

ORIGINAL

Decision No. 63474

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 110 key)
equipment to GENERAL TELEPHONE COMPANY)
OF CALIFORNIA. }

Application No. 44063

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 110 key equipment 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 corporation organized under the laws of California and owns and operates a general telephone and telegraph business in this State.

Buyer is a California corporation and 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.

Seller has been providing 110 key equipment used in connection with channels for telephotograph private line services in certain exchanges of buyer.

Buyer has advised seller that it desires to provide and maintain this equipment on all existing and future services within

its exchanges. Accordingly, seller and buyer, respectively, desire to sell and to buy the 110 key equipment presently owned by seller in exchanges of buyer.

Subsequent to filing the application, seller furnished additional information on the nature of the service and the value of the plant by letter dated January 31, 1962. This letter and its attachment are made a part of the record herein and marked Exhibit No. 1. In this exhibit, seller represents that the service provided by the 110 key equipment is an interstate service furnished under tariffs on file with the Federal Communications Commission and is used in connection with interstate channels for telephotograph transmission. Exhibit No. 1 further alleges that buyer will continue the service under the present interstate tariff arrangements.

Seller estimates the book cost of said 110 key equipment is about \$5,910. Exhibit No. 1 reveals that the estimated depreciation reserve is \$1,075 and the estimated net book value of such equipment is \$4,835.

Seller made an inventory and appraisal of its 110 key equipment located in buyer's exchanges as of April 26, 1961 which determined that the structural value of said facilities was \$11,405. Exhibit No. 1 reveals that the appraisal was made on a sampling basis by engineers of seller and buyer. The final price agreed upon was based upon reproduction cost new less observed depreciation.

Buyer has agreed to pay and seller has agreed to accept said \$11,405 for said facilities. 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.

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; 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 July 31, 1962, sell and transfer the herein described 110 key equipment 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. 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.

4. Upon consummation of the transfer herein authorized, General Telephone Company of California shall account for said transaction in a manner consistent with Section 31.2-21 (a) and (b) of the Uniform System of Accounts for Class A & B Telephone Companies.

5. 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.

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

Dated at San Francisco, California, this 27th day of MARCH, 1962

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners