

Decision No. 63172**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE)	
AND TELEGRAPH COMPANY, a corporation,)	
for authority to sell certain tele-)	Application No. 43974
typewriter station equipment to)	(Filed Nov. 30, 1961)
GENERAL TELEPHONE COMPANY OF CALIFORNIA)	

OPINION AND ORDER

Applicant (hereinafter referred to as seller) requests an order pursuant to Section 851 of the Public Utilities Code authorizing seller, as soon as practicable, to sell certain TWX station facilities to General Telephone Company of California (hereinafter referred to as buyer) pursuant to the terms of the Purchase and Sales Agreement marked Exhibit A, attached to the application.

Seller is a California corporation and owns and operates a general telephone and telegraph business in this state. As a part of its telegraph business, seller operates a teletypewriter exchange service (TWX) throughout the state.

Buyer, a California corporation, owns and operates a telephone business in the Counties of Los Angeles, San Bernardino, Santa Barbara, Ventura, Orange, Tulare and Fresno, California. Buyer's principal place of business is Santa Monica, Los Angeles County, California:

In connection with its statewide teletypewriter exchange service, seller owns certain teletypewriter stations within those exchanges of buyer located in Santa Barbara, Ventura, San Bernardino, Fresno, Tulare, Los Angeles and Orange Counties.

Seller alleges it recently advised buyer that it planned to convert all teletypewriter exchange services to dial operation by September 1962 including those services furnished in buyer's

exchanges. Buyer advised seller that buyer desires to install, maintain and convert the TWX station facilities utilized in providing this TWX service prior to the date of conversion. Accordingly, seller and buyer, respectively, desire to sell and to buy the teletypewriter station equipment presently owned by seller in exchanges of buyer.

Seller estimates the book cost of said TWX station facilities is about \$1,002,700. Seller made an inventory and appraisal of its TWX stations located in buyer's exchanges as of July 28, 1961, which determined that the structural value of said facilities was \$321,720.

Subsequent to filing the application, seller furnished additional information on the recorded value of the TWX plant by letter dated December 28, 1961. This letter and its attachment are made a part of the record herein and marked Exhibit No. 2. In Exhibit No. 2, seller represents that the estimated book depreciation reserve associated with the TWX plant herein proposed to be transferred is \$597,450 and that the net book cost is about \$405,250. Seller further represents that the agreed selling price of \$321,720 (which is \$83,530 below the book cost) was established after negotiation with buyer and recognizes the functional obsolescence on certain types of TWX machines and the structural value of the facilities to buyer.

A conformed copy of the Purchase and Sales Agreement is attached to the application as Exhibit A. Seller's inventory of the facilities it proposes to sell is attached to said Exhibit A.

In response to a letter from the Commission, dated December 8, 1961, seller and buyer on December 19, 1961, submitted a statement regarding the public utility obligations of both utilities with respect to the plant being transferred. Such statement was verified by officials of both utilities and is received herein as Exhibit No. 1.

Exhibit No. 1 reveals that seller presently furnishes teletypewriter exchange service to subscribers within the exchanges of buyer pursuant to seller's SCHEDULE CAL. P.U.C. NO. 43-T, and that seller does not contemplate that it will make any changes in said tariffs after the sale. Buyer presently does not have on file any tariffs respecting the furnishing of TWX service to subscribers within its own exchanges. Buyer contemplates that after the purchase it will file a tariff reading substantially as follows:

"The rates, rules and regulations for teletypewriter exchange service furnished by the General Telephone Company of California within exchanges of said company are the rates, rules and regulations set forth in SCHEDULE CAL. P.U.C. NO. 43-T, filed by The Pacific Telephone and Telegraph Company."

The two utilities do not contemplate that there will be any change in the level of rates for TWX service within the exchanges of the buyer as a result of said purchase.

At the present time seller furnishes, installs, and maintains local TWX station equipment for TWX service within the exchange of buyer; furnishes, installs, and maintains TWX switching facilities for such service; and is responsible to the subscribers for TWX service within the exchanges of buyer in the event of service outages or difficulties in transmission. Seller takes all applications and issues all orders for such service.

Buyer at the present time provides, and after purchase will continue to provide, local channels for TWX service within its exchanges and interexchange channels for such service to the points of connection with the lines of seller.

The statement contained in Exhibit No. 1 asserts that, after completion of the property transfer herein requested, buyer will furnish, install, and maintain the local TWX station equipment,

will take all applications for service (seller will continue to issue service orders), and will be responsible to subscribers for TWX service in its exchanges in the event of service outages or difficulties in transmission. Seller will continue providing the TWX switching facilities until such time as the buyer is in a position to provide such switching facilities in its exchanges.

Attached to Exhibit No. 1 is a copy of the currently effective TWX service agreement between buyer and seller, and the parties propose no change in such agreement.

Findings and Conclusions

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

The Commission having considered the above-entitled application finds and concludes that the proposed transfer of operating utility property will not be adverse to the public interest, that 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. The Pacific Telephone and Telegraph Company may, on or after the effective date hereof and on or before June 30, 1962, sell and transfer the herein described teletypewriter exchange service station facilities to General Telephone Company of California substantially in accordance with the Purchase and Sales Agreement attached to the application as Exhibit A.

2. 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 shall file a copy of each journal entry used to record the sale on its books.

3. General Telephone Company of California shall, within thirty days after completion of the transfer, file with this Commission, in accordance with the procedures prescribed by General Order No. 96, a tariff stating its concurrence with the rates, rules and regulations for teletypewriter exchange service set forth in Schedule Cal. P.U.C. No. 43-T, filed by The Pacific Telephone and Telegraph Company.

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

5. On or before the date of transfer of the actual physical properties herein authorized, The Pacific Telephone and Telegraph Company shall transfer and deliver to General Telephone Company of California, and the latter shall receive and preserve, all records, memoranda and papers pertaining to the installation and operation of such properties.

6. Within 120 days after the completion of the transfer herein authorized, General 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.

7. Upon completion of the property transfer herein authorized, General Telephone Company of California shall assume the public utility obligations of providing teletypewriter exchange service within its exchanges to the extent that such public utility obligations are not retained by The Pacific Telephone and Telegraph Company.

