & Telephone  
Company and to be relieved of its  
public utility obligations.

Claude N. Rosenberg, of Bacigalupi, Elkus & Salinger  
for applicants; James G. Shields, for the  
Commission staff.

O P I N I O N

Coachella Valley Telephone Company and California  
Water & Telephone Company, applicants herein, are public  
utility telephone companies operating, among other places,  
in contiguous areas in portions of Riverside County. In  
this application, they seek an order authorizing them to  
merge.

The application was filed on March 3, 1961. A public hearing was held before Examiner Coleman in Indio on April 14, 1961, at which time the matter was taken under submission. The Commission has received no protests in the proceeding.

California Water & Telephone Company owns all the outstanding stock, both common and preferred, of Coachella Valley Telephone Company and since the latter part of 1960 has been utilizing its personnel and management in the operations of that company's facilities. It now is desired to consolidate the ownership of the properties of the two corporations and to that end applicants propose to enter into a statutory merger whereby the separate existence of Coachella Valley Telephone Company will be terminated and California Water & Telephone Company, as the surviving corporation, will succeed, without further transfer, to all the assets of Coachella Valley Telephone Company and to all its liabilities and obligations, including its public service obligations. The surviving corporation will adopt or refile the rates and rules of Coachella Valley Telephone Company without change.

The record shows that capital additions and improvements are necessary in the service area of Coachella Valley Telephone Company, that approximately \$1,000,000 has been budgeted for these purposes during 1961, that California Water & Telephone

Company because of its greater financial resources is in a better position to finance the proposed expenditures, and at lower costs, than is Coachella Valley Telephone Company, and that the consolidation of ownership will result in economies in administration and operations. Upon reviewing the record we find and conclude that the merger will not be adverse to the public interest and we will enter an order granting the application.

In making this order we are in no way modifying the requirements we have imposed on Coachella Valley Telephone Company by our Decision No. 59765, dated March 8, 1960, as amended, in Application No. 41263. California Water & Telephone Company, as the surviving corporation in the merger, will succeed to the obligations of Coachella Valley Telephone Company to improve service facilities and operations, to maintain standards of service, to investigate and study service deficiencies, and to prepare and file monthly operating reports and, in addition, to submit an extended service study in the central office and exchange areas in the Thousand Palms and Indio Exchanges, all as required by Decision No. 59765, as amended. Moreover, the approval herein given is not to be construed as indicative of amounts to be included in a future rate base or in operating expenses for the determination of just and reasonable rates.

O R D E R

California Water & Telephone Company and Coachella Valley Telephone Company having applied to the Commission for authorization to merge, a public hearing having been held, and the Commission being fully apprised,

IT IS ORDERED -

1. That Coachella Valley Telephone Company is authorized to merge into California Water & Telephone Company on or before July 31, 1961.

2. That California Water & Telephone Company, as the surviving corporation in the merger, shall succeed to all the assets and liabilities of Coachella Valley Telephone Company and shall undertake all the public utility obligations of Coachella Valley Telephone Company, including the requirements of said Decision No. 59765, as amended, rendered in Application No. 41263.

3. That the rates and rules of Coachella Valley Telephone Company, now on file with this Commission, shall be refilled within thirty days from the date of actual transfer under the name of California Water & Telephone Company in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, California Water & Telephone Company may file a notice of adoption of said

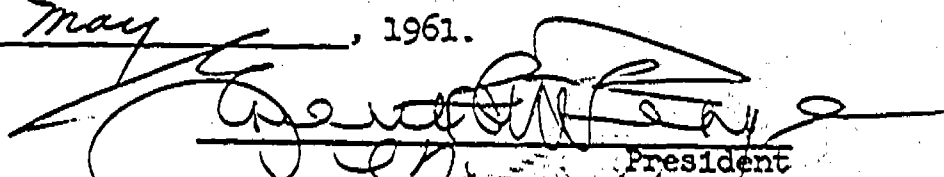
presently filed rates and rules; that no increases in the presently filed rates and rules shall be made unless otherwise authorized by this Commission.

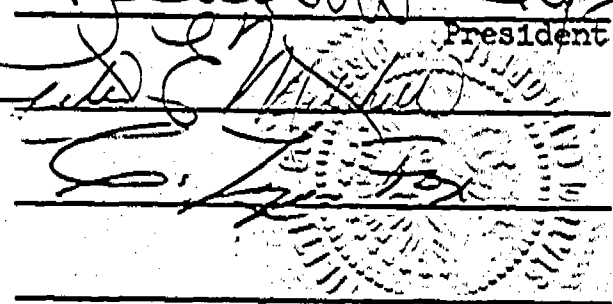
4. That California Water & Telephone Company, unless and until otherwise authorized by the Commission, shall maintain such plant, reserve, revenue and expense accounts as will enable it to determine separated results of operation of the telephone system in the present service area of Coachella Valley Telephone Company.

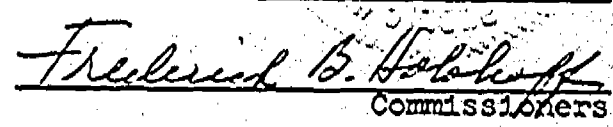
5. That on or before August 31, 1961, California Water & Telephone Company shall file with the Commission a copy of each journal entry used to record the merger on its books of account.

6. That this order shall become effective twenty days after the date hereof.

Dated at San Francisco, California,  
this 1st day of May, 1961.

  
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President

  
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Commissioners

  
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Commissioners