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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of Western California Telephone Company, a California corporation, McCloud Telephone Company, a California corporation, The McCloud River Lumber Company, a corporation, and McCloud River Railroad Company, a corporation, for an order authorizing the sale and conveyance to Western California Telephone Company of certain properties constituting a telephone system serving the Town of McCloud, and adjacent areas in Siskiyou and Shasta Counties, State of California, and authorizing Western California Telephone Company to own, operate and maintain said telephone system.

Application No. 43284

OPINION AND ORDER

By this application, filed April 4, 1961, McCloud Telephone Company and McCloud River Railroad Company, California public utility corporations, seek authority to sell and Western California Telephone Company, a California corporation, seeks authority to buy a telephone system and certain other telephone properties used and useful in providing telephone service to the community of McCloud, Siskiyou County.

McCloud Telephone currently serves approximately 700 telephones within and adjacent to the community of McCloud. In providing such service it utilizes certain telephone carrier equipment owned by The McCloud River Lumber Company, and it also utilizes approximately 35 miles of telephone lines owned by the Railroad Company. McCloud Telephone, Lumber Company and Railroad Company all desire to divest themselves of their telephone properties and to such end have entered into an agreement, dated March 31, 1961, to sell the same to Western.

Under the terms of the purchase agreement, McCloud Telephone agrees to sell and convey to Western for the sum of \$20,000, plus or minus closing adjustments, all of the assets and properties used or held for use except cash on hand and certain accounts receivable. In addition, Lumber Company agrees to sell and transfer all carrier equipment owned by it and to sell and convey certain real property for the location of a dial telephone office, equipment building and storage facility. Railroad Company agrees to sell and transfer approximately thirty-five miles of telephone lines and poles and to grant Western an appropriate irrevocable license sufficient to permit Western to operate and maintain said poles and lines on Railroad Company's right of way. The purchase price of all the respective assets being transferred to Western is payable in cash on the closing date.

McCloud Telephone's system is a magneto system. Western proposes to convert such system to dial operation. During the interim period, McCloud Telephone would continue to operate the existing system as an independent contractor under written agreement with Western. The existing tariffs of McCloud Telephone, including rules as well as rates, would be continued in effect; however, at such time as the cutover to dial operations is accomplished, Western intends to apply for authority to increase rates to a level comparable to those in other dial-operated telephone exchanges in comparable areas. McCloud Telephone currently has neither customers' deposits nor advance payments subject to refund.

Western California Telephone Company is a public utility engaged in furnishing local and long-distance telephone service in the Counties of Santa Clara, Santa Cruz, Marin and Sonoma. Its total assets as of December 31, 1960, are reported to be in excess of nine million dollars. It is financially able to undertake the additional

service contemplated in the transfer of the system and properties as proposed in this application. Further, it will be able to render a better service than that now available to telephone subscribers in the McCloud area.

The Commission finds that the proposed transfer will not be adverse to the public interest and that the respective parties to the hereinabove-mentioned agreement of March 31, 1961, should be authorized to carry out the terms and conditions thereof. Public hearing in this matter is not necessary.

The action herein taken shall not be construed to be a finding of the value of the properties authorized to be transferred, nor shall such action be construed as authorization to change in any way the telephone tariffs applicable to the operations of the existing system or to such system as it may hereafter be constituted.

Good Cause Appearing therefor:

IT IS ORDERED that the respective parties thereto are hereby authorized to carry out the terms and conditions of the agreement attached to the application herein as Exhibit A and by such means sell, transfer and convey to Western California Telephone Company the properties and assets described therein.

IT IS FURTHER ORDERED that:

1. Within thirty days of the date of actual transfer Western California Telephone Company shall file with this Commission a copy of the hereinabove-described agreement and of any or all instruments of conveyance as actually executed.

2. Within one hundred twenty days thereafter, Western California Telephone Company shall submit to this Commission, proposed journal entries by which it intends to distribute the aggregate purchase price to appropriate primary accounts.

3. The tariff schedules of the McCloud Telephone Company now on file with this Commission shall be refiled within thirty days after the date of transfer under the name of Western California Telephone Company, in accordance with the requirements of General Order No. 96, or, in lieu of such refiling, Western California Telephone Company may file a notice of adoption of said presently filed tariff schedules.

4. On or before the date of actual transfer, herein authorized, McCloud Telephone Company shall transfer and deliver to Western California Telephone Company all records, memoranda and papers pertaining to the construction and operation of the properties of McCloud Telephone Company.

5. McCloud Telephone Company is authorized to be relieved of its public utility telephone responsibilities coincident with the full assumption of such responsibilities by Western California Telephone Company.

The authority herein granted shall expire if not exercised within one year after the effective date hereof. ✓

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

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

Herbert W. Page
 President

[Signature]

[Signature]

George B. Hoover

Fredrick B. Holcomb
 Commissioners