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**ORIGINAL**

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of THE PACIFIC TELEPHONE AND )  
TELEGRAPH COMPANY, a corporation, )  
for authority to sell certain toll )  
telephone facilities to WEST COAST )  
TELEPHONE COMPANY OF CALIFORNIA. )

Application No. 43945

OPINION AND ORDER

By this application filed November 21, 1961, The Pacific Telephone and Telegraph Company seeks authorization pursuant to Section 851 of the Public Utilities Code to sell certain toll station facilities, including a parcel of real property, to West Coast Telephone Company of California pursuant to the terms of the Purchase and Sales Agreement marked Exhibit A attached to the application, and to enter into and carry out the terms of a lease agreement marked Exhibit C attached to said Exhibit A.

Applicant is a corporation organized under the laws of the State of California and owns and operates a general telephone and telegraph business in this State.

West Coast Telephone Company of California (hereinafter referred to as purchaser) is a public utility engaged in the business of rendering telephone service in certain portions of Del Norte County, California.

Applicant asserts that it presently owns a toll lead, comprising seven circuits extending from purchaser's Crescent City central office generally north and east for about 33 miles along the Smith River highway through the communities of Hiouchi and Gasquet to Idlewild. Public and semipublic toll telephone service is provided by applicant to 55 toll stations along this route. This toll

lead is connected to applicant's facilities in its nearest operating territory, which is the Trinidad exchange located about 50 miles south of Crescent City, only through the toll facilities of purchaser. All traffic functions required by the present toll station users are handled by purchaser's toll operators at Crescent City. Telephone development in this area has been slow and for many years toll station service has been adequate for its communication requirements. More recently, however, there has been increased building and population growth, principally in the community of Hiouchi.

In February 1961 residents of the Hiouchi area petitioned the Commission to authorize purchaser to take over the territory and provide telephone service to them. As a result of this petition, applicant and purchaser commenced negotiations toward this end. On October 13, 1961, prior to completion of said negotiations, the Hiouchi Citizens Committee, representing a number of residents of the community of Hiouchi, filed a formal complaint with the Commission, Case No. 7204, making a similar request. Pursuant to the stipulation of all parties to said case, including complainant, filed with the Commission on November 3, 1961, it was agreed that the proceedings in the complaint case would be held in abeyance pending the steps, including the filing of this application, necessary to accomplish the proposed transfer of applicant's facilities to purchaser. The parties to said stipulation further agreed that the complaint may be dismissed against applicant upon the transfer of title of said facilities to purchaser and that the complaint may be dismissed against purchaser upon the establishment by it of exchange telephone service to serve the persons represented by the complainant.

Applicant states that it has made an inventory and appraisal as of August 5, 1961, of the property it proposes to sell and that the current book cost of such property is \$39,923.

Purchaser has agreed to pay and applicant has agreed to accept \$10,000 for said property, as evidenced by the conformed copy of the Purchase and Sales Agreement attached to the application and marked Exhibit A. Applicant's inventory of the facilities is attached to said exhibit.

Applicant also owns certain carrier terminal equipment now located in purchaser's Crescent City central office which is used by applicant in connection with furnishing said toll telephone service through the aforesaid 55 toll stations on its Crescent City-Idlewild route. In connection with the aforesaid proposal of purchase and sale of its toll facilities, applicant desires to lease to purchaser said carrier terminal equipment in accordance with terms of the Lease marked Exhibit C attached to Exhibit A of the application.

Applicant asserts that consummation of the sale and leasing of the property pursuant to this transaction will not impair applicant's operations or its ability to perform its duties to the public. It appears, however, that the application contains no assertion on the part of purchaser as to its proposed plan of providing service in the area of Hiouchi, Gasquet and Idlewild. Accordingly, the order will provide that applicant may sell and purchaser may buy the property contemplated by the application subject to purchaser's assuming all public utility obligations of applicant now rendered by the telephone plant being transferred.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

#### Findings and Conclusions

The Commission having considered the above-entitled application finds that the proposed transfer will not be adverse to the public interest; a public hearing is not necessary; and that

the application should be granted subject to the conditions contained herein; therefore,

IT IS HEREBY ORDERED that:

1. On or after the effective date of this order and on or before June 30, 1962, The Pacific Telephone and Telegraph Company is authorized to sell and transfer the herein-described operating public utility properties to West Coast Telephone Company of California substantially in accordance with the terms and conditions contained in the document entitled "Purchase and Sales Agreement" attached to the application as Exhibit A.

2. Concurrently with the transfer of the aforesaid property, The Pacific Telephone and Telegraph Company and West Coast Telephone Company of California are authorized to enter into and carry out the terms of the lease agreement marked Exhibit C attached to Exhibit A of the application.

3. As a condition of the authorization herein granted, West Coast Telephone Company of California is directed to continue the public utility responsibilities of The Pacific Telephone and Telegraph Company with respect to the area served by the properties being transferred and to continue the offering of toll station service to present subscribers under present rates and conditions until it elects to furnish exchange telephone service in lieu of toll station service.

4. On or before the date of actual transfer The Pacific Telephone and Telegraph Company shall refund all subscribers' deposits and all advances for construction subject to refund. Any such unrefunded deposits and advances shall be transferred to and become the obligation for refund of West Coast Telephone Company of California.

5. If the authority herein granted is exercised, The Pacific Telephone and Telegraph Company shall, within thirty days thereafter,

notify this Commission in writing of the date of such completion of the property transfer herein authorized and of its compliance with the conditions hereof and state the effects on its various accounts of such transfer and sale.

6. On or before the date of actual transfer of the physical properties herein authorized, The Pacific Telephone and Telegraph Company shall transfer and deliver to West Coast Telephone Company of California, and the latter shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the public utility telephone properties herein authorized to be transferred.

7. Within one hundred twenty days after the transfer herein authorized, West Coast Telephone Company of California shall submit to this Commission proposed journal entries by which it intends to distribute the aggregate purchase price to appropriate primary accounts.

8. The Pacific Telephone and Telegraph Company is authorized to be relieved of its public utility responsibilities with respect to the property being transferred coincident with the full assumption of such responsibilities by West Coast Telephone Company of California.

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

Dated at San Francisco California, this 9<sup>th</sup> day of January, 1962.

[Signature]  
President  
[Signature]  
[Signature]  
George J. Grover  
Fredrick B. Hobbloff  
Commissioners